ANNUAL REPORT 2007-08

SINGAPORE AIRLINES

Singapore Airlines achieved a profit attributable to equity holders of $2,049 million for the financial year 2007-08. High demand across most markets was the main factor that led to the Airline carrying more customers than ever before.

Shareholders will benefit from this good operating result, with the Board proposing a final dividend of 80 cents per share. Together with the interim dividend of 20 cents, this means a total dividend for the year of $1.00 per share.

The highlight of the year in review was the entry into service of the world's largest passenger aircraft, the Airbus A380. Singapore Airlines is the first airline in the world to operate this new plane, which has won accolades from customers and commentators the world over.

The Airline will exercise prudent cost discipline in the face of rising fuel prices. We will continue to focus on matching capacity with demand, and strive to compete on the basis of Singapore Airlines' longstanding commitments to customer service and innovation.

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MICA (P) 082/05/2008

Singapore Company Registration Number: 197200078R

www.singaporeair.com

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STATISTICAL HIGHLIGHTS

FINANCIAL STATISTICS [R1]

	2007-08	2006-07	% Change
Group			
Financial Results ($ million)			
Total revenue	15,972.5	14,494.4	+ 10.2
Total expenditure	13,848.0	13,180.0	+ 5.1
Operating profit	2,124.5	1,314.4	+ 61.6
Profit before taxation	2,547.2	2,284.6	+ 11.5
Profit attributable to equity holders of the Company	2,049.4	2,128.8	− 3.7
Financial Position ($ million)			
Share capital	1,682.0	1,494.9	+ 12.5
Treasury shares	(33.2)	-	n.m.
Capital reserve	95.6	44.9	+ 112.9
Foreign currency translation reserve	(130.7)	(59.5)	+ 119.7
Share-based compensation reserve	136.4	97.3	+ 40.2
Fair value reserve	443.4	(45.5)	n.m.
General reserve	12,931.7	13,567.9	− 4.7
Equity attributable to equity holders of the Company	15,125.2	15,100.0	+ 0.2
Return on equity holders' funds (%) [R2]	13.6	14.9	− 1.3 points
Total assets	26,515.2	25,992.0	+ 2.0
Total debt	1,656.7	1,879.4	− 11.8
Total debt equity ratio (times) [R3]	0.11	0.12	− 0.01 times
Value added	7,082.1	6,510.1	+ 8.8
Per Share Data			
Earnings before tax (cents)	209.5	185.2	+ 13.1
Earnings after tax (cents) – basic [R4]	168.5	172.6	− 2.4
Earnings after tax (cents) – diluted [R5]	166.1	170.8	− 2.8
Net asset value ($) [R6]	12.77	12.11	+ 5.5
Dividends			
Interim dividend (cents per share)	20.0	15.0	+ 5.0 cents
Proposed final dividend (cents per share)	80.0	35.0	+ 45.0 cents
Special dividend (cents per share)	-	50.0	− 50.0 cents
Dividend cover (times) [R7]	1.7	1.7	−
Company			
Financial Results ($ million)			
Total revenue	12,759.6	11,343.9	+ 12.5
Total expenditure	11,115.6	10,316.9	+ 7.7
Operating profit	1,644.0	1,027.0	+ 60.1
Profit before taxation	2,077.6	2,291.1	− 9.3
Profit after taxation	1,758.8	2,213.2	− 20.5
Value added	5,183.5	5,107.2	+ 1.5

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

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

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

R4 *Earnings after tax per share (basic) is computed by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue excluding treasury shares.*

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

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

R7 *Dividend cover is profit attributable to equity holders of the Company divided by total dividend.*

STATISTICAL HIGHLIGHTS

OPERATING STATISTICS

	2007-08	2006-07	% Change
Singapore Airlines			
Passengers carried (thousand)	19,120	18,346	+ 4.2
Revenue passenger-km (million)	91,485.2	89,148.8	+ 2.6
Available seat-km (million)	113,919.1	112,543.8	+ 1.2
Passenger load factor (%)	80.3	79.2	+ 1.1 points
Passenger yield (cents/pkm)	12.1	10.9	+ 11.0
Passenger unit cost (cents/ask)	8.4	7.9	+ 6.3
Passenger breakeven load factor (%)	69.4	72.5	– 3.1 points
SIA Cargo			
Cargo and mail carried (million kg)	1,308.0	1,284.9	+ 1.8
Cargo load (million tonne-km)	7,959.2	7,995.6	– 0.5
Gross capacity (million tonne-km)	12,787.8	12,889.8	– 0.8
Cargo load factor (%)	62.2	62.0	+ 0.2 point
Cargo yield (cents/ltk)	38.7	38.4	+ 0.8
Cargo unit cost (cents/ctk)	23.4	24.5	– 4.5
Cargo breakeven load factor (%)	60.5	63.8	– 3.3 points
Singapore Airlines and SIA Cargo			
Overall load (million tonne-km)	16,659.2	16,486.8	+ 1.0
Overall capacity (million tonne-km)	24,052.1	24,009.7	+ 0.2
Overall load factor (%)	69.3	68.7	+ 0.6 point
Overall yield (cents/ltk)	85.0	77.5	+ 9.7
Overall unit cost (cents/ctk)	52.3	50.0	+ 4.6
Overall breakeven load factor (%)	61.5	64.5	– 3.0 points
Employee Productivity (Average) – Company			
Average number of employees	14,071	13,847	+ 1.6
Seat capacity per employee (seat-km)	8,096,020	8,127,667	– 0.4
Passenger load per employee (tonne-km) [R1]	618,295	613,211	+ 0.8
Revenue per employee ($)	906,801	819,232	+ 10.7
Value added per employee ($)	368,382	368,831	– 0.1
Employee Productivity (Average) – Group			
Average number of employees	30,088	29,125	+ 3.3
Revenue per employee ($)	530,859	497,662	+ 6.7
Value added per employee ($)	235,380	223,523	+ 5.3

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

GLOSSARY

Singapore Airlines

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

SIA Cargo

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

Singapore Airlines and SIA Cargo

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

BOARD OF DIRECTORS

From left to right:
Stephen Lee Ching Yen; Chew Choon Seng; Chia Pei-Yuan; Euleen Goh Yiu Kiang; David Michael Gonski;
James Koh Cher Siang; Christina Ong; Sir Brian Pitman; Lucien Wong Yuen Kuai

Stephen Lee Ching Yen
Chairman

Appointed Director on 26 April 2004 and Chairman on 1 January 2006. Mr Lee is the Managing Director of Shanghai Commercial and Savings Bank Ltd. (Taiwan) and GMT Investments Pte Ltd. Mr Lee is President of the Singapore National Employers Federation and Chairman of the Singapore Business Federation. Mr Lee is also a member of the Advisory Panel of Temasek Holdings (Private) Limited. Mr Lee was a Nominated Member of Parliament from 1994 to 1997 and Chairman of International Enterprise Singapore from 1995 to 2002. In 2006, Mr Lee was awarded the Distinguished Service Order for his contributions to both the public and private sectors. Mr Lee was also appointed an Alternate Member of the Council of Presidential Advisers from 2 January 2008. Age 61.

Chew Choon Seng
Director and Chief Executive Officer

Appointed Director on 5 March 2003, Mr Chew became the Chief Executive Officer on 9 June 2003. He joined the Company in 1972 and has held senior assignments in Finance, Planning and Marketing, at head office and overseas. Mr Chew has been a member of the Board of Governors of the International Air Transport Association (IATA) since June 2003. He was named Outstanding CEO for 2007 by the judges of the 23rd Singapore Business Awards in March 2008. Age 61.

Chia Pei-Yuan
Director

Appointed Director on 1 October 2003. Mr Chia retired in 1996 as Vice Chairman and a Director of Citicorp and Citibank N.A., where he was responsible for global consumer business. He was also Citibank's senior customer and government contact in Asia. Mr Chia is a Senior Advisor to Temasek Holdings (Private) Limited; Senior Fellow of the SEI Center for Advanced Studies in Management at the Wharton Business School and a Trustee Emeritus of the Asia Society. He received an honorary Doctorate in Philosophy from Tunghai University, Taiwan in 2007. Age 69.

Euleen Goh Yiu Kiang
Director

Appointed Director on 1 September 2006. Ms Goh has been the Chairperson of the Board of Governors of Singapore International Foundation since 1 April 2008. She is also the Chairperson of the Financial Industry Competency Standards Committee, since her appointment in 2003. She is Advisor to the Singapore Institute of International Affairs and Council member of the Singapore Institute of Banking and Finance. Ms Goh held various senior management positions in Standard Chartered Bank before retiring as Chief Executive Officer in March 2006, after more than 20 years service. She was awarded a Public Service Medal for her contributions to the Financial Services sector in 2006. Age 53.

David Michael Gonski
Director

Appointed Director on 9 May 2006. Mr Gonski is Chairman of the Investec Bank (Australia) Limited and Coca Cola Amatil Ltd. He is a director of the Westfield Group and the Australian Securities Exchange Ltd. He is also Consultant to Morgan Stanley Australia Limited and Chancellor of the University of New South Wales. Mr Gonski was made Companion of the Order of Australia (AC) in the Queen's Birthday 2007 awards. This award is Australia's highest honour. He also received the Centenary Medal in 2003. Mr Gonski is a lawyer by training. Age 54.

James Koh Cher Siang

Director

Appointed Director on 1 August 2005. Mr Koh is Chairman of Housing and Development Board and Singapore Deposit Insurance Corporation Limited. From 1997 to 2005, he was Chief Executive Officer of the Inland Revenue Authority of Singapore. In that capacity, he was both Commissioner of Inland Revenue and Commissioner of Charities. Mr Koh has substantial experience in public administration having served in the Ministries of Finance, National Development, Community Development, Education and the Prime Minister's Office. He was awarded the Public Administration Medal (Gold) in 1983 and the Meritorious Service Medal in 2002 for his outstanding contributions to the public sector. Age 62.

Christina Ong

Director

Appointed Director on 1 September 2007. Mrs Christina Ong is a well-known hotelier and fashion retailer who owns the Como Hotels and Resorts Group of hotels and spas. She is also the owner of various high-end international fashion stores under the Club 21 umbrella. Mrs Ong was a recipient of The Italian Fashion Hall of Fame Award in 1995 and The Italian Award of Cavaliere De Lavo. Age 60.

Sir Brian Pitman

Director

Appointed Director on 26 July 2003. Sir Brian Pitman was knighted in 1994 for his service to banking. He is also Senior Advisor to Morgan Stanley International.

Sir Brian started his career in Lloyds Bank in 1952, rising to Chief Executive in 1983 and Group Chief Executive of the Lloyds TSB Group, following their merger in 1995. From 1997 to 2001, Sir Brian was Chairman of the Lloyds TSB Group. Sir Brian received an honorary Doctorate in Science from The City University in 1996, and from the University of Science and Technology, Manchester in 2000. He was the winner of the 1999 Gold Medal of the Institute of Management. Age 76.

Lucien Wong Yuen Kuai

Director

Appointed Director on 1 September 2007. He is the Managing Partner of Allen & Gledhill LLP. He specialises in banking, corporate and financial services work and has extensive experience and expertise in capital markets and mergers and acquisitions. Mr Wong is widely regarded to be a leader in his field, with regular citations in international legal publications. He is a board member of the Monetary Authority of Singapore and the Maritime and Port Authority of Singapore, and also served as a member of the Council on Corporate Disclosure and Governance, the body responsible for setting accounting and corporate governance standards in Singapore. He has sat on several law review committees in Singapore, which reviewed amendments to Singapore company and securities laws. Age 54.

To our customers, I thank each of you for your ongoing support, and recommit all of us in the Company to striving harder each year to make your experiences with us as exceptional as you expect. To our people, the challenge lies in that commitment, and I have every confidence that you will rise to it with determination and enthusiasm.

I am pleased to present the Group's Annual Report for 2007-08. It was a very good year for the parent Airline company, which posted a strong operating performance. A record number of passengers were carried, despite constraints on capacity growth due to the late delivery of new aircraft.

The Year In Review

Without doubt, the highlight of the year was the long-anticipated delivery of the world's first Airbus A380 in October 2007. Singapore Airlines received the aircraft at a gala ceremony in France, then flew it to Singapore, where guests and dignitaries, led by the Prime Minister, welcomed it.

Just ten days later, the aircraft entered service for the first time, flying between Singapore and Sydney as a special flight, which included customers who paid for their seats through a global online charity auction. Over $1.9 million was raised from the auction. The money was distributed to charities in Sydney, Singapore and the global humanitarian organisation, Médecins Sans Frontierès, also known as Doctors Without Borders.

The auction was supported by dozens of our partners and vendors, and I thank all of them for generously contributing to this once-in-a-lifetime event.

Thus began the entry into service of the world's largest passenger aircraft, which, by the end of the year in review, had carried almost 200,000 customers on our Singapore-Sydney and Singapore-London routes. The long, hard work by thousands of people across the Singapore Airlines Group, as well as our suppliers and vendors, to plan for the aircraft's delivery and operation paid off: the A380 has enjoyed the smoothest entry into service of any new aircraft to date.

On board, the cabin products debuted to international acclaim and positive customer feedback. However, we do not rest on our laurels, knowing the competition can catch up quickly. We are already applying our minds to the next generation of offerings.

It is also appropriate that the new Queen of the Skies has a new home. Singapore's pre-eminent hub status was confirmed with the smooth opening of Changi Airport's new Terminal 3 on 9 January 2008. This modern, spacious terminal now handles most of the Airline's long-haul flights.

Complete with a new SilverKris Lounge and other customer facilities, it gives us the space to grow into the future. Again, painstaking preparation paid off, with the opening virtually seamless for our customers.

Capacity constraints did mean that growth opportunities were limited during the year in review. However, new frequencies were added to respond to demand across the network.

Singapore Airlines added one new city to the network – Houston. Additional flights were added to Barcelona, Milan, Moscow, Paris and Zurich, to bring the Airline's weekly schedule of flights to Europe to 93. Nearer to home, frequencies to cities in Vietnam and India were added. SilkAir began flying to Kaohsiung in Taiwan, Coimbatore in India, and Kathmandu in Nepal.

I am very pleased that management, our staff and unions across the Group are continuing their commitment to work together on the long-term challenges facing us. As the relationships deepen, the bond, which brings us all together, strengthens; this can only be positive in motivating our people to do their best for our customers.

The ongoing dialogue with staff and unions has surfaced issues that require attention. For many of these issues, solutions will not be easy, or quickly found, but the commitment to work together is critical to addressing them. For example, one issue under discussion is what could be done to assist and prepare our flying crew for careers after they retire from flying. Our cabin crew are one of our strongest assets, and I see this challenge as particularly important in encouraging them to stay longer, to benefit from their collective experiences.

China Eastern Airlines

In September, Singapore Airlines and Temasek Holdings joined China Eastern Air Holding Company in announcing a proposal for a strategic investment in China Eastern Airlines.

In the event, the proposal was not supported by a sufficient number of minority shareholders to pass. While disappointed, we respect the decision of China Eastern Airlines' shareholders.

We will continue to explore opportunities to cooperate with China Eastern Airlines and with China's growing aviation sector in general.

Outlook

Staggeringly high jet fuel prices and a weaker global economy mean turbulence ahead. These factors have already proven too much for some airlines, as bankruptcies rise and capacity is reduced. Shareholders can be assured the Board and management will remain vigilant, and act to ensure the effects of these external factors will be as limited as possible. While these challenges face all airlines alike, it reinforces the need for prudent cost management, a strong balance sheet and a sharp focus on matching capacity with demand.

The directors have reviewed the capital structure of the Company. Taking into account the funding requirements for capital expenditures, and the financial capacity of the Company under a range of business projections, the directors are recommending a final dividend for FY 2007-08 of 80 cents per share. Together with the interim dividend of 20 cents per share paid on 30 November 2007, this will bring the total dividend for the year to $1 per share. The directors consider that this is sustainable and will improve the efficiency of the capital structure.

In Closing

I would like, once again, to thank my fellow directors for their ongoing support and commitment to the Company. We extend our welcome to two new colleagues: Christina Ong and Lucien Wong. Already, the Board is benefiting from their diverse experience in business and the law.

I feel privileged to work with a team of Directors so committed to the Company's long-term best interests, and shareholders can be confident that the Board's commitment to their interests is absolute.

As always, good results come only through the support and patronage of our customers, the exceptional work of the people in the Company, and the co-operation of our business associates. To our customers, I thank each of you for your ongoing support, and recommit all of us in the Company to striving harder each year to make your experiences with us as exceptional as you expect. To our people, the challenge lies in that commitment, and I have every confidence that you will rise to it with determination and enthusiasm.

Stephen Lee
Chairman

CORPORATE DATA

BOARD OF DIRECTORS

Chairman

Stephen Lee Ching Yen

Members

Chew Choon Seng

Chia Pei-Yuan

Euleen Goh Yiu Kiang

David Michael Gonski

Ho Kwon Ping
(until 31 July 2007)

James Koh Cher Siang

Christina Ong
(from 1 September 2007)

Sir Brian Pitman

Davinder Singh
(until 31 July 2007)

Lucien Wong Yuen Kuai
(from 1 September 2007)

BOARD COMMITTEES

Board Executive Committee

Chairman

Stephen Lee Ching Yen

Members

Chew Choon Seng

Euleen Goh Yiu Kiang

James Koh Cher Siang

Board Audit Committee

Chairman

Ho Kwon Ping
(until 31 July 2007)

Euleen Goh Yiu Kiang
(from 1 September 2007)

Members

Chia Pei-Yuan

David Michael Gonski

Lucien Wong Yuen Kuai
(from 1 September 2007)

Board Compensation and Industrial Relations Committee

Chairman

Stephen Lee Ching Yen

Members

David Michael Gonski

James Koh Cher Siang

Sir Brian Pitman

Board Nominating Committee

Chairman

Davinder Singh
(until 31 July 2007)

Lucien Wong Yuen Kuai
(from 1 September 2007)

Members

Chia Pei-Yuan

Ho Kwon Ping
(until 31 July 2007)

Christina Ong
(from 1 September 2007)

Board Safety and Risk Committee

Chairman

James Koh Cher Siang

Members

Stephen Lee Ching Yen
(from 1 September 2007)

Sir Brian Pitman

Davinder Singh
(until 31 July 2007)

COMPANY SECRETARY

Ethel Tan

SHARE REGISTRAR

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

AUDITORS

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

AUDIT PARTNER

Kevin Kwok
(appointed since FY 2005-06)

REGISTERED OFFICE

Airline House
25 Airline Road
Singapore 819829

EXECUTIVE MANAGEMENT

Head Office

Chew Choon Seng
Chief Executive Officer

Bey Soo Khiang
Senior Executive Vice President
Operations and Services
(until 31 December 2007)

Senior Executive Vice President
Operations and Planning
(from 1 January 2008)

Ng Chin Hwee
Executive Vice President
Human Resources and Planning
(from 1 January 2008)

Huang Cheng Eng
Executive Vice President
Marketing and the Regions

Mak Swee Wah
Senior Vice President Planning
(until 31 December 2007)

Executive Vice President
Operations and Services
(from 1 January 2008)

Tan Pee Teck
Senior Vice President Cabin Crew

Tan Chik Quee
Senior Vice President
Commercial Technology
(from 6 August 2007)

Teoh Tee Hooi
Senior Vice President Corporate Services

Mervyn Sirisena
Senior Vice President Engineering

Chan Hon Chew
Senior Vice President Finance

Gerard Yeap Beng Hock
Senior Vice President
Flight Operations

Loh Meng See
Senior Vice President
Human Resources

Yap Kim Wah
Senior Vice President
Product and Services

Overseas Regions

Thoeng Tjhoen Onn
Senior Vice President Europe

Ng Kian Wah
Senior Vice President North Asia

Teh Ping Choon
Senior Vice President
South East Asia

Tan Chik Quee
Senior Vice President
West Asia and Africa
(until 5 August 2007)

Subhas Menon
Regional Vice President Americas
(until 29 July 2007)

Lim Wee Kok
Regional Vice President Americas
(from 20 July 2007)

Subhas Menon
Regional Vice President
West Asia and Africa
(from 30 July 2007)

Paul Tan Wah Liang
Regional Vice President
South West Pacific

SENIOR MANAGEMENT, MAJOR SUBSIDIARIES

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

Chin Yau Seng
Chief Executive
SilkAir (Singapore) Private Limited

Clement Woon Hin Yong
President and Chief Executive Officer
Singapore Airport Terminal Services Limited
(from 1 November 2007)

Ng Chin Hwee
President and Chief Executive Officer
Singapore Airport Terminal Services Limited
(until 31 December 2007)

Goh Choon Phong
President
Singapore Airlines Cargo Pte Ltd

FINANCIAL CALENDAR

31 March 2008
Financial Year-End

13 May 2008
Announcement of 2007-08 Annual Results

23 June 2008
Despatch of Summary Financial Statement to Shareholders and Circular to Shareholders

7 July 2008
Despatch of Annual Report to Shareholders

28 July 2008
Announcement of 2008-09 First Quarter Results

29 July 2008
Annual General Meeting and Extraordinary General Meeting

15 August 2008
Payment of 2007-08 Final Dividend
(subject to shareholders' approval at AGM)

6 November 2008
Announcement of 2008-09 Second Quarter and Half Year Results

2007

May

- Singapore Airlines introduces interline e-ticketing with Malaysia Airlines.
- Singapore Airlines proposes $2,162 million cash distribution to shareholders through special dividend and capital reduction.

June

- Singapore Airlines launches a new interactive microsite detailing progress on the Singapore Airlines A380 aircraft.
- Singapore Airlines places firm orders for 20 new generation Airbus A350-900 XWBs, with options for another 20. Deliveries for the twin-engine aircraft are expected from 2013.

July

- *KrisShop* launches new online sales portal *krisshop.com*, featuring an online catalogue and selections exclusive to Singapore Airlines premium customers.
- Singapore Airlines increases frequency between Singapore and Paris by two a week.
- Singapore Airlines and ANA expand their code-sharing agreement. Seven cities are added to the Singapore Airlines network.

August

- The Group posts a profit attributable to equity holders of $424 million for the first quarter of the financial year 2007-08.
- Singapore Airlines introduces the *Popular Local Fare Programme*, an inflight dining experience that features favourite Singapore dishes.
- Singapore Airlines announces it will auction seats in the world's first A380 flight on the global online marketplace, eBay. All money raised from the auction is to be donated to four charities. The auction starts on 27 August 2007 and runs for two weeks.
- Singapore Airlines ranks as the first non-US carrier, and third in the airline industry, in implementing interline e-ticketing.
- Mr Lucien Wong and Mrs Christina Ong are appointed to the Board as independent, non-executive Directors.

September

- The Singapore Airlines A380 First Flight Charity Auction ends, raising $1.9 million for four charities.

October

- Singapore Airlines introduces codeshare services with US Airways, adding Las Vegas and Phoenix to the Airline's global network.
- The world's first A380 aircraft is handed over to Singapore Airlines at a delivery ceremony in Toulouse, France.
- The new Singapore Airlines Suites product is unveiled to outstanding reviews.
- The Singapore Airlines A380 takes off on the world's inaugural A380 flight, SQ380, from Singapore to Sydney.
- Scheduled A380 service on the Singapore-Sydney route starts.
- The Group posts a profit attributable to equity holders of $931.9 million for the first half of the financial year 2007-08.

November

- Singapore Airlines and China Eastern Airlines launch interline e-ticketing.
- Singapore Airlines signs an agreement with Rolls Royce on a maintenance package for Trent 900 engines powering the A380s.

2008

January

- Singapore Airlines globally commits to advertising fares inclusive of all taxes, surcharges and fees, becoming the first carrier to do so.
- Singapore Airlines expands operations at Changi Airport by becoming the first Airline to operate out of Terminal 3 and unveils $30 million facilities.
- Singapore Airlines receives its second A380.
- Singapore Airlines expands codeshare agreement with Malaysia Airlines, allowing both parties to independently determine their own fares for flights.
- Singapore Airlines flights to Milan-Barcelona increased to daily.

February

- The Group posts a profit attributable to equity holders of $590 million in the third quarter of the financial year 2007-08.
- *KrisShop* launches pre-order function on its online sales portal, allowing customers to shop before they fly.
- Singapore Airlines selects Rolls Royce Trent 900 engines to power its nine additional A380s.

March

- Singapore Airlines takes delivery of its third A380.
- Singapore Airlines announces it will convert its five Airbus A340-500 aircraft into an all-Business Class configuration, for use on the Singapore-USA non-stop services.
- Singapore Airlines announces Tokyo as the third A380 destination, with services starting in May 2008.
- Singapore Airlines operates the first commercial A380 flight to London: the first city in Europe to receive the aircraft.
- Flights to Houston, commence.
- Singapore Airlines increases frequency of its Moscow service to daily.
- Flights to Zurich increased to double daily.

THE YEAR IN REVIEW

Singapore Airlines achieved a profit attributable to equity holders of $2,049 million for the financial year ending 31 March 2008.

The year marked the long-anticipated entry into service of the world's largest passenger plane. The first A380 took off from Singapore to Sydney on 25 October 2007. Service to London started in March 2008.

The A380 introduced the world to the ultimate luxury air travel experience: the Singapore Airlines Suites … a class beyond first.

The opening of Changi Airport's new Terminal 3 provided Singapore Airlines room to grow its operations, and a modern, spacious terminal to meet the needs of its customers for years to come. Tireless work by hundreds of staff was crucial to the success of both events.

With the delivery of more Boeing 777-300ERs during the year, service commenced to Houston – the Airline's newest destination – while frequencies were increased on some long-haul and intra-Asia routes.

AGAINST A BACKDROP OF TIGHTER CAPACITY GROWTH, CAUSED BY DELAYS TO THE DELIVERY OF NEW AIRCRAFT, SINGAPORE AIRLINES CARRIED MORE CUSTOMERS THAN EVER BEFORE. NEW CABIN PRODUCTS POSITIONED THE AIRLINE WELL TO MEET THE DEMANDS OF PREMIUM TRAVELLERS ACROSS ITS NETWORK.

NETWORK DEVELOPMENT

Singapore Airlines added Houston as a new destination to its expanding global network, during the year in review.

The four-times weekly service via Moscow started in March 2008, boosting the number of weekly passenger flights between Singapore and the USA to more than 50.

The routing of the flights also had the effect of increasing frequency to Moscow to a daily operation.

Frequency was increased between Singapore and cities in Asia and Europe to meet growing demand for air travel. The following flights were added during the year in review:

Destination	Weekly Service
Barcelona, Spain	7 up from 3
Bangalore, India	10 up from 7
Chennai, India	10 up from 7
Ho Chi Minh City, Vietnam	17 up from 13
Hong Kong, SAR	35 up from 31
Milan, Italy	7 up from 3
Paris, France	10 up from 7
Zurich, Switzerland	14 up from 7

As of 31 March 2008, Singapore Airlines operated 726 weekly flights to 66 destinations in 36 countries.

Including codeshare services with Star Alliance and partner airlines, the Airline's global route network grew to 149 destinations in 46 countries.

THE ENTRY INTO SERVICE OF THE NEW AIRBUS A380, AND DELIVERIES OF MORE BOEING 777-300ERS, HELPED SINGAPORE AIRLINES MAINTAIN ITS POSITION AS AN INNOVATOR, OPERATING THE YOUNGEST, MOST MODERN AND FUEL-EFFICIENT AIRCRAFT IN THE WORLD.

FLEET MANAGEMENT

Three new Airbus A380 aircraft were delivered during the year in review. Singapore Airlines is the first to fly the A380, and currently the only airline in the world operating the aircraft. As the first to operate the largest and most technologically advanced passenger plane ever built, Singapore Airlines heralds a new era in civil aviation, and at the same time redefines the experience of premium air travel. The airline has firm orders for a further 16 A380s and options on six more.

In addition, five new Boeing 777-300ER aircraft were delivered. These raised the number of Boeing 777 aircraft in the operating fleet to 72, reaffirming Singapore Airlines' position as the world's largest operator of the Boeing 777 family.

Five Boeing 747-400s left the operating fleet during the year in review. Two were sold, while three were returned to lessors.

The Rolls-Royce Trent 900 engine was chosen to power the nine additional Airbus A380s, which were ordered in 2006 for delivery between 2010 and 2011.

The passenger fleet operated by the Airline, as at 31 March 2008, comprised 98 aircraft, with an average age of six years and five months.

The freighter fleet of Singapore Airlines Cargo, as at 31 March 2008, comprised 14 B747-400 freighters, with an average age of seven years and four months.

SilkAir's fleet, as at 31 March 2008, comprised eight Airbus A320s and six Airbus A319s, with an average age of five years and six months.

SINGAPORE AIRLINES:
FIRST TO FLY THE A380

HISTORY WAS MADE WHEN THE WORLD'S FIRST COMMERCIAL A380 FLIGHT TOOK OFF IN SINGAPORE AIRLINES LIVERY, HERALDING A NEW ERA IN CIVIL AVIATION.

The world's first A380 was handed to Singapore Airlines at a ceremony in Toulouse on 15 October 2007. Just ten days later, the A380 made its first-ever commercial flight.

Singapore Airlines flight SQ380 took off from Singapore Changi Airport at 8am on a sunny October morning for Sydney International Airport. Smooth flying conditions ensured a very happy occasion for all on board.

In another world first for an airline, seats onboard both sectors of the inaugural flight were auctioned on eBay, the global online marketplace. All proceeds were donated to four charities: The Community Chest of Singapore, Sydney Children's Hospital Randwick, The Children's Hospital at Westmead, and Médecins Sans Frontierès.

Although bid prices started at US$3.80, US$38.00 and US$380 for Economy Class, Business Class and the Singapore Airlines Suites respectively, a total of $1.9 million was raised, reflecting the huge international demand and interest to be a part of aviation history.

The A380 is a cleaner, greener, new generation aircraft – fuel burn, compared to a Boeing 747, on a per-seat basis is 20% less, and its noise footprint at take-off and landing is about 95% lower than any aircraft introduced 40 years ago.

The sheer size of the A380 also means it is able to carry more passengers, and allows Singapore Airlines to expand capacity without increasing frequency, especially to the world's busy airports.

Singapore Airlines started scheduled daily A380 services to Sydney shortly after the inaugural commercial flight, and has been operating the aircraft daily between Singapore and London's Heathrow Airport since 18 March 2008.

Since its inception into service, the A380 has seen high passenger loads; proof that the aircraft and its cabin products are well received by customers. By the end of the year in review, almost 200,000 customers had flown on the Singapore Airlines A380.

At the end of the year in review, three Singapore Airlines A380s have been put into service.

SINGAPORE AIRLINES REDEFINES
THE AIR TRAVEL EXPERIENCE,
WITH ITS LUXURY CABIN PRODUCTS AND
LEGENDARY CUSTOMER SERVICE CONTINUING TO
WIN ACCLAIM THE WORLD OVER.

PRODUCTS AND SERVICES

SINGAPORE AIRLINES SUITES: A CLASS BEYOND FIRST

Featured exclusively onboard the A380, Singapore Airlines Suites is truly a class that goes beyond first. Designed for the most distinguished of customers, Singapore Airlines Suites offers unrivalled privacy and luxury.

Each of the 12 Suites is the customer's very own private cabin in the sky in which to work, relax, dine and sleep. Doors can be closed and window screens lowered for greater privacy.

Each cabin includes an 87.5-cm wide plush leather seat, which makes way for a separate mattress, converting into a full-flat, 1.98-metre bed.

Customers traveling as a couple can also choose to be seated in two adjoining Suites which offer a double bed after conversion.

NEW SINGAPORE AIRLINES BUSINESS CLASS

The A380 is configured with 60 Business Class seats. All seats offer direct access to the aisle, with a 1-2-1 forward-facing configuration.

The new Business Class seats onboard the A380 are the widest in its class for any airline. At 85-cm wide, the seat is similar but slightly bigger, than the Business Class seats fitted on the Airline's Boeing 777-300ER fleet.

The Business Class product has won acclaim from the industry and customers alike since it was introduced in 2006.

Business Class on the A380 also features a Passenger Corner, specially created for these customers to pick up snacks and socialise during long flights.

NEW SINGAPORE AIRLINES ECONOMY CLASS

The new Singapore Airlines Economy Class seat offers greater comfort and ambience through improved design and use of light, thinner materials which provide more personal space and legroom.

Other intelligent features include a non-intrusive reading light installed underneath the seatback screen, personal storage space for spectacles and smaller items, and adjustable footrest.

NEW SINGAPORE AIRLINES KRISWORLD

Customers can choose from more than 1000 entertainment options featured on the new KrisWorld, including movies, television programmes, music, learning applications and 3D games.

Screens across all classes are bigger: 58cm in Suites, 39cm in Business and 30cm in Economy.

Singapore Airlines customers flying on the A380 and B777-300ER, are also able to work inflight, thanks to a comprehensive suite of office applications which can be accessed via the handset and without a laptop.

All seats come with their very own USB port and in-seat power supply.

GENERAL CABIN AMENITY

The Singapore Airlines A380 cabin is spacious and quiet, with special lighting features. Designer touches in the form of cutlery and linen by Givenchy further convey a sense of serenity and relaxation.

SINGAPORE AIRLINES IN CHANGI AIRPORT TERMINAL 3

Singapore Airlines became the first airline to operate out of Changi Airport's new Terminal 3 in January 2008. The expansion of operations to include both Terminal 2 and Terminal 3 will help the Airline meet its projected increase in flight operations and customer numbers in future years.

The Airline's facilities in Terminal 3 include an exclusive check-in reception and dedicated immigration lane for First Class customers and Solitaire PPS Club members; a modern, comfortable lounge for KrisFlyer Elite Gold and Star Alliance Gold members; as well as a larger, more luxurious SilverKris Lounge for Singapore Airlines customers travelling in the premium cabins and PPS Club members.

Terminal 3's SilverKris Lounge has a floor area of 4000 square metres; 1200 square metres more usable space than the lounge in Terminal 2.

The Business Class section seats 410 customers, while the First Class section seats 131. Both have separate areas in which customers can dine or relax.

The KrisFlyer Gold Lounge has a seating capacity of 154 with separate indoor and outdoor areas.

INTERLINE E-TICKETING

As of March 2008, 97% of all tickets issued from the Airline's sales channels were e-tickets. All Singapore Airlines' stations in the network are e-ticket enabled.

This means Singapore Airlines is on track to achieve 100% e-ticketing by May 2008, ahead of IATA's global target of 1 June 2008.

According to IATA ranking in March 2008, Singapore Airlines has 120 Interline e-ticketing partners, among the highest in the industry.

E-tickets offer the customer more convenience, as they no longer have to carry a valuable document to be able to travel. All the ticket information is stored electronically, and can be accessed when the customer presents his or her passport. E-tickets also substantially reduce processing costs for airlines. Interline e-ticketing means customers can now travel on multiple airlines using the same e-ticket, as the data is shared between airlines on the customer's itinerary.


KRISFLYER

The number of KrisFlyer partner airlines expanded with the inclusion of new Star Alliance members in December 2007.

Non-airline partners have also grown. New partners include Maybank, Standard Chartered Bank and Sumitomo-Mitsui. KrisFlyer and Standard Chartered Bank launched the Standard Chartered-Singapore Airlines/KrisFlyer Gold Visa Business Credit Card which is primarily targeted at small and medium enterprises and self-employed professionals in the United Arab Emirates.

Collaboration with these partners gives members of Singapore Airlines' frequent flyer programme even more ways to earn KrisFlyer miles.

AWARDS AND ACCOLADES

Singapore Airlines built upon its reputation as the world's most awarded airline as it continued to garner more awards during the year in review.

While Singapore Airlines' success is not merely measured by the number of awards it earns, the Airline's performance is a validation for the new cabin products unveiled on the A380 and B777-300ER aircraft, and the hard work of the staff.

During the year in review, Singapore Airlines was named Airline of the Year by *Air Transport World* and rated Airline of the Year in the annual *SkyTrax* survey. Further, voters nominated the Airline's Business Class products and service as the Best Business Class.

Readers of travel magazine *Condé Nast* gave Singapore Airlines the stamp of approval in the annual Readers' Choice Awards 2007. The Airline was named by readers as the World's Best International Route Airline for the 19th time in 20 years, and as having the Best Business Class serving the transpacific and transatlantic. UK-based readers rated Singapore Airlines their Favourite Business Airline.

The Airline also won honours from another notable travel publication, *Business Traveller*. Readers across the magazine's geographic reach rated Singapore Airlines best in no less than 21 categories.

Singapore Airlines again took the top spot in the World's Best Awards 2007 survey conducted by US-based travel magazine, *Travel+Leisure*, winning the Best International Airline Award for the 12th year running. The prestigious *Zagat* survey rated Singapore Airlines the top airline overall, and in the comfort, service and food categories.

The Airline was also recognised for its management strength. *The Securities Investors Association Singapore* voted Singapore Airlines The Most Transparent Company in the Transport/Storage/Communications category for a third year running, while leading Taiwanese publication *CommonWealth* magazine named Singapore Airlines the Most Admired Company during the year in review.

A full list of awards achieved by the Airline during the year in review is shown on page 36.

SUPPORTING OUR COMMUNITIES

During the year in review, Singapore Airlines contributed over $2 million in cash, and free and rebated tickets, to various charities, educational, sports and arts programmes.

In addition, the Airline also raised over $1.9 million for four worthwhile charities in an unprecedented online charity auction for seats onboard both sectors of Singapore Airlines' inaugural A380 commercial flight. The beneficiaries were: Singapore's Community Chest, Médecins Sans Frontierès, the Sydney Children's Hospital Randwick, and The Children's Hospital at Westmead.

The Airline took the opportunity to give back to the community when it celebrated its 60th Anniversary in 2007. Activities involving the various voluntary community service clubs in the Group such as the Cabin Crew Club for Community Care (5Cs), Community Service Club (CSC), PLG Community Care Club (PC^3) and the SIA-MINDS Thrift Shops were conducted, to engage staff in community service.

Staff also raised S$58,560 through a 60th Anniversary charity run. The beneficiaries of this effort included the Spastic Children's Association of Singapore, the AWWA Community Home for Senior Citizens, Chao Yang School, SIA-MINDS Employment Development Centre, Singapore Leprosy Relief Association (SILRA) and Association for Persons with Special Needs (APSN) Centre for Adults.

Overseas communities continue to be supported during the year in review through donations and charity work. Cabin crew volunteers organised community projects to improve the learning facilities in orphanages and schools in Cambodia, and sponsored costumes to aid these children in their fund-raising performances.

The Airline also supported the high-profile *Greek Masterpieces* exhibition – a first-of-its-kind collaboration between the National Heritage Board and the renowned Louvre Museum.

SAFETY AND SECURITY

Singapore Airlines continues to recognise security as paramount to operations. In order to achieve a safe and secure environment, security procedures are constantly reviewed through audits to ensure that they remain relevant and effective.

During the year in review, the Airline introduced a web-based self-learning security program for cabin and technical aircrew.

It also successfully completed its second renewal of the IATA Operational Safety Audit. The audit covered key operational areas across the Airline, including flight safety, emergency management, engineering maintenance and ground handling, just to name a few.

The Airline is also working closely with other safety organisations, such as IATA and AAPA, to promote and enhance flight safety. Information and data are exchanged to address common safety issues.

ENVIRONMENT

Environmental factors continue to challenge the airline industry. Concerns about carbon emissions and noise pollution are understood by the industry and, together with our suppliers, are being tackled through innovation and technology improvement.

One of the biggest steps forward for the environmental performance of our industry was taken during the year with the entry into commercial service of the Airbus A380. It is the cleanest, most environmentally friendly large passenger plane to take to the skies. Importantly, it will also help to deal with congestion at busy airports by offering more seats without the need for more frequencies. And it is delivering a substantially lower fuel burn per seat mile than the older generation large passenger jets.

The impact of its design and engine technology is also being noticed around airport communities. It is quiet: its noise footprint is half that of the nearest large passenger jet in our fleet.

Bit by bit, the aviation industry is working to minimise its environmental impact. Key to this for Singapore Airlines is adhering to the long-standing policy of operating a young and modern fleet of fuel-efficient aircraft. Singapore Airlines is an early adopter of technology – ordering the A380, the Boeing 787 and Airbus A350, all as an early customer.

The year has seen some governments continue to target the aviation industry and its consumers with regressive taxes, justified on so-called environmental grounds. Usually, these tax measures are merely contributions to government

consolidated revenue, and there is no direct link to environmental improvement measures, so consumers should be wary of such tax measures justified on environmental grounds.

The challenges posed to our natural environment by aviation call for global solutions, so we maintain that governments should refrain from implementing piecemeal regulations, which come at a cost to travellers flying, and airlines operating, in that part of the world.

Closer to home, efforts are continuing to reduce our consumption of water and energy through smarter work practices and design. The Group continues its detailed environmental reporting with its Environmental Report, available online at *singaporeair.com*.

As at 31 March 2008, the staff strength of SIA Group was 30,438, an increase of 4.8% over the previous year. 14,245 (46.8%) were employed by the Airline, with 7,172 as cabin crew and 2,286 as pilots.

DEVELOPING OUR PEOPLE

The Airline conducted a second Organisational Climate Survey during the year in review. This is an ongoing process to seek staff feedback on work-related issues and assess the progress made on how staff view their workplace.

Findings from the survey indicated a much improved overall employee climate. All 10 categories registered statistically significant improvements in overall scores.

The Airline did very well in the categories "Employee Engagement" (a measure of how positively staff feel, think and act towards the company) and "Training and Development". The overall favourable scores were significantly better than the benchmark available for comparable local and international companies.

Three areas have been prioritised for follow-up action: Pay and Benefits, Career Development, and Working Relationships. Some have been implemented at both corporate and divisional levels, while work is in progress on others.

The Airline also continues to invest in the development of staff, with the implementation of a company-wide Core Developmental Competency Framework. Consisting of eight core competencies, it allows staff to identify strengths and opportunities for improvement.

Two major initiatives were instituted last year to rally staff toward a common purpose and enhance interaction: the Airline's 60th anniversary celebrations and the involvement of staff volunteers in the launch of the A380 into commercial service.

For the 60th anniversary, celebratory activities, spanning six months, were organised for staff. It kicked off with a 60-kilometre Charity Fun Run in May that raised $58,560 for six charities, and ended with a finale event in November, the highlight of which was a talent competition. In between, there was a Sports and Games League for the athletically inclined, a photography contest for aspiring shutterbugs and numerous community service activities.

The launch events for entry into service of the world's first A380 required months of planning, and involved the participation of hundreds of staff volunteers from all areas of the Company. From reception duties to product presentation, logistics coordination and photography, they all offered their time unstintingly. This concerted effort once again showed the world why Singapore Airlines is a great way to fly.

The Company also negotiated collective agreements with the unions. The Company and the Air-Transport Executive Staff Union signed a new three-year collective agreement in June 2007. Negotiations with our other two unions – the Singapore Airlines Staff Union and Air Line Pilots Association Singapore – are ongoing.

Labour Movement 2011 project initiatives with the unions were launched, with the support of the National Trade Union Congress in April 2007. The projects include the re-employment of staff beyond 62 years of age, introduction of portable medical benefits for staff, and career planning and development for cabin crew. An agreement was signed with SIASU in November 2007 on re-employment terms for general staff.

As at 31 March 2008, the staff strength of SIA Group was 30,438, an increase of 4.8% over the previous year. 14,245 (46.8%) were employed by the Airline, with 7,172 as cabin crew and 2,286 as pilots.

SATS' operating profit rose 13.8% to $174.3 million while its net profit attributable to equity holders improved 9.4% to $194.9 million.

SUBSIDIARIES

SINGAPORE AIRPORT TERMINAL SERVICES LIMITED

In FY2007-08, revenue from the Singapore Airport Terminal Services (SATS) Group grew 1.3% to $958 million, because of higher business volumes.

Group expenditure declined 1.1% to $783.7 million due to lower employee profit sharing bonus arising from the de-linking from SIA Group's profitability, but was partially offset by higher staff costs, counter rentals at Terminals 2 and 3, and raw material costs.

As a result, operating profit rose 13.8% to $174.3 million while net profit attributable to equity holders improved 9.4% to $194.9 million.

SATS continues to handle about 80% of total scheduled flights at Singapore Changi Airport. Its operating data in FY2007-08 shows that the number of passengers handled rose 8.2% to 31.65 million while flights handled increased by 1.7% to 85,950. Meals produced hit 25.72 million, an increase of 4% over the previous financial year while cargo throughput gained 1.7% to reach 1.57 million tonnes.

SATS secured and/or renewed many contracts with several airline customers including All Nippon Airlines, Air India, British Airways, Cathay Pacific Airways, Etihad Airways, Qantas Airways, Qatar Airways and Xiamen Airlines.

Its expansion into the region also continued. In India, SATS further strengthened its partnership with National Aviation Company India Limited – the merged entity of Air India and Indian Airlines – by collaborating with its partner to secure one of the two ground handling concessions at the new Rajiv Gandhi International Airport in Hyderabad.

In China, SATS announced that its ground handling associate, Beijing Aviation Ground Services, had successfully expanded into eight airports located in Tianjin, Nanchang, Wuhan, Chongqing, Guiyang, Changchun, Hohhot and Harbin.

SATS also expanded into Macau through its subsidiary, Country Foods, which set up a new joint venture to provide food materials to casino, resort and restaurant operators in Macau.

Today, SATS' network of 40 airports across Asia commands an aggregate revenue of about $1.7 billion.

SIA Engineering Company (SIAEC) earned a profit attributable to equity holders of $253.8 million in the financial year ending 31 March 2008.

SINGAPORE AIRLINES ENGINEERING COMPANY

SIA Engineering Company (SIAEC) earned a profit attributable to equity holders of $253.8 million in the financial year ending 31 March 2008.

In August 2007, SIAEC acquired 100% of Aircraft Maintenance Services Australia to offer line maintenance services at international airports in Australia.

The acquisition is part of the Company's continuing effort to capture a larger slice of the global maintenance, repair and overhaul (MRO) market by extending its reach to new growth markets and to broaden the span of its services to offer total maintenance solutions to airlines.

A Memorandum of Understanding (MOU) was signed in November 2007 between SIAEC and Saigon Ground Services, a division of the Southern Airport Authorities, to form a line maintenance joint venture at Tan Son Nhat International Airport in Ho Chi Minh City, Vietnam.

SIAEC also joined the Airbus Maintenance Training Network in December 2007, giving the Company access to Airbus' latest training methodologies.

In March 2008, SIAEC signed a MOU with Cebu Pacific Air to set up an aircraft heavy maintenance facility at Clark International Airport in the Philippines.

The joint venture will see the construction of three hangars over the next three years to provide heavy and light maintenance checks to international airlines around the world. The Clark hangars will augment SIAEC's extensive facilities in Singapore and provide the Company with the increased capacity and competitive cost structure to capture a larger share of the global MRO outsourcing that is being directed into Asia.

SIAEC has a 65% stake in the new venture, the Company's 21st in its list of joint ventures forged with airlines and original equipment manufacturers. Cebu Pacific Air holds the remaining 35% share. The total investment capital for the joint venture is $81 million.

During the year, the Company clinched new third-party contracts amounting to $311.6 million for its airframe maintenance and component overhaul business. For line maintenance at Changi Airport, 21 new contracts were secured. As of 31 March 2008, its Fleet Management contracts cover a total of 109 aircraft, comprising 57 in service and the remaining awaiting deliveries to its customer airlines.

Singapore Airlines Cargo (SIA Cargo) earned a profit attributable to equity holders of $115.4 million.

SINGAPORE AIRLINES CARGO

SIA Cargo reported a strong performance, turning around from an operating loss in the previous year, contributing $131.5 million to the Group's operating profit in the year in review. This is the result of effective capacity management, combined with disciplined cost control.

It adopted a variable frequency approach to its freighter network to better match capacity with cargo demand. Scheduled services were reduced during lull periods and additional services were mounted during peak periods.

While freighter services to New York, Dublin, Taipei and Nagoya were suspended, new services to Hanoi and Leipzig, were launched. Seventh freedom flights were introduced with the launch of a thrice-weekly service between Brussels and the USA.

SIA Cargo expanded its charter customer base. Existing electronics and racehorse shippers continued to pledge their support, and the company stepped up its involvement in areas such as concerts and motor sports. 29 charters were operated during the year in review.

SIA Cargo also entered a three-year partnership with Wildlife Reserves Singapore to jointly promote wildlife conservation.

It continues to pioneer the use of electronic information in place of paper documents with e-freight trials being conducted in November 2007. Having demonstrated the technical viability of e-freight, SIA Cargo is working with IATA to further expand the initiative.

During the year in review, SIA Cargo was named Best Carrier to the Far East and Best Carrier to Australasia by Air Cargo News. It was also awarded the Award for Excellence in the Air Carrier category for the fourth consecutive year.

SIA Cargo was awarded the Friend of Heritage award by National Heritage Board in recognition of the carrier's support to the Singapore National Museum.

SIA Cargo has a fleet of 14 B747 freighters. The average age of its freighter fleet as of 1 March 2008 is 7 years and 3 months.

The company will continue to be nimble and flexible in order to control cost more effectively in this demanding market situation.

SilkAir boosted capacity by 11.8% and added three new destinations – Kaohsiung, Kathmandu and Coimbatore – to its network in 2007-08 alone.

SILKAIR

SilkAir performed well during the year in review, doubling its profit amidst soaring fuel costs and a highly competitive environment. The airline boosted capacity by 11.8% and added three new destinations – Kaohsiung, Kathmandu and Coimbatore – to its network in 2007-08 alone.

SilkAir closed the year with a record profit attributable to equity holders of $34.8 million, and its highest ever load factor while achieving a respectable growth in yield. Despite more direct competition on its routes, SilkAir registered a record uplift of 1.82 million passengers during the year, up 12% from the previous financial year.

While international passengers feeding into its regional routes made up close to 40% of SilkAir's customer base, the airline recorded good growth from its home market and its regional points. Its business class traffic grew by a fifth, network-wide.

Direct sales via *silkair.com* doubled, as a result of enhancements to the airline's website and booking engine. Internet check-in services and self-printed boarding passes were also introduced.

SilkAir's charter operations for the year included year-long weekly charters to Christmas Island, series charters to Guiyang and Nanning in China, Surat Thani in Thailand and Darwin, Australia to leverage on seasonal demand.

The airline continued to maintain a keen focus on delivering value to customers, by refining its products and services, while striving to trim unit cost in all other areas.

It also embarked on Singapore Airlines' signature customer service programme (Transforming Customer Service) across its network to further enhance service levels at every customer touch point.

In July 2007, SilkAir successfully completed the IATA Operational Safety Audit – the first global benchmark for airline safety and quality – which recognises its quality standards and its ability to deliver a safe operation.

SilkAir was voted Best Regional Airline for the eighth time in 2007 by readers of Asia Pacific's leading travel publication, *TTG Asia*. It retained its position as the only regional airline to break into *Travel & Leisure*'s coveted Top Ten World's Best Airlines list for the third year with an improved standing.

US-based travel magazine, *Condé Nast Traveler*, also rated SilkAir tops in its Annual Readers' Choice Awards 2007, in the poll's Foreign Route category. This award category – introduced for the first time this year – separates and honours carriers that do not have flights to U.S. destinations.

LIST OF AWARDS

APRIL 2007
Business Traveller (Middle East)
- *Best Asian Airline Serving the Middle East (6th consecutive year)*

MAY 2007
OAG Airline of the Year Awards (UK)
- *Best Asian Airline*
- *Best International First Class*

"CASH" (Switzerland)
- *Number 1 Business Airline*
- *Best in Seat Comfort*
- *Best in Service*
- *Best in Catering*
- *Best in Inflight Entertainment*

Telegraph 'Ultras' Travel Awards
- *Best Asian Airline*

JUNE 2007
Capital Magazine (Germany)
- *Intercontinental Airline of the Year*
- *Best in Service*
- *Best in Seat Comfort*
- *Best in Catering*
- *Best in Frequent Flyer Program*

Travel Weekly Asia Industry Award (China)
- *Best Airline (Asia)*
- *Best First Class*
- *Best Business Class*

Finance Asia Magazine (Hong Kong)
- *Best Companies survey for 2007*
- *Best Managed Company*
- *Best Transport Company in the region*

JULY 2007
Skytrax World Airline Awards 2007 (Global)
- *Airline of the Year*
- *Best Business Class*

Hotel Club (Hong Kong)
Best Hotels and Resorts in Asia,
Hotel Awards 2007
- *Best Airline (3rd consecutive year)*

Travel+Leisure Magazine (USA)
- *World's Best Airline (12th consecutive year)*

International Enterprise Singapore
Singapore International 100 Ranking 2007
- *Outstanding Overall Achievement*

Airline Business (UK)
Airline Strategy Awards
- *Winner in Marketing category*

SEPTEMBER 2007
Business Traveller (Asia Pacific) 2007
- *Best Airline (16th consecutive year)*
- *Best Asia-Pacific Airline*
- *Best First Class*
- *Best Business Class*
- *Best Economy Class*

Business Traveller (UK) 2007
- *Best Long Haul Airline*
- *Best First Class*
- *Best Asian Airline*
- *Best Cabin Staff*

Securities Investors Association (Singapore)
SIAS Investors' Choice Awards 2007
(3rd consecutive year)
Transport/Storage/Communications Category
- *Most Transparent Company Award 2007*

SmartTravelAsia.Com (Hong Kong)
Favourite Airline Poll 2007
- *Best Airline Worldwide*
- *Best Cabin Service*

OCTOBER 2007
TTG Annual Travel Awards (Asia Pacific)
- *Travel Hall of Fame (5th consecutive year)*

Travel Inside Magazine (Switzerland)
- *Gold Award – Swiss Travel Star Award (14th consecutive year)*
- *Best Network/Scheduled Airline*

Asian MAKE (Most Admired Knowledge Enterprises) Award (Korea)
- *Top 15 Companies recognized as Most Admired Knowledge Enterprises*

Condé Nast Traveler (USA)
2007 Readers' Choice Awards
- *Best International Route Airline (19 out of 20 years)*

Condé Nast Traveler (USA)
2007 Business Travel Awards
- *Best Transpacific Business Class*

Condé Nast Traveller (UK)
- *Favourite Business Airline 2007*

Schlemmer Atlas (Germany)
- *Airline of the Year 2008 (3rd consecutive year)*

Commonwealth Magazine (Taiwan)
The Most Admired Company Awards
- *Winner – Airline Industry Category (10 out of 13 years)*

NOVEMBER 2007
Telegraph Travel Awards (UK)
- *Best Scheduled Airline*

Zagat Survey (USA)
- *Top Overall Airline*
- *Top Airline for Comfort*
- *Top Airline for Service*
- *Top Airline for Food*

Business Traveller (China)
(3rd consecutive year)
- *Best Airline in the World*
- *Best Asian Airline serving China*

DECEMBER 2007
www.travel.ru (Russia)
- *Star Award for Best Foreign Airline to Southeast Asia, Australia and Oceania*

Luxury Travel and Style Magazine
(Australia) Gold List 2008
- *Best First Class Airline (3rd consecutive year)*

Galileo-Express TravelWorld Awards 2007
- *Best East Bound Airline from India*

JANUARY 2008
Business Traveller USA 2007
- *Best Overall Airline in the World (19th consecutive year)*
- *Best Airline for International Travel*
- *Airline with Best Economy Class Service in the World*
- *Airline with Best Cuisine/Meals*

Global Traveller (USA) 2007
- *Best Airline in the World*
- *Best Airline in Southeast Asia*

Business Traveller Germany 2008
- *Best Airline to the Far East and the Pacific (Overall)*
  – Safety
  – Cabin Crew
  – Service on the Ground
  – Cabin Comfort

www.travelchannel.de (Germany)
- *Best Long Haul Airline (5th consecutive year)*
- *Best Service on the Ground*
- *Best Service Onboard*
- *Best Comfort Onboard*
- *Safety and Punctuality*

Singapore 1000 Award
- *Net Profit Excellence (Communications/Transport/Storage)*
- *Sales/Turnover Excellence (Communications/Transport/Storage)*

'Reisrevue' (Netherlands Trade Publication)
- *Best Scheduled Airline 2007*

FEBRUARY 2008
Air Transport World (Global)
- *Airline of the Year*

Asiamoney 2008 Travel Poll (Hong Kong)
- *Asia's Best Airline (12th consecutive year)*
- *Asia's Best Airline for First Class*
- *Asia's Best Airline for Business Class*
- *Asia's Best Airline for Economy Class*
- *Asia's Best Websites for Online Booking*
- *Asia's Best Online Check-in Facilities*

DestinAsian (Hong Kong)
Readers' Choice Awards *(3rd consecutive year)*
- *Best Airline – Overall*
- *Best Airline for Premium Class Travel*
- *Best Airline for Economy Class*
- *Best Inflight Entertainment*
- *Best Frequent Flyer Programme*

Reise Blick (Switzerland)
- *Best Airline 2007*

MARCH 2008
Frost & Sullivan Asia Pacific Aerospace & Defence Awards (Asia)
- *Airline of the Year*

STATEMENT ON RISK MANAGEMENT

1. GROUP-WIDE SYSTEM TO MANAGE RISKS

As part of the overall management and governance structure of Singapore Airlines, a formalised Risk Management Framework has been put in place since 2002 to assist the Group in identifying, managing and reporting risks. The standardised processes allow risk management controls to be integrated across companies and business units, and the structured reporting to Company and Group level Risk Management Committee(s) provide avenues for coordinated efforts. The risk registers and key risks are reviewed at least twice annually at multiple levels of risk oversight.

2. ENHANCEMENTS TO THE SYSTEM OF MANAGING RISKS

During the year, the Risk Management Framework was further enhanced with the introduction of guidelines to business units on managing risks to meet corporate risk tolerance limits coordinated at Group Risk Management Committee.

The Group also carried out the modeling of the top operational risks to quantify risk exposures. These models will enable the Company to quantify these risks on an ongoing basis to monitor and ensure that the risks to the Company's assets are appropriately managed.

3. ON-GOING RISK REVIEWS

The Group's 6th Annual Risk Review was conducted and top risks were surfaced and reviewed at Company and Group Risk Management Committees before being presented to SIA Board Safety and Risk Committee.

Throughout the year, the top risks and corresponding controls were reviewed at Risk Management Committee meetings. New risks and gaps identified were reviewed, as were the results of tests and simulation exercises.

A Crisis Simulation Exercise was conducted to familiarise the organisation with processes to manage possible emergency situations.

4. BOARD OF DIRECTORS COMMENTS ON THE PRACTICE OF RISK MANAGEMENT IN SINGAPORE AIRLINES

Having reviewed the risk management practices and activities of Singapore Airlines, the Board of Directors has not found anything to suggest that risks are not being satisfactorily managed.

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

This Report sets out the Company's corporate governance processes, with specific reference to the guidelines of the enhanced Code of Corporate Governance issued by the Ministry of Finance in Singapore in July 2005 ("the Code").

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

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

As at 31 March 2008, the Board comprises the following members:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of Appointment
Stephen Lee Ching Yen	Chairman	26 April 2004	31 July 2007	Non-executive/Non-Independent
Chew Choon Seng	Director	5 March 2003	31 July 2007	Executive/Non-Independent
Chia Pei-Yuan	Director	1 October 2003	31 July 2006	Non-executive/Independent
Euleen Goh Yiu Kiang	Director	1 September 2006	31 July 2007	Non-executive/Independent
David Michael Gonski	Director	9 May 2006	31 July 2006	Non-executive/Independent
James Koh Cher Siang	Director	1 August 2005	31 July 2007	Non-executive/Independent
Sir Brian Pitman	Director	26 July 2003	31 July 2007	Non-executive/Independent
Christina Ong	Director	1 September 2007	N.A.	Non-executive/Independent
Lucien Wong Yuen Kuai	Director	1 September 2007	N.A.	Non-executive/Independent

Note: Mr Ho Kwon Ping and Mr Davinder Singh retired on 1 August 2007.

The Board currently comprises 9 Directors. The size and composition of the Board are reviewed from time to time, taking into account the scope and nature of operations of the Company, to ensure that the size of the Board is adequate to provide for a diversity of views, facilitate effective decision-making, and that the Board has an appropriate balance of executive, independent and non-independent Directors. The Directors come from diverse backgrounds with varied expertise in finance, legal, industry, business, labour and management fields. Their profiles are found on pages 47 to 51.

There is a strong independent element in the Board, with the Nominating Committee considering 7 out of 9 directors to be independent. Mr Stephen Lee is a member of the Advisory Panel of the Company's substantial shareholder, Temasek Holdings (Private) Limited ("Temasek"). Mr Chew Choon Seng is the Chief Executive Officer ("CEO") of the Company. Although Mr Chia Pei-Yuan is a Senior Advisor to Temasek, the Nominating Committee considers him to be independent, as he advises Temasek only on matters concerning financial institutions in Asia. The Nominating Committee considers Mr Lucien Wong an independent Director, although the professional fees that his legal firm receives from the SIA Group exceed the S$200,000 threshold stated in the Code of Corporate Governance. Mr Wong considers the fees received to be an insignificant portion of his firm's revenue. All Directors have demonstrated objectivity in their deliberations in the interests of the Company.

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

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

Board Membership and Performance (Principles 4 and 5)

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

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

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

The Board held 6 meetings in the financial year. The Board holds separate Strategy Sessions to assist Management in developing its plans and strategies for the future. The non-executive Directors also set aside time to meet without the presence of Management to review the latter's performance in meeting goals and objectives. A table setting out the Board Members, their memberships on the various Board Committees and attendance at Board and Committee Meetings can be found on page 46.

Board Executive Committee (ExCo)

The members of the ExCo were Mr Stephen Lee (Chairman), Mr Chew Choon Seng, Ms Euleen Goh and Mr James Koh. The ExCo oversees the execution by Management of the overall strategy, policies, directions and guidelines set by the Board for the SIA Group. The ExCo also reviews and makes recommendations to the Board on the annual operating and capital budgets and matters relating to the Group's wholly-owned subsidiaries. The ExCo is authorised to approve transactions beyond a designated materiality threshold and to make decisions on routine financial and operational matters. The ExCo also functions as the Share Buy Back Committee of the Company.

Board Safety and Risk Committee (SRC)

The members of the SRC were Mr James Koh (Chairman), Sir Brian Pitman, Mr Davinder Singh (Member, until 31 July 2007) and Mr Stephen Lee (appointed Member on 1 September 2007). The functions of the SRC include ensuring that systems and programmes in the Group comply with regulatory requirements and accord with the best practices of the aviation industry; reviewing regular reports on safety performances; reviewing accident investigation findings and recommendations; and advising Management and reporting to the Board on safety issues.

The SRC also reviews with Management the effectiveness of the Group's operational controls and oversees the risk management reviews and reports surfaced by the Group and Company Risk Management Committees.

Board Nominating Committee (NC)

The NC comprised independent Directors, namely, Mr Davinder Singh (Chairman, until 31 July 2007), Mr Ho Kwon Ping (Member, until 31 July 2007), Mr Chia Pei-Yuan, Mr Lucien Wong (appointed Chairman on 1 September 2007) and Mrs Christina Ong (appointed Member on 1 September 2007). Mr Wong is not associated with a substantial shareholder.

Board Nominating Committee (NC) (continued)

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

The Company's Articles of Association provide that one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third are required to retire from office. Retiring Directors are selected on the basis of those who have been longest in office since their last re-election, failing which they shall be selected by agreement or by lot. New Directors appointed in the year are subject to retirement and re-election by shareholders at the next Annual General Meeting after their appointment. All new appointments and re-elections require the approval of the Special Member, the Minister for Finance (Incorporated).

Board Compensation and Industrial Relations Committee (BCIRC)

The BCIRC comprised Mr Stephen Lee (Chairman), Sir Brian Pitman, Mr James Koh and Mr David Michael Gonski. All members of the Committee are non-executive directors. Although Mr Stephen Lee is not considered independent under the Code of Corporate Governance, by virtue of his position as a member of the Temasek Advisory Panel, the Nominating Committee is of the view that Mr Lee, being a non-executive Chairman, is able to discern independently and detach himself from the Management in deciding on remuneration issues.

The BCIRC has been delegated the authority by the Board to review and approve recommendations on remuneration policies and packages for key executives, and administer the Company's EVA-based Incentive Plan, Performance Share Plan and Restricted Share Plan for key senior executives and the Company's Employee Share Option Plan. The award of shares to senior executives is based on organizational and individual performance. In developing, administering and maintaining the reward programmes, the BCIRC has access to professional advice from external advisors as and when it deems necessary.

The BCIRC also reviews leadership development programmes and ensures that there are sufficient candidates recruited and/or promoted to leadership positions. The BCIRC ensures that talent is tapped and equitably distributed throughout the SIA Group of companies, and encourages close working relationship and management exchanges within the Group.

The BCIRC also seeks to drive the building of mutual trust and confidence between Management and the unions. It directs the improvement of work practices to increase labour flexibility and optimize the usage of manpower, and oversees the development of a performance-linked reward system. A strong management-union partnership will be mutually beneficial resulting in greater competitiveness for the Company.

Access to Information (Principle 6)

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

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

Remuneration Matters (Principles 7, 8 and 9)

Remuneration Mix

In addition to base salary and benefits, SIA has in place short-term and long-term incentive plans to motivate and reward employees in striving to meet the targets set under these plans.

Short-Term Incentives

Short-term incentives generally take the form of an annual profit-sharing bonus. Payment of the variable bonus is based on employees achieving the target levels in the following:

(i) SIA Group's Return on Shareholders' Fund;
(ii) SIA Company's Operating Profit Margin; and
(iii) SIA Company's Passenger Load Factor

Long-Term Incentives

The Company has put in place share-based remuneration programmes allowing employees to share in its growth and success. These plans comprise the Performance Share Plan (PSP), Restricted Share Plan (RSP) and Employee Share Option Plan (ESOP).

The ESOP was introduced in 2000 with the objective of promoting unity and team spirit through a sense of share ownership. The last grant under the ESOP will be made in July 2008.

In 2005, the Company enlisted an external consultant to review its share-based incentives. The PSP and RSP, which were approved by shareholders at the Extraordinary General Meeting of the Company held on 28 July 2005, were introduced with a view to further strengthen the Company's competitiveness in attracting and retaining talented key senior management and senior executives. The PSP and RSP aim to more directly align the interests of key senior management and senior executives with the interests of Shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior management and senior executives.

These PSP and RSP contemplate the award of fully paid Shares, when and after pre-determined performance and/or service conditions are met.

The selection of a participant and the number of shares which he would be awarded under the PSP or RSP will be determined at the absolute discretion of the BCIRC, which will take into account criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Company. The BCIRC has the discretion to review and amend performance conditions and target(s) where it feels appropriate, and as relevant to the business conditions. Non-executive Directors of the Group are not eligible to participate in the PSP and RSP.

The SIA Performance Share Plan (PSP)

The PSP is targeted at a select group of key senior management who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through innovation, creativity and superior performance. Awards under the PSP are performance-based, with stretched performance targets based on criteria such as absolute and relative total shareholders' return, to be achieved over a three-year performance period.

The SIA Restricted Share Plan (RSP)

The RSP is targeted at a broader base of senior executives and enhances the Company's ability to recruit and retain talented senior executives as well as to reward for Company and individual performance. Consistent with the Company's philosophy on adopting a pay-for-performance principle, awards under the RSP are contingent on the achievement of performance targets like EBITDAR margin and staff productivity over a two-year performance period. To encourage participants to continue serving the Company beyond the performance period, an extended vesting period is imposed beyond the performance target completion date.

The total number of Shares which may be issued pursuant to awards granted under the PSP and RSP, when added to the number of new shares issued and issuable in respect of all awards granted under the RSP and PSP, and all options under the ESOP, shall not exceed 13% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company from time to time.

Details of the Company's ESOP, PSP and RSP can be found on pages 72 to 76 of the Report by the Board of Directors.

Proposed Directors' Fees

The Directors' fees proposed to be paid in financial year 2007-08 amount to S$1,497,220 [financial year 2006-07: S$1,319,304] and is derived using the following rates:

		Rates (S$)
Board Retainers	Board Member	80,000
	Chairman	160,000
Committee Retainers	Chairman of Executive Committee and Audit Committee	50,000
	Chairman of other Board Committees, Member of Executive Committee and Audit Committee	35,000
	Member of other Board Committees	20,000
Attendance Fees	Home-city	5,000
	In-region	10,000
	Out-region	20,000
	Teleconference – Normal hours	1,000
	Teleconference – Odd hours	2,000

Disclosure on Remuneration

The following table shows the composition (in percentage terms) of the remuneration of Directors, including those appointed and resigned/retired during the year.

Directors	Fee %	Salary %	Bonus Fixed %	Bonus Variable [1] %	Benefits %	Total %	Performance and Restricted Shares granted during the year [2] Number
Between $250,000 to $500,000							
Stephen Lee Ching Yen	94	-	-	-	6	100	-
Below $250,000							
Chia Pei-Yuan	100	-	-	-	-	100	-
Euleen Goh Yiu Kiang	99	-	-	-	1	100	-
David Michael Gonski	100	-	-	-	-	100	-
James Koh Cher Siang	100	-	-	-	-	100	-
Sir Brian Pitman	100	-	-	-	-	100	-
Christina Ong	100	-	-	-	-	100	-
Lucien Wong Yuen Kuai	99	-	-	-	1	100	-
Ho Kwon Ping [3]	93	-	-	-	7	100	-
Davinder Singh [3]	97	-	-	-	3	100	-
Between $3,250,000 to $3,500,000							
Chew Choon Seng [4]	-	38	3	55	4	100	50,025 PSP 47,025 RSP

[1] *Includes EVA-based incentive payment and profit-sharing bonus paid in the financial year ended 31 March 2008.*
[2] *Shares awarded under the PSP and RSP are subject to performance targets and other terms and conditions being met under the respective share plans.*
[3] *Mr Ho Kwon Ping and Mr Davinder Singh retired from the Board on 1 August 2007.*
[4] *Director's fees were paid to, and retained by, Singapore Airlines Limited.*

No employee of the Group who is an immediate family member of a Director was paid a remuneration that exceeded $150,000 during the financial year ended 31 March 2008.

Senior Management	Fee %	Salary %	Bonus Fixed %	Bonus Variable [1] %	Benefits %	Total %	Performance and Restricted Shares granted during the year [2] Number
Between $1,250,000 to $1,500,000							
Bey Soo Khiang	-	38	3	52	7	100	18,850 PSP 17,215 RSP
Between $1,000,000 to $1,250,000							
Huang Cheng Eng	-	40	3	49	8	100	12,594 PSP 14,066 RSP
Below $250,000							
Mak Swee Wah [3]	-	58	17	-	25	100	-
Ng Chin Hwee [3]	-	64	19	-	17	100	-

[1] *Includes EVA-based incentive payment and profit-sharing bonus paid in the financial year ended 31 March 2008.*
[2] *Shares awarded under the PSP and RSP are subject to performance targets and other terms and conditions being met under the respective share plans.*
[3] *The remuneration information for both Mr Mak Swee Wah and Mr Ng Chin Hwee is for the period 1 January to 31 March 2008, as they were only appointed Executive Vice Presidents on 1 January 2008.*

Accountability (Principle 10)

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

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

Board Audit Committee (Principle 11)

The Board Audit Committee (AC) comprised Mr Ho Kwon Ping (Chairman, until 31 July 2007), Mr Chia Pei-Yuan, Mr David Michael Gonski, Ms Euleen Goh (appointed Chairman on 1 September 2007) and Mr Lucien Wong (appointed Member on 1 September 2007). All the AC members are independent Directors.

The AC's activities for financial year 2007-08, in accordance with its responsibilities and duties under its Charter, included the following:

(a) Financial Reporting

The AC reviewed the interim and annual financial statements and financial announcements required by SGX-ST for recommendation to the Board for approval. The review focused on changes in accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with SGX-ST and other legal requirements.

(b) External Audit

The AC discussed with the external auditors the audit plan, and the report on the audit of the year-end financial statements; reviewed the external auditors' management letter and Management's responses thereto; and reviewed the external auditors' objectivity and independence from Management and the Company. The appointment of the external auditors and the audit fee were considered, and recommendations made to the Board on the selection of the Company's external auditors.

(c) Internal Audit

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

(d) Risk Management

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

(e) Interested Person Transactions

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

(f) Whistle-Blowing

The AC is apprised of all cases of whistle-blowing. Cases that are significant are reviewed by the AC for adequacy and independence of investigative actions and resolution.

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

The AC has undertaken a review of the fees and expenses paid to the external auditors, including fees paid for non-audit services during the year, and is of the opinion that the auditors' independence has not been compromised.

Internal Controls and Internal Audit (Principles 12 and 13)

The Internal Audit Department (IAD) is an independent department that reports directly to the Audit Committee. The IAD assists the Committee and the Board by performing regular evaluations on the Company's internal controls, financial and accounting matters, compliance, business and financial risk management policies and procedures, and ensuring that internal controls are adequate to meet the Company's requirements. The IAD conforms to all the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Additionally, the various Divisions within the Company have developed a Control Self Assessment programme, where operating departments' management review and report on the adequacy of their respective units' control environment to the AC annually.

It is the opinion of the Board that, in the absence of evidence to the contrary, the system of internal controls maintained by Management and in place throughout the financial year 2007-08, provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, business and compliance risks. The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

A dedicated Risk Management Department looks into and manages the Company's risk management policies. The Risk Management Report can be found on page 37.

Communication with Shareholders (Principles 14 and 15)

The Company believes in prompt disclosure of pertinent information. It values dialogue with shareholders, and holds analyst and media briefings when announcing half-yearly and year-end results. The proceedings are concurrently broadcasted live via webcast and the recordings are made available on our Company website at www.singaporeair.com/investor. Analyst and media briefings are also held as and when necessary.

Additionally, all financial results as well as price sensitive information are released in a timely manner through various media which include press releases posted on the Company website, and disclosure via SGXNET.

The Investor Relations Department meets with analysts and investors on a regular basis, through local and overseas investor conferences and roadshows, as well as ad-hoc meetings and teleconferences in office.

The Company has won the "Most Transparent Company – Transport Storage Communication Category" which was awarded by the Securities Investors Association of Singapore ("SIAS") in 2007, the sixth time since the inception of SIAS Investors' Choice Award in 2000.

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

Banking Transaction Procedures

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

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

For the period 1 April 2007 to 31 March 2008

Name of Director	Board – Scheduled		Board – Ad-hoc		Board Executive Committee		Board Audit Committee		Board Compensation and Industrial Relations Committee		Board Safety and Risk Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Stephen Lee Ching Yen (Note 1)	4	4	2	2	5	5	-	-	5	5	2*	2
Chew Choon Seng	4	4	2	2	5	5	-	-	-	-	-	-
Chia Pei-Yuan	4	4	2	1	-	-	4	4	-	-	-	-
Euleen Goh Yiu Kiang (Note 2)	4	4	2	2	5	4	4	4	-	-	-	-
David Michael Gonski	4	4	2	1	-	-	4	3	5	5	-	-
James Koh Cher Siang	4	4	2	2	5	5	-	-	5	5	4	4
Sir Brian Pitman	4	4	2	2	-	-	-	-	5	5	4	4
Christina Ong (Note 3)	2*	2	-	-	-	-	-	-	-	-	-	-
Lucien Wong Yuen Kuai (Note 4)	2*	2	-	-	-	-	2*	2	-	-	-	-
Ho Kwon Ping (Note 5)	1*	1	2*	0	-	-	2*	1	-	-	-	-
Davinder Singh (Note 5)	1*	1	2*	0	-	-	-	-	-	-	2*	0

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

Notes:

1 *Appointed Member of Safety and Risk Committee on 1 September 2007.*
2 *Appointed Chairman of Audit Committee on 1 September 2007.*
3 *Appointed Director and Member of Nominating Committee on 1 September 2007.*
4 *Appointed Director, Chairman of Nominating Committee and Member of Audit Committee on 1 September 2007.*
5 *Retired from the Board on 1 August 2007.*
6 *The Nominating Committee did not hold any physical meeting but conducted all its deliberations via written or verbal communication.*

STEPHEN LEE CHING YEN

Academic and Professional Qualifications:

– Master of Business Administration
Northwestern University, Illinois

Current Directorships

	Company	*Title*
1.	SIA Engineering Company Limited	Chairman
2.	Singapore Business Federation	Chairman
3.	Singapore National Employers Federation	President
4.	GMT Investments Pte Ltd	Managing Director
5.	Shanghai Commercial & Savings Bank Ltd, TWN	Managing Director
6.	Baosteel Group Corporation, Shanghai	Director
7.	Fraser & Neave Ltd	Director
8.	G2000 Apparel (S) Pte Ltd	Director
9.	Kidney Dialysis Foundation	Director
10.	Singapore Labour Foundation	Director
11.	Shanghai Commercial & Savings Bank Ltd, Hong Kong	Director
12.	Chinese Development Assistant Council	Board Member
13.	Dr Goh Keng Swee Scholarship Fund	Board Member
14.	National Wages Council	Member

Directorships for the past 3 years

	Company	*Title*
1.	PSA Corporation Limited	Chairman
2.	PSA International Pte Ltd	Advisor & Chairman

CHEW CHOON SENG

Academic and Professional Qualifications:

– Bachelor of Engineering (Ist Class Hons)
University of Singapore

– Master of Science in Operations Research and Management Studies
Imperial College of Science and Technology, University of London

Current Directorships

	Company	*Title*
1.	SIA Engineering Company Limited	Deputy Chairman
2.	Singapore Airport Terminal Services Limited	Deputy Chairman
3.	Government of Singapore Investment Corporation Pte Ltd	Director
4.	Singapore Exchange Ltd	Director
5.	International Air Transport Association	Member, Board of Governors

Directorships for the past 3 years

	Company	*Title*
1.	International Air Transport Association	Chairman, Board of Governors
2.	Singapore Aircraft Leasing Enterprise Pte Ltd	Chairman
3.	Singapore International Foundation	Member, Board of Governors
4.	Virgin Atlantic Limited	Director
5.	Virgin Atlantic Airways Limited	Director
6.	Virgin Travel Group Limited	Director

CHIA PEI-YUAN

Academic and Professional Qualifications:

– Bachelor of Arts in Economics
Tunghai University, Taiwan
– Honorary Doctorate of Philosophy
Tunghai University, Taiwan
– Master of Business Administration
University of Pennsylvania

Current Directorships

	Company	*Title*
1.	Chia Family Foundation, Inc.	Chairman

Directorships for the past 3 years

	Company	*Title*
1.	American International Group, Inc.	Director

EULEEN GOH YIU KIANG

Academic and Professional Qualifications:

Member of:

– Association of Chartered Accountants
England and Wales, United Kingdom
– Institute of Taxation, United Kingdom
– Institute of Certified Public Accountants, Singapore
– Institute of Bankers, United Kingdom

Current Directorships

	Company	*Title*
1.	Accounting Standards Council	Chairman
2.	Singapore International Foundation	Chairman, Board of Governors
3.	CapitaLand Financial Limited	Deputy Chairman
4.	MediaCorp Pte Ltd	Director
5.	Singapore Chinese Girls' School	Director
6.	Singapore Exchange Limited	Director
7.	Standard Chartered Bank Malaysia Berhad	Director
8.	Standard Chartered Bank Thailand pcl	Director
9.	Northlight School	Chairperson, Board of Governors
10.	The Institute of Banking & Finance	Council Member

Directorships for the past 3 years

	Company	*Title*
1.	International Enterprise Singapore	Chairman
2.	Chartered Corporate Services Singapore Limited	Director
3.	MOH Holdings Pte Ltd	Director
4.	Raffles Nominees (Pte) Limited	Director
5.	S C Learning Pte Ltd	Director
6.	Scope International Private Limited	Director
7.	Singapore International Chamber of Commerce	Director
8.	Standard Chartered (1996) Limited	Director
9.	Standard Chartered (2000) Limited	Director
10.	Standard Chartered International Trade Products Limited	Director
11.	Council on Corporate Disclosure & Governance	Member
12.	The Association of Banks in Singapore	Council Member
13.	National Heritage Board	Board Member

DAVID MICHAEL GONSKI

Academic and Professional Qualifications:

- Bachelor of Commerce
  University of New South Wales
- Bachelor of Laws
  University of New South Wales
- Fellow of the Australian Society of Certified Practising Accountants
- Fellow of the Australian Institute of Company Directors

Current Directorships

	Company	*Title*
1.	Coca-Cola Amatil Limited	Chairman
2.	Investec Bank (Australia) Limited	Chairman
3.	Investec Wentworth Pty Limited	Chairman
4.	UNSW Foundation Limited	Chairman
5.	Sydney Grammar School	President/Chairman, Board of Trustees
6.	Australian Securities Exchange Ltd	Director
7.	The Westfield Group	Director
8.	The University of New South Wales (UNSW)	Chancellor

Directorships for the past 3 years

	Company	*Title*
1.	Brain & Mind Foundation	Chairman
2.	National Institute of Dramatic Art	Chairman
3.	Australia Council for the Arts	Chairman
4.	HPM Industries Pty Limited	Chairman
5.	Art Gallery of New South Wales Trust	President
6.	ANZ Banking Group Limited	Director
7.	ING Australia Limited	Director
8.	John Fairfax Holdings Limited	Director
9.	UNSW Asia	Director
10.	The Takeovers Panel	Director/Member

JAMES KOH CHER SIANG

Academic and Professional Qualifications:

– Bachelor of Arts (Hons) in Philosophy, Political Science, Economics
  University of Oxford, United Kingdom
– Master of Arts
  University of Oxford, United Kingdom
– Master in Public Administration
  Harvard University, United States of America

Current Directorships

	Company	*Title*
1.	Singapore Deposit Insurance Corporation Limited	Chairman
2.	Housing & Development Board	Chairman
3.	CapitaLand Limited	Director
4.	CapitaLand Hope Foundation	Director
5.	Hotel Plaza Limited	Director
6.	Singapore Cooperation Enterprise	Director
7.	UOL Group Limited	Director

Directorships for the past 3 years

	Company	*Title*
1.	Public Accountants Board	Chairman
2.	National Kidney Foundation	Deputy Chairman

CHRISTINA ONG

Academic and Professional Qualifications:

– Bachelor of Arts in Economics
  University of Westminster, London

Current Directorships

	Company	*Title*
1.	National Parks Board	Chairman
2.	Club 21 Pte Ltd	Managing Director
3.	AX 21 Holdings Pte Ltd	Managing Director
4.	Club 21 Distribution (Singapore) Pte Ltd	Director
5.	Club 21 Malaysia Sdn Bhd	Director
6.	Coan Pte Ltd	Director
7.	Como Foundation Inc	Director
8.	Heritage Holdings Pte Ltd	Director
9.	Heritage Investments Pte Ltd	Director
10.	Joco Private Limited	Director
11.	Jomo Private Limited	Director
12.	Kids 21 Pte Ltd	Director
13.	Moco Private Limited	Director
14.	Mogems Services Pte Ltd	Director
15.	Shambhala Yoga Centre Pte Ltd	Director
16.	Singapore Health Services Pte Ltd	Director

SIR BRIAN PITMAN

Academic and Professional Qualifications:

– Fellow of the Chartered Institute of Bankers, UK

Current Directorships

	Company	*Title*
1.	ITV plc	Director
2.	The Carphone Warehouse Group plc	Director
3.	Virgin Atlantic Limited	Director
4.	Virgin Atlantic Airways Limited	Director
5.	Virgin Travel Group Limited	Director

Directorships for the past 3 years

	Company	*Title*
1.	Tomkins plc	Director

LUCIEN WONG YUEN KUAI

Academic and Professional Qualifications:

– Bachelor of Laws (Honours)
University of Singapore

Current Directorships

	Company	*Title*
1.	Altitute Trust Management Pte Ltd	Director
2.	Cerebos Pacific Limited	Director
3.	DLF Trust Management Pte Ltd	Director
4.	Eastern Development Private Limited	Director
5.	Hap Seng Plantations Holdings Berhad	Director
6.	Linklaters Allen & Gledhill Pte Ltd	Director
7.	Mapletree Commercial Trust Management Ltd	Director
8.	Maritime and Port Authority of Singapore	Board Member
9.	Monetary Authority of Singapore	Board Member
10.	National University of Singapore	Member, Board of Trustees
11.	SingHealth Foundation	Trustee

Directorships for the past 3 years

	Company	*Title*
1.	CapitaLand Limited	Director
2.	Mabanaft Singapore Pte Ltd	Director
3.	Singapore Technologies Engineering Ltd	Director

FINANCIALS

Highlights of the Group's Performance

- Total revenue $15,973 million (+10.2 per cent)
- Total expenditure $13,848 million (+5.1 per cent)
- Operating profit $2,125 million (+61.6 per cent)
- Profit after taxation $2,137 million (-3.0 per cent)
- Profit attributable to equity holders of the Company $2,049 million (-3.7 per cent)
- Basic earnings per share 168.5 cents (-2.4 per cent)
- Equity attributable to equity holders of the Company $15,125 million (+0.2 per cent)
- Net asset value $12.77 per share (+5.5 per cent)
- Total debt equity ratio 0.11 times (-0.01 times)

Performance of the Group

Group Earnings

Group operating profit for the year was $2,125 million, a year-on-year improvement of $810 million (+61.6 per cent). This was principally on account of the Company (+$617 million) and the wholly-owned cargo company (+$164 million), although all the five main operating companies in the Group posted better operating results.

• Singapore Airlines	$1,644 million (+60.1 per cent)
• Singapore Airlines Cargo	$132 million (Loss of $32 million previously)
• Singapore Airport Terminal Services Group	$174 million (+13.8 per cent)
• SIA Engineering Group	$103 million (+0.9 per cent)
• SilkAir	$40 million (+100.0 per cent)

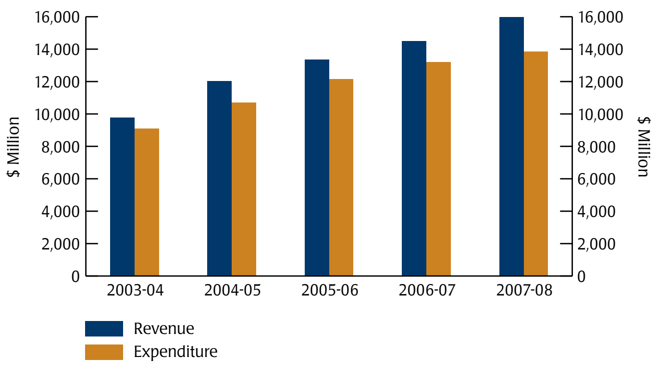
Group revenue grew 10.2 per cent to $15,973 million, $1,478 million higher than the year before. The improvement was mainly on account of the Group's airline operations which was up $1,478 million (+10.7 per cent), benefiting from strong passenger yields and higher passenger load factor. The Company carried 19.120 million passengers for the full year, a year-on-year increase of 4.2 per cent. Underpinned by the strong growth in carriage for passenger operations, passenger yield improved 11.0 per cent.

Group expenditure also increased, albeit at a slower pace than revenue growth, rising $668 million (+5.1 per cent) to $13,848 million. The increase in expenditure was due mainly to higher fuel cost from increase in jet fuel price and depreciation from delivery of new aircraft.

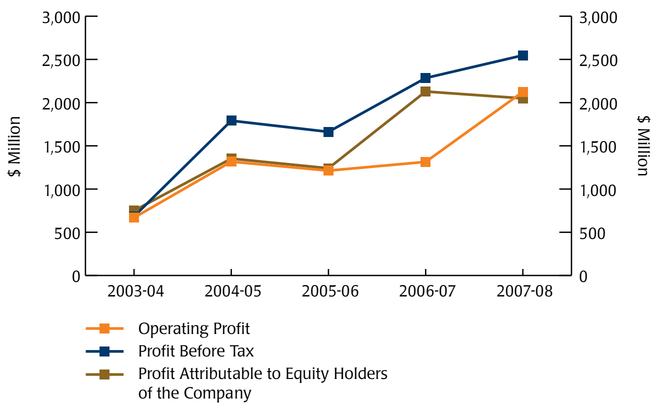
Group profit attributable to equity holders of the Company for the financial year was $2,049 million, $79 million lower (-3.7 per cent) than in the preceding year, which had the benefit of one-off gains totalling $421 million [from sale of SIA Building and sale of investment in Singapore Aircraft Leasing Enterprise ("SALE")] and write-back of deferred tax provision of $247 million due to reduction in statutory tax rate from 20 per cent to 18 per cent. Excluding last year's one-off gains and tax write-back, profit attributable to equity holders of the Company would have been higher by $588 million (+40.3 per cent), on the back of higher operating profit.

Earnings per share (basic) for the Group was lower by 2.4 per cent to 168.5 cents, compared to last year's earnings per share of 172.6 cents.

Group Revenue and Expenditure



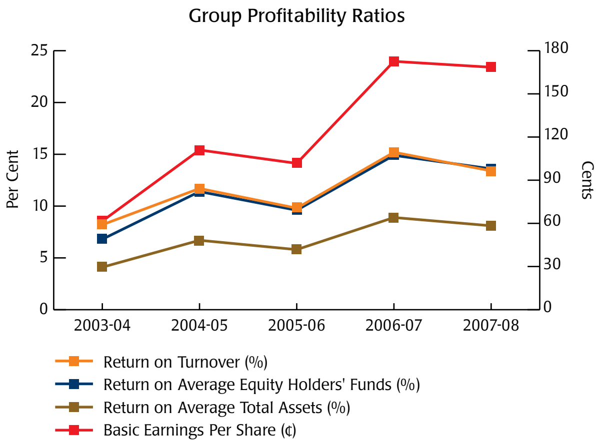
Group Operating Profit, Profit Before Tax and Profit Attributable to Equity Holders of the Company



Performance of the Group (continued)

Group Earnings (continued)
Profitability ratios of the Group are as follows:

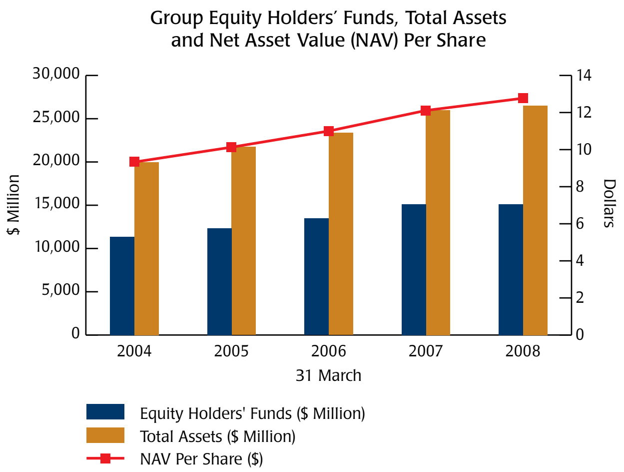
	2007-08 %	2006-07 %	Change % points
Return on turnover	13.4	15.2	− 1.8
Return on average total assets	8.1	8.9	− 0.8
Return on average equity holders' funds	13.6	14.9	− 1.3

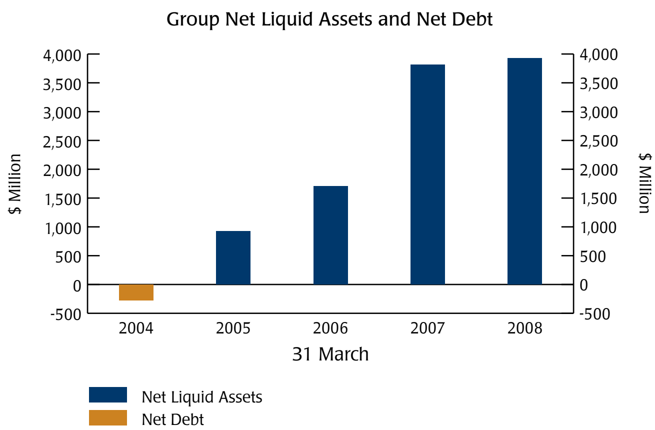


Financial Position of the Group
The Group's total assets stood at $26,515 million as at 31 March 2008, up 2.0 per cent from a year ago. Net asset value per share improved 5.5 per cent to $12.77.

Equity holders' funds increased 0.2 per cent to $15,125 million as at 31 March 2008, mainly attributable to profit for the financial year, partially offset by payment of dividends and capital reduction during the financial year. Dividends paid included special dividend of 50 cents per share and final dividend of 35 cents per share in respect of financial year 2006-07 and interim dividend of 20 cents per share in respect of financial year 2007-08. Pursuant to a capital reduction exercise 84,309,846 shares were cancelled at the price of $18.46 per share, while 1,093,530 shares were issued under a top-up offer of new shares at the price of $18.46 per share to enable shareholders to round up their holding of shares after the capital reduction to the nearest multiple of 200 shares.

The Group improved its net liquid assets [R1] position from $3,810 million a year ago to $3,927 million as at 31 March 2008. This stronger liquidity position (+$117 million) was a result of stronger cash generated from operations. Total debt to equity ratio improved marginally by 0.01 times to 0.11 times.



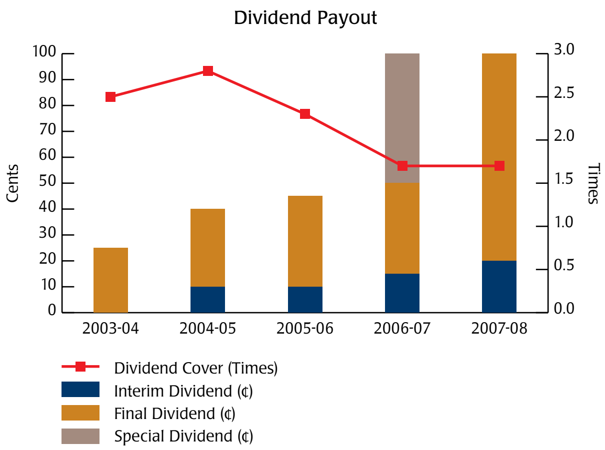


[R1] *Net liquid assets is defined as the sum of cash and bank balances (net of bank overdrafts), investments, loans to third parties, and net of finance lease commitments, loans and fixed rate notes issued.*

Performance of the Group (continued)

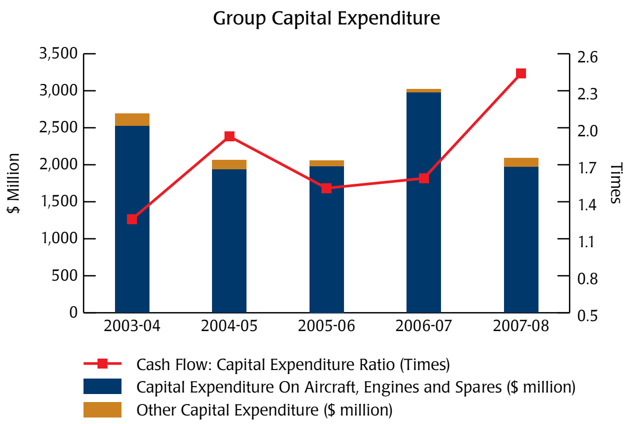
Financial Position of the Group (continued)

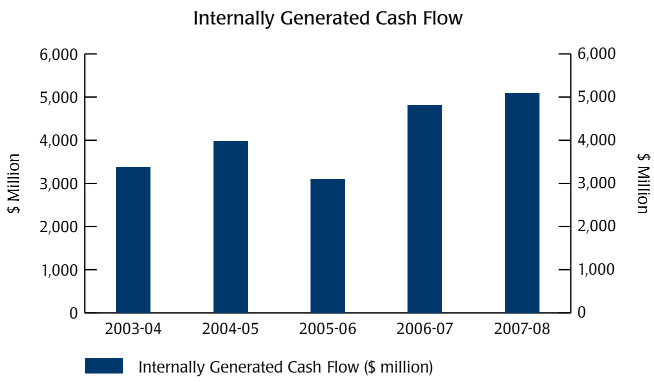
For the financial year ended 31 March 2008, the Board recommends a total distribution of 100 cents per share, comprising 20 cents interim dividend paid on 30 November 2007 and a recommended final dividend of 80 cents per share (tax exempt one-tier). The dividend cover is 1.7 times.



Capital Expenditure and Cash Flow of the Group

Capital expenditure was $2,089 million, 31.0 per cent lower than the year before. Internally generated cash flow of $5,092 million (+5.6 per cent) was 2.44 times capital expenditure. The increase in internally generated cash flow was driven primarily by higher cash generated from operations and dividends received from associated and joint venture companies, offset by lower proceeds from disposal of aircraft and other assets. About 94 per cent of the capital spending was on aircraft and spare engines.





Performance of the Group (continued)

Statements of Value Added and its Distribution ($ million)

	2007-08	2006-07	2005-06	2004-05	2003-04
Total revenue	15,972.5	14,494.4	13,341.1	12,012.9	9,761.9
Less: Purchase of goods and services	(9,413.3)	(9,078.6)	(8,352.2)	(7,030.7)	(5,931.8)
	6,559.2	5,415.8	4,988.9	4,982.2	3,830.1
Add: Interest income	181.2	181.8	96.7	52.7	32.5
Surplus on disposal of aircraft, spares and spare engines	49.1	237.9	115.7	215.2	102.7
Dividends from long-term investments, gross	34.8	38.8	24.6	8.0	3.6
Other non-operating items	96.8	77.9	12.3	9.8	5.2
Share of profits of joint venture companies	50.8	57.9	40.6	12.5	6.4
Share of profits/(losses) of associated companies	110.2	79.0	255.2	203.7	(39.0)
Surplus on sale of SIA Building	-	223.3	-	-	-
Surplus on sale of investment in Singapore Aircraft Leasing Enterprise Pte Ltd	-	197.7	-	-	-
Staff compensation and restructuring of operations	-	-	-	(37.8)	(41.4)
Surplus on sale of investment in Air New Zealand Limited	-	-	-	45.7	-
Surplus on sale of investment in Raffles Holdings Ltd	-	-	-	32.6	-
Surplus on sale of investment in Taikoo (Xiamen) Aircraft Engineering Company Limited	-	-	-	9.0	-
Surplus on liquidation of Abacus Distribution Systems Pte Ltd	-	-	-	-	9.2
Surplus on disposal of Aviation Software Development Consultancy India Limited	-	-	-	-	1.1
Total value added available for distribution	7,082.1	6,510.1	5,534.0	5,533.6	3,910.4
Applied as follows:					
To employees					
- Salaries and other staff costs	2,903.4	2,727.4	2,481.1	2,456.5	1,981.0
To government					
- Corporation taxes	410.3	328.9	352.6	387.3	130.3
To suppliers of capital					
- Interim and proposed dividends	1,184.4	1,245.2	550.5	487.4	304.5
- Finance charges	100.2	124.1	96.3	77.5	65.1
- Minority interests	87.5	73.6	68.8	51.3	46.0
Retained for future capital requirements					
- Depreciation and amortisation	1,531.3	1,374.0	1,294.5	1,208.6	1,180.2
- Retained profit [R1]	865.0	636.9	690.2	865.0	203.3
Total value added	7,082.1	6,510.1	5,534.0	5,533.6	3,910.4
Value added per $ revenue ($)	0.44	0.45	0.41	0.46	0.40
Value added per $ employment cost ($)	2.44	2.39	2.23	2.25	1.97
Value added per $ investment in property, plant and equipment ($)	0.29	0.27	0.23	0.24	0.16

[R1] *Retained profit excludes tax write-back as a result of the reduction in statutory tax rate of $246.7 million and $204.7 million for 2006-07 and 2003-04 respectively. If tax write-back were included, retained profit for 2006-07 and 2003-04 would be $883.6 million and $408.0 million respectively.*

Value added is a measure of wealth created. The statement above shows the Group's value added from 2003-04 to 2007-08 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.

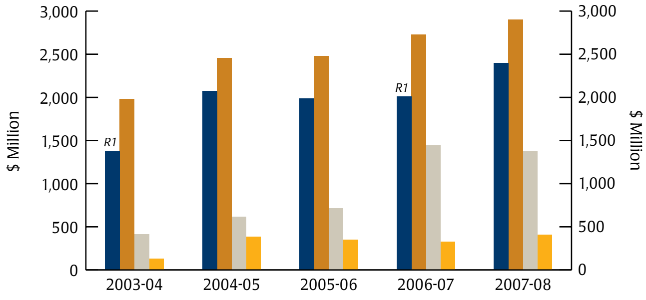
Performance of the Group (continued)

Value Added

Total value added for 2007-08 improved 8.8 per cent (+$572 million) to $7,082 million. The increase was mainly attributable to higher revenue (+$1,478 million), partially offset by one-off gains from surplus on sale of SIA Building and sale of investment in Singapore Aircraft Leasing Enterprise last year (-$421 million), higher purchase of goods and services (-$335 million) and lower surplus on disposal of aircraft, spares and spare engines (-$189 million).

Salaries and other staff cost accounted for 41.0 per cent of the value added, 0.9 percentage point lower than the previous year. $1,184 million (16.7 per cent) of the value added was for distribution to equity holders of the Company (-2.4 percentage points) and $2,396 million (33.8 per cent) was retained for future capital requirements (+2.9 percentage points).

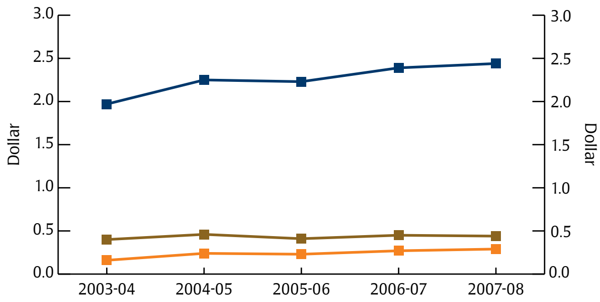
Group Value Added Distribution



Retained in the Business
Employees
Suppliers of Capital
Government

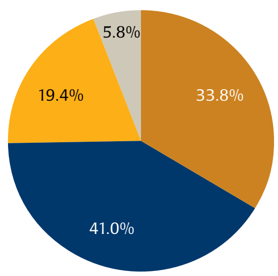
R1 *Excludes write-back of prior years' tax liabilities of $204.7 million and $246.7 million for 2003-04 and 2006-07 respectively arising from reduction in statutory tax rate.*

Group Value Added Productivity Ratios



Value Added Per $ Employment Cost
Value Added Per $ Revenue
Value Added Per $ Investment in Property, Plant and Equipment

Group Valued Added Distribution
2007-08



	Total value added Amount $ million	Distribution %
Employees	2,903.4	41.0
Retained in the Business	2,396.3	33.8
Suppliers of Capital	1,372.1	19.4
Government	410.3	5.8

Performance of the Group (continued)

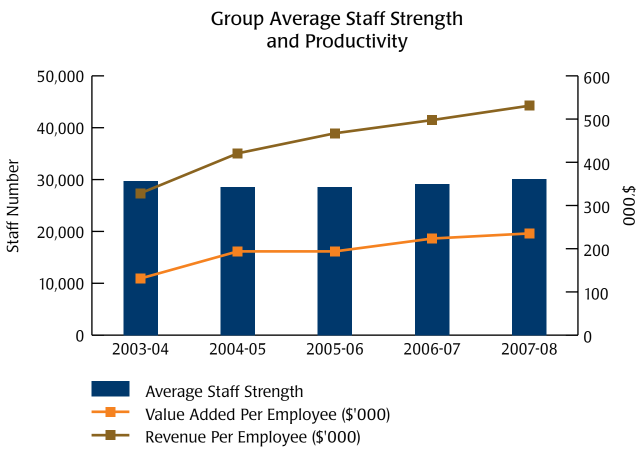
Group Average Staff Strength and Productivity

The Group's average staff strength increased by 963 to 30,088 employees. A breakdown is as follows:

	2007-08	2006-07	% Change
Singapore Airlines	14,071	13,847	+ 1.6
SATS Group	7,700	7,502	+ 2.6
SIAEC Group	6,116	5,661	+ 8.0
SIA Cargo	1,096	1,086	+ 0.9
SilkAir	798	730	+ 9.3
Others	307	299	+ 2.7
	30,088	29,125	+ 3.3

Average staff productivity are as follows:

	2007-08	2006-07	% Change
Revenue per employee ($)	530,859	497,662	+ 6.7
Value added per employee ($)	235,380	223,523	+ 5.3



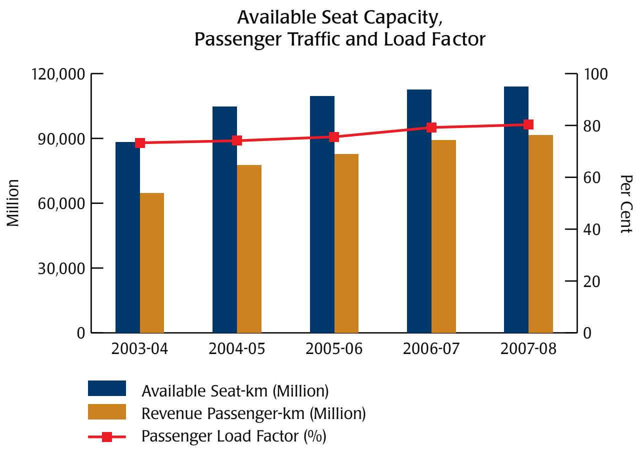
Performance of the Company

Operating Performance

	2007-08	2006-07	% Change
Passengers carried (thousand)	19,120	18,346	+ 4.2
Available seat-km (million)	113,919.1	112,543.8	+ 1.2
Revenue passenger-km (million)	91,485.2	89,148.8	+ 2.6
Passenger load factor (%)	80.3	79.2	+ 1.1 points
Passenger yield (¢/pkm)	12.1	10.9	+ 11.0
Passenger unit cost (¢/ask)	8.4	7.9	+ 6.3
Passenger breakeven load factor (%)	69.4	72.5	− 3.1 points

The improvement in passenger yield was due mainly to higher local currency yields, improved passenger mix and higher fuel surcharges.

The spread between passenger load factor and breakeven load factor improved 4.2 percentage points to 10.9 percentage points in 2007-08.



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

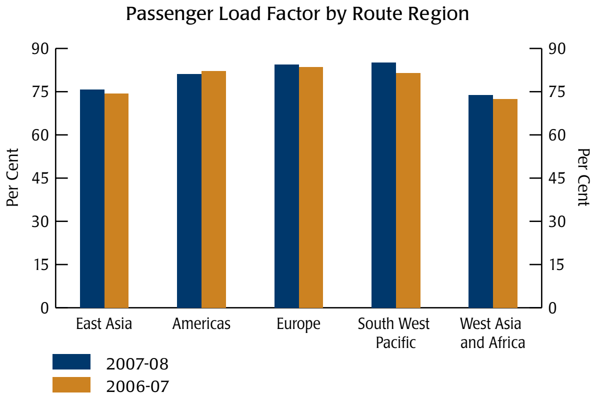
	By Route Region [R1] (2007-08 against 2006-07) Passengers Carried Change (thousand)	Revenue Passenger KM % Change	Available Seat KM % Change
East Asia	+ 415	+ 3.8	+ 2.0
Americas	− 29	− 2.0	− 0.7
Europe	+ 17	+ 0.7	− 0.6
South West Pacific	+ 73	+ 2.5	− 1.9
West Asia and Africa	+ 298	+ 13.4	+ 11.4
Systemwide	+ 774	+ 2.6	+ 1.2

[R1] *Each route region comprises routes originating from Singapore to final destinations in countries within the region concerned and vice versa. For example, Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region. East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, South Korea, Malaysia, People's Republic of China, Philippines, Thailand, Taiwan and Vietnam. Americas comprises Canada and USA. Europe consists of Denmark, England, France, Germany, Greece, Italy, Russia, Spain, Switzerland and The Netherlands. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, Egypt, India, Maldives, Pakistan, Saudi Arabia, South Africa, Sri Lanka, Turkey and United Arab Emirates.*

Performance of the Company (continued)

Operating Performance (continued)

	Passenger Load Factor (%) 2007-08	2006-07	Change % points
East Asia	75.8	74.4	+ 1.4
Americas	81.1	82.2	− 1.1
Europe	84.5	83.5	+ 1.0
South West Pacific	85.2	81.5	+ 3.7
West Asia and Africa	73.8	72.5	+ 1.3
Systemwide	80.3	79.2	+ 1.1



Earnings

	2007-08 $ million	2006-07 $ million	Change %
Revenue	12,759.6	11,343.9	+ 12.5
Expenditure	(11,115.6)	(10,316.9)	+ 7.7
Operating profit	1,644.0	1,027.0	+ 60.1
Finance charges	(99.7)	(124.6)	− 20.0
Interest income	176.7	171.8	+ 2.9
Surplus on disposal of aircraft, spares and spare engines	16.1	167.9	− 90.4
Dividends from subsidiary companies, gross	249.8	390.7	− 36.1
Dividends from long-term investments, gross	18.8	20.4	− 7.8
Other non-operating items	71.9	74.9	− 4.0
Profit before taxation and exceptional items	2,077.6	1,728.1	+ 20.2
Exceptional items	-	563.0	n.m.
Profit before taxation	2,077.6	2,291.1	− 9.3
Taxation expense	(318.8)	(272.1)	+ 17.2
Adjustment for reduction in Singapore statutory tax rate	-	194.2	n.m.
Profit after taxation	1,758.8	2,213.2	− 20.5

n.m. not meaningful

Performance of the Company (continued)

Revenue

The Company's revenue increased 12.5 per cent to $12,760 million as follows:

	2007-08 $ million	2006-07 $ million	Change %
Passenger revenue	9,797.9	8,573.4	+ 14.3
Excess baggage revenue	28.2	27.6	+ 2.2
Non-scheduled services	6.4	4.5	+ 42.2
Bellyhold revenue from SIA Cargo	1,206.4	1,157.3	+ 4.2
Direct operating revenue	11,038.9	9,762.8	+ 13.1
Indirect operating revenue	1,720.7	1,581.1	+ 8.8
Total operating revenue	12,759.6	11,343.9	+ 12.5

The 14.3% increase in passenger revenue was the result of:

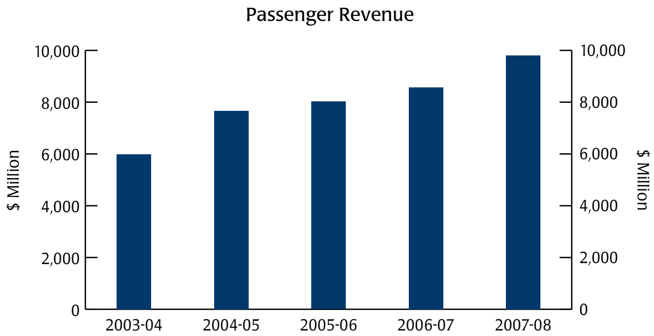
	$ million	$ million
<u>2.6% increase in passenger traffic:</u>		
1.2% increase in seat capacity	+ 103.0	
1.1% points increase in passenger load factor	+ 120.1	+ 223.1
<u>11.5% increase in passenger yield (excluding fuel surcharge):</u>		
Higher local currency yields	+ 839.4	
Change in passenger mix	+ 144.3	
Foreign exchange	+ 17.7	+ 1,001.4
Increase in passenger revenue		+ 1,224.5

Bellyhold revenue increased 4.2 per cent to $1,206 million due to higher net bellyhold capacity (+10.2 per cent) because of increased passenger operations and recovery of higher fuel costs from SIA Cargo.

Indirect operating revenue increased 8.8 per cent to $1,721 million. This was mainly due to higher fuel surcharge, partially offset by lower other incidental revenue.

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

	$ million
1.0% point change in passenger load factor, if yield and seat capacity remain constant	122.0
1.0% change in passenger yield, if passenger traffic remains constant	98.0



Performance of the Company (continued)

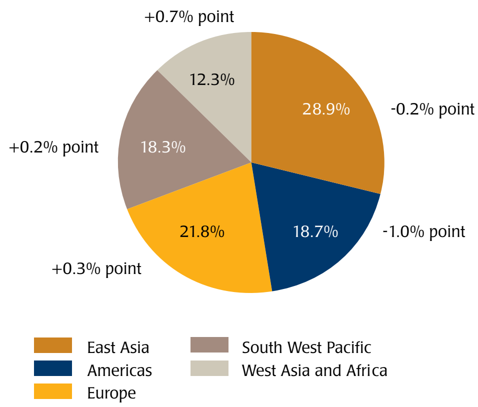
Revenue (continued)

A breakdown of passenger revenue [R1] by route region and area of original sale is shown below:

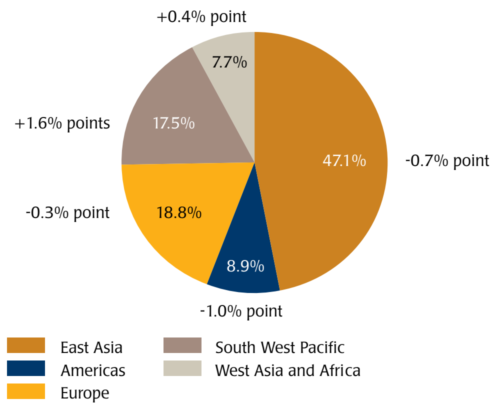
	By Route Region ($ million) 2007-08	2006-07	% Change	By Area of Original Sale [R2] ($ million) 2007-08	2006-07	% Change
East Asia	2,838.1	2,507.7	+ 13.2	4,626.9	4,108.9	+ 12.6
Americas	1,840.9	1,694.7	+ 8.6	881.5	852.5	+ 3.4
Europe	2,139.9	1,847.4	+ 15.8	1,844.9	1,643.7	+ 12.2
South West Pacific	1,795.3	1,555.1	+ 15.4	1,716.9	1,368.9	+ 25.4
West Asia and Africa	1,211.9	996.1	+ 21.7	755.9	627.0	+ 20.6
Systemwide	9,826.1	8,601.0	+ 14.2	9,826.1	8,601.0	+ 14.2

R1 *Includes excess baggage revenue.*
R2 *Each area of original sale comprises countries within a region from which the sale is made.*

Passenger Revenue Composition by Route Region



Passenger Revenue Composition by Area of Original Sale



Expenditure

The Company's expenditure for 2007-08 increased 7.7 per cent from a year ago, to $11,116 million as follows:

	2007-08 $ million	2007-08 %	2006-07 $ million	2006-07 %	Change $ million	Change %
Fuel costs	4,054.9	36.5	3,881.3	37.6	+ 173.6	+ 4.5
Staff costs	1,841.1	16.6	1,685.5	16.3	+ 155.6	+ 9.2
Depreciation [R1]	1,165.1	10.5	1,006.1	9.8	+ 159.0	+ 15.8
Handling charges	771.0	6.9	752.6	7.3	+ 18.4	+ 2.4
Sales costs [R2]	658.7	5.9	620.5	6.0	+ 38.2	+ 6.2
Inflight meals and other passenger costs	613.9	5.5	601.8	5.8	+ 12.1	+ 2.0
Aircraft maintenance and overhaul costs	538.8	4.9	433.9	4.2	+ 104.9	+ 24.2
Airport and overflying charges	536.1	4.8	515.4	5.0	+ 20.7	+ 4.0
Rentals on leased aircraft	304.2	2.7	313.8	3.0	− 9.6	− 3.1
Communication and information technology costs [R3]	104.6	0.9	110.1	1.1	− 5.5	− 5.0
Other costs [R4]	527.2	4.8	395.9	3.9	+ 131.3	+ 33.2
	11,115.6	100.0	10,316.9	100.0	+ 798.7	+ 7.7

R1 *Depreciation included impairment of property, plant and equipment and amortisation of intangible assets (application software).*
R2 *Sales costs included commissions and incentives payable, frequent flyer programme costs, computer reservation system booking fees, advertising expenses and other sales costs.*
R3 *Communication and information technology costs were for data transmission and contract service fees, hire of computer equipment, maintenance/rental of software, and information technology contract and professional fees.*
R4 *Other costs mainly comprised crew expenses, company accommodation costs, foreign exchange hedging and revaluation loss, comprehensive aviation insurance costs, airport lounge expenses, non-information technology contract and professional fees, expenses incurred to mount non-scheduled services, aircraft licence fees and recoveries.*

Performance of the Company (continued)

Expenditure (continued)

A breakdown of fuel cost is shown below:

	2007-08 $ million	2006-07 $ million	Change $ million
Fuel cost (before hedging)	4,240	3,787	+ 453
Fuel hedging (gain)/loss	(185)	94	− 279
Fuel cost (net)	4,055	3,881	+ 174

Expenditure on fuel (before hedging) was $453 million higher because of:

	$ million
17.5% increase in weighted average fuel price from 200.95 US¢/AG to 236.16 US¢/AG	+ 678
1.5% increase in volume uplifted from 1,208.47 M AG to 1,226.72 M AG	+ 58
6.2% weakening of USD against SGD from US$1=S$1.570 to US$1=S$1.473	− 283
	+ 453

Staff costs rose $156 million mainly due to (i) payment of 60th anniversary bonus, (ii) service increments, (iii) higher average staff strength (+224) this year, and (iv) higher allowances for crew (such as meal and nightstop allowances) arising from an increase in capacity of 1.2 per cent (in terms of available seat kilometres).

Depreciation charges increased $159 million mainly due to (i) capitalisation of expenditure for heavy maintenance visits on aircraft and engine overhauls, and (ii) progressive delivery of B777-300ER aircraft (commissioning of five B777-300ER aircraft during the year). The increase was partially offset by (i) full year's impact of sale of four B747-400 aircraft last year, and (ii) sale of two B747-400 aircraft during the year.

Sales costs was up $38 million from the year before, mainly driven by increase in sales bookings and higher credit card commissions from increase in internet sales.

Aircraft maintenance and overhaul costs rose $105 million, with more component maintenance work carried out on the B777 aircraft fleet.

Airport and overflying charges increased $21 million primarily attributable to increase in number of trips and higher rates due to introduction of A380-800 aircraft. The increase was partially mitigated by a weaker USD.

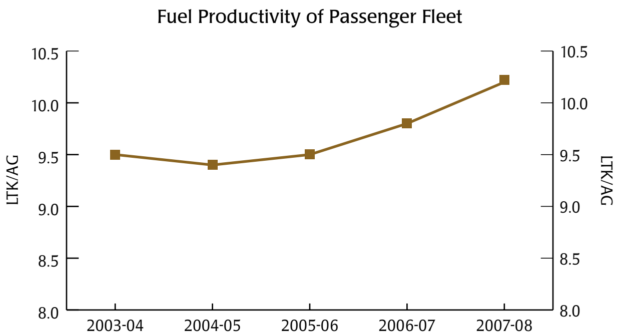
Other costs increased by $131 million, largely due to higher foreign exchange hedging and revaluation loss and higher crew expenses.

Performance of the Company (continued)

Fuel Productivity and Sensitivity Analysis
Fuel productivity as measured by load tonne-km per American gallon (ltk/AG) increased by 4.0% over the previous year to 10.20 ltk/AG. This was attributable to higher load factor and a younger aircraft fleet, arising from the addition of the new A380-800 and B777-300ER aircraft and decommissioning of some of the older B747-400 aircraft.

A change in fuel productivity (passenger aircraft) of 1.0 per cent would impact the Company's annual fuel cost by about $40 million, before accounting for changes in fuel price, USD exchange rate and flying operations.

A change in price of fuel by one US cent per American gallon affects the Company's annual fuel cost by about $17 million, before accounting for USD exchange rate movements, and changes in volume of fuel consumed.



Finance Charges
Finance charges decreased 20.0 per cent due mainly to repayment of lease liabilities in 2006-07.

Surplus on Disposal of Aircraft, Spares and Spare Engines
Surplus on the disposal of aircraft, spares and spare engines was $152 million lower than the year before. During the year, two B747-400 aircraft were sold as compared to sale of four B747-400 and three A310-300 aircraft and sale and leaseback of four B777-300 aircraft last year.

Gross Dividends from Subsidiary Companies
Gross dividends from subsidiary companies decreased by $141 million, mainly contributed by lower dividends received from SIA Engineering Company (-$157 million). Last year, SIA Engineering Company paid a special dividend of 20 cents per share.

Exceptional Items
There were no exceptional items recorded this year. Exceptional items last year comprised surplus on sale of the 35.5% equity stake in SALE of $340 million and surplus on sale of SIA Building of $223 million.

Taxation
There was a tax charge of $319 million, comprising current tax of $253 million and deferred tax of $66 million. Last year's tax charge of $78 million comprised a taxation expense of $272 million and a write-back of $194 million in respect of prior years' deferred tax liabilities which arose from the 2 percentage points reduction in statutory tax rate.

As at 31 March 2008, the Company's deferred taxation account stood at $2,102 million.

Performance of the Company (continued)

Average Staff Strength and Productivity

The Company's average staff strength was 14,071, an increase of 224 over the previous year. The distribution of employee strength by category and location is as follows:

	2007-08	2006-07	% Change
Category			
Senior staff (administrative and higher ranking officers)	1,325	1,316	+ 0.7
Technical crew	2,212	2,128	+ 3.9
Cabin crew	7,043	6,836	+ 3.0
Other ground staff	3,491	3,567	− 2.1
	14,071	13,847	+ 1.6
Location			
Singapore	11,885	11,613	+ 2.3
East Asia	936	945	− 1.0
Europe	404	419	− 3.6
South West Pacific	350	369	− 5.1
West Asia and Africa	278	263	+ 5.7
Americas	218	238	− 8.4
	14,071	13,847	+ 1.6

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

	2007-08	2006-07	% Change
Seat capacity per employee (seat-km)	8,096,020	8,127,667	− 0.4
Passenger load carried per employee (tonne-km)	618,295	613,211	+ 0.8
Revenue per employee ($)	906,801	819,232	+ 10.7
Value added per employee ($)	368,382	368,831	− 0.1

Share Capital

During the financial year, the Company issued 22,717,093 shares upon exercise of options granted under the Employee Share Option Plan.

In addition, the Company cancelled 84,309,846 shares at the price of $18.46 per share pursuant to a capital reduction exercise. 1,093,530 shares were issued under a top-up offer of new shares at the price of $18.46 per share following the capital reduction. The offer was given to shareholders to round up their holding of shares after the capital reduction to the nearest multiple of 200 shares.

Treasury Shares

During the financial year, the Company purchased 2,301,000 of its ordinary shares by way of on-market purchases at share prices ranging from $13.92 to $15.24. The total amount paid to purchase the shares was $33.2 million.

Employee Share Option Plan

On 2 July 2007, the Company made the ninth grant of share options to employees. Staff accepted 12,324,345 share options to be exercised between 2 July 2008 and 1 July 2017.

During the year, 22,717,093 share options were exercised by employees. As at 31 March 2008, there were 56,670,796 unexercised employee share options.

Performance of the Company (continued)

Restricted Share Plan and Performance Share Plan
At the extraordinary general meeting of the Company held on 28 July 2005, the Company's shareholders approved the adoption of two new share plans, namely the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP"), in addition to the Employee Share Option Plan.

As at 31 March 2008, the number of outstanding shares granted under the Company's RSP and PSP were 788,310 and 302,653 respectively.

Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded could range between 0% to 120% of the initial grant of the restricted shares and between 0% to 150% of the initial grant of the performance shares.

Performance of Subsidiary Companies

There were 27 subsidiary companies in the SIA Group as at 31 March 2008. The major subsidiary companies are Singapore Airport Terminal Services Limited ("SATS"), SIA Engineering Company Limited ("SIAEC"), Singapore Airlines Cargo Pte Ltd ("SIA Cargo") and SilkAir (Singapore) Private Limited ("SilkAir"). The following performance review includes intra-group transactions.

Singapore Airport Terminal Services Group

	2007-08 $ million	2006-07 $ million	Change %
Total revenue	958.0	945.7	+ 1.3
Total expenditure	783.7	792.5	− 1.1
Operating profit	174.3	153.2	+ 13.8
Profit after taxation	195.2	179.0	+ 9.1

SATS Group's operating revenue was $958 million, an increase of 1.3 per cent over the last financial year. Revenue from inflight catering, which constituted 45.0 per cent of the total SATS Group's revenue, increased 5.2 per cent from $410 million to $431 million due to higher number of meals uplifted. Revenue from ground handling, which constituted 45.0 per cent of the total SATS Group's revenue, decreased 1.3 per cent from $437 million to $431 million because of pressure on rates and suspension of flights by some airline clients. Revenue from aviation security services dropped 5.4 per cent because of pressure on rates and the cessation of hold-baggage screening contract with Civil Aviation Authority of Singapore from end August 2006.

Operating expenditure decreased $9 million (-1.1 per cent) to $784 million mainly from lower bonus provision as a result of de-linking of the profit sharing bonus from Singapore Airlines. The reduction was partly offset by increases in check-in counter rentals, staff costs and raw material costs. Staff costs increases were for dual terminal operations with the inauguration of Terminal 3 at Changi Airport.

As a consequence, SATS Group's operating profit improved $21 million (+13.8 per cent) to $174 million.

Profit contribution from overseas associated companies decreased 14.2 per cent to $45 million for the financial year ended 31 March 2008, mainly from the reduction in profits from associated companies in China and Hong Kong.

During the year, SATS Group recorded $17.3 million (or $15.5 million net of tax) from sale of Express Courier Centre 2 ("ECC2").

Profit after taxation increased $16 million (+9.1 per cent) to $195 million, due to higher operating profit and surplus from sale of ECC2, partly offset by lower contribution from associated companies.

As at 31 March 2008, equity holders' funds of SATS Group were $1,384 million (+5.3 per cent). The increase was mainly attributable to profit for the financial year of $195 million and $31 million from share options exercised. This increase was partially offset by ordinary and special dividend payments of $96 million and $44 million respectively. Net asset value per share of the group increased $0.05 (+4.0 per cent) to $1.29 as at 31 March 2008.

Return on equity holders' funds at 14.4 per cent, was 0.2 percentage point higher than the last financial year. Basic earnings per share increased 1.2 cents (+7.1 per cent) to 18.2 cents.

Performance of Subsidiary Companies (continued)

SIA Engineering Group

	2007-08 $ million	2006-07 $ million	Change %
Total revenue	1,009.6	977.4	+ 3.3
Total expenditure	906.7	875.4	+ 3.6
Operating profit	102.9	102.0	+ 0.9
Profit after taxation	254.3	241.6	+ 5.3

Revenue exceeded $1 billion for the first time, growing $32 million (+3.3 per cent) to $1,010 million. Line Maintenance revenue grew by 8.4 per cent to $335 million with an increase in the number of flights handled at Changi Airport. Airframe and Component Overhaul revenue increased by 1.9 per cent to $603 million from higher workload. Revenue from Fleet Management Programme ("FMP") declined 6.6 per cent to $71 million. Excluding one-off items last year, FMP revenue grew 6 per cent from higher business volume.

Expenditure rose $31 million (+3.6 per cent) to $907 million mainly due to higher staff costs, which was attributable to an increase in staffing in the Company and subsidiary companies to support future growth and expensing of share options.

The resulting operating profit of $103 million was $1 million (+0.9 per cent) higher than last year.

Associated and joint venture companies continued their strong performance as share of profits increased by $18 million (+13.1 per cent) to $158 million, contributing 55.3 per cent to the Group's pre-tax profits.

Profit after taxation increased by $13 million (+5.3 per cent) to $254 million, driven mainly by higher contribution from associated and joint venture companies.

As at 31 March 2008, equity holders' funds of SIA Engineering Group amounted to $1,125 million, $128 million (+12.9 per cent) higher than at 31 March 2007. The increase was attributable to profit for the financial year of $254 million, partially offset by dividend payments of $129 million. Net asset value per share at 104.7 cents was 10.8 cents higher (+11.5 per cent) than at 31 March 2007.

Return on equity holders' funds at 23.9 per cent, was 0.1 percentage point higher than the last financial year. Basic earnings per share rose 3.2 per cent to 23.7 cents.

Singapore Airlines Cargo

	2007-08 $ million	2006-07 $ million	Change %
Total revenue	3,322.2	3,288.1	+ 1.0
Total expenditure	3,190.7	3,320.5	− 3.9
Operating profit/(loss)	131.5	(32.4)	n.m.
Profit after taxation	115.4	30.6	n.m.

Revenue increased by $34 million (+1.0 per cent) due mainly to yield improvement. Expenditure dropped by $130 million (-3.9 per cent), as a result of effective cost control initiatives.

Yield improved 0.8 per cent while unit cost dropped by 4.5 per cent in 2007-08. Cargo traffic (in load tonne kilometres) dipped 0.5 per cent, less than the capacity reduction (in capacity tonne kilometres) of 0.8 per cent, resulting in a 0.2 percentage point improvement in cargo load factor to 62.2 per cent.

As a result, SIA Cargo recorded an operating profit of $132 million in 2007-08, compared to an operating loss of $32 million in the previous financial year.

During the year, SIA Cargo sold two of its B747-400 freighters, which had been leased out to its associated company, Great Wall Airlines. As at 31 March 2008, SIA Cargo's operating fleet stood at 14 B747-400 freighters.

As at 31 March 2008, equity holders' funds of SIA Cargo was $2,059 million (+8.1 per cent).

Performance of Subsidiary Companies (continued)

SilkAir

	2007-08 $ million	2006-07 $ million	Change %
Total revenue	506.0	427.8	+ 18.3
Total expenditure	466.0	407.8	+ 14.3
Operating profit	40.0	20.0	+ 100.0
Profit after taxation	34.8	19.8	+ 75.8

SilkAir's revenue grew by $78 million (+18.3 per cent) to $506 million from improvements in load (+12.8 per cent) and overall yield (+4.5 per cent). The increase in expenditure of $58 million (+14.3 per cent) was primarily due to higher fuel costs, aircraft maintenance and overhaul costs and aircraft lease rentals (an increase of 2 leased aircraft). As a result, operating profit improved $20 million (+100.0 per cent).

Yields improved by 4.5 per cent to 147.2 cents/ltk, compared to a 2.5 per cent increase in unit cost to 85.7 cents/ctk. Consequently, breakeven load factor improved by 1.2 percentage points to 58.2 per cent.

Profit after taxation was up by 75.8 per cent to $35 million.

SilkAir's route network spanned 29 cities in 11 Asian countries. During the financial year, SilkAir launched three new destinations, namely Kaohsiung (Taiwan) in May 2007, as well as Coimbatore (India) and Kathmandu (Nepal), both in October 2007.

As at 31 March 2008, equity holders' funds of SilkAir was $443 million (+11.7 per cent).

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 2008.

1 Directors of the Company

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

Stephen Lee Ching Yen – Chairman
Chew Choon Seng – Chief Executive Officer
Chia Pei-Yuan (Independent)
Euleen Goh Yiu Kiang (Independent)
David Michael Gonski (Independent)
James Koh Cher Siang (Independent)
Sir Brian Pitman (Independent)
Lucien Wong Yuen Kuai (Independent) (appointed on 1 September 2007)
Christina Ong (Independent) (appointed on 1 September 2007)

2 Arrangements To Enable Directors To Acquire Shares And Debentures

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangements to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares 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 ("ESOP"), the Singapore Airlines Limited Restricted Share Plan ("RSP") and the Singapore Airlines Limited Performance Share Plan ("PSP").

3 Directors' Interests In Ordinary Shares, Share Options And Debentures

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

	Direct interest		Deemed interest	
Name of Director	1.4.2007/ date of appointment	31.3.2008	1.4.2007/ date of appointment	31.3.2008
Interest in Singapore Airlines Limited				
Ordinary shares				
Stephen Lee Ching Yen	10,000	9,400	-	-
Chew Choon Seng	214,000	200,000	-	-
Euleen Goh Yiu Kiang	4,000	3,800	-	-
James Koh Cher Siang	4,000	3,800	-	-
Lucien Wong Yuen Kuai	-	-	62,000	58,000
Options to subscribe for ordinary shares				
Chew Choon Seng	1,194,000	1,194,000	-	-
Conditional award of restricted shares				
Chew Choon Seng	30,000	77,025	-	-
Conditional award of performance shares				
Chew Choon Seng	27,000	77,025	-	-
Interest in SIA Engineering Company Limited				
Ordinary shares				
Chew Choon Seng	20,000	20,000	-	-
Interest in Singapore Airport Terminal Services Limited				
Ordinary shares				
Chew Choon Seng	10,000	10,000	-	-
Lucien Wong Yuen Kuai	-	-	100,000	117,000

3 Directors' Interests In Ordinary Shares, Share Options And Debentures (continued)

	Direct interest		Deemed interest	
Name of Director	1.4.2007/ date of appointment	31.3.2008	1.4.2007/ date of appointment	31.3.2008
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Stephen Lee Ching Yen	190	190	190	190
Chew Choon Seng	10,500	10,500	-	-
Euleen Goh Yiu Kiang	1,537	1,537	-	-
James Koh Cher Siang	10,679	10,679	-	-
Lucien Wong Yuen Kuai	1,680	1,680	2,900	2,900
Interest in SMRT Corporation Limited				
Ordinary shares				
Chew Choon Seng	50,000	50,000	-	-
James Koh Cher Siang	5,000	5,000	-	-
Interest in Neptune Orient Lines Limited				
Ordinary shares				
Stephen Lee Ching Yen	30,000	30,000	-	-
Euleen Goh Yiu Kiang	2,000	2,000	-	-
James Koh Cher Siang	6,632	6,632	-	-
Interest in Mapletree Logistics Trust				
Units				
James Koh Cher Siang	100,000	100,000	-	-
Interest in SP AusNet				
Ordinary shares				
James Koh Cher Siang	4,000	4,000	-	-
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Lucien Wong Yuen Kuai	134,000	211,125	-	20,000
Options to subscribe for ordinary shares				
Lucien Wong Yuen Kuai	185,500	108,375	-	-

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2008.

Except as disclosed in this report, no other director who held office at the end of the financial year had interests in ordinary shares, share options or debentures of the Company, or of related companies, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

4 Directors' Contractual Benefits

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

5 Options on Shares in the Company

(i) Employee Share Option Plan

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 adopted at the Extraordinary General Meeting of the Company held on 8 March 2000 and modified at the Extraordinary General Meetings of the Company held on 14 July 2001 and 26 July 2003, respectively.

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

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

Under the Senior Executive Share Option Scheme, options will vest:

(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.

At the date of this report, the Board Compensation & Industrial Relations Committee which administers the Plan comprises the following directors:

Stephen Lee Ching Yen – Chairman
David Michael Gonski
James Koh Cher Siang
Sir Brian Pitman

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

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

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other 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 Plan in respect of 12,324,345 unissued shares in the Company at an exercise price of $18.72 per share, which was later reduced to $18.22 per share following the approval of a special dividend of $0.50 on 31 July 2007.

5 Options on Shares in the Company (continued)

(i) Employee Share Option Plan (continued)

At the end of the financial year, options to take up 56,670,796 unissued shares in the Company were outstanding:

	Number of options to subscribe for unissued ordinary shares					
Date of grant	Balance at 1.4.2007/later date of grant	Cancelled	Exercised	Balance at 31.3.2008	Exercise price *	Exercisable period
28.3.2000	9,689,890	(215,460)	(4,530,849)	4,943,581	$14.84	28.3.2001 – 27.3.2010
3.7.2000	9,784,740	(156,480)	(4,459,435)	5,168,825	$16.15	3.7.2001 – 2.7.2010
2.7.2001	5,122,617	(118,010)	(2,293,989)	2,710,618	$11.46	2.7.2002 – 1.7.2011
1.7.2002	7,264,844	(74,920)	(3,194,748)	3,995,176	$12.32	1.7.2003 – 30.6.2012
1.7.2003	4,989,435	(18,978)	(1,984,079)	2,986,378	$ 9.84	1.7.2004 – 30.6.2013
1.7.2004	6,712,907	(46,596)	(1,894,171)	4,772,140	$10.20	1.7.2005 – 30.6.2014
1.7.2005	12,204,525	(94,574)	(3,898,514)	8,211,437	$10.78	1.7.2006 – 30.6.2015
3.7.2006	12,569,949	(314,175)	(461,308)	11,794,466	$12.10	3.7.2007 – 2.7.2016
2.7.2007	12,324,345	(236,170)	-	12,088,175	$18.22	2.7.2008 – 1.7.2017
	80,663,252	(1,275,363)	(22,717,093)	56,670,796		

* *Following approval by the Company's shareholders of the declaration of a special dividend of $0.50 on 31 July 2007, the Board Compensation & Industrial Relations Committee approved a reduction of $0.50 in the exercise prices of the share options outstanding on 2 August 2007. The exercise prices reflected here are the exercise prices after such adjustment.*

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

Name of participant	Options granted during financial year under review	Exercise price for 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
Chew Choon Seng	-	-	1,194,000	-	-	1,194,000

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 ("SATS ESOP"), 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 SATS ESOP in respect of 14,093,000 unissued shares in SATS at an exercise price of $3.06 per share, which was later reduced to $3.01 per share following the approval of a special dividend of $0.05 on 26 July 2007.

5 Options on Shares in the Company (continued)

(i) Employee Share Option Plan (continued)

(a) Singapore Airport Terminal Services Limited ("SATS") (continued)

At the end of the financial year, options to take up 55,873,275 unissued shares in SATS were outstanding:

Date of grant	Number of options to subscribe for unissued ordinary shares: Balance at 1.4.2007/later date of grant	Cancelled	Exercised	Balance at 31.3.2008	Exercise price*	Exercisable period
28.3.2000	9,712,500	(205,800)	(3,912,500)	5,594,200	$2.15	28.3.2001 – 27.3.2010
3.7.2000	3,215,550	(110,400)	(1,010,500)	2,094,650	$1.75	3.7.2001 – 2.7.2010
2.7.2001	928,300	(84,400)	(152,000)	691,900	$1.19	2.7.2002 – 1.7.2011
1.7.2002	2,243,750	(33,800)	(749,850)	1,460,100	$1.55	1.7.2003 – 30.6.2012
1.7.2003	2,226,305	(8,500)	(721,105)	1,496,700	$1.42	1.7.2004 – 30.6.2013
1.7.2004	9,053,300	(42,180)	(3,781,920)	5,229,200	$2.04	1.7.2005 – 30.6.2014
1.7.2005	15,390,850	(149,900)	(4,368,000)	10,872,950	$2.22	1.7.2006 – 30.6.2015
3.7.2006	14,738,100	(228,940)	(14,185)	14,494,975	$2.05	3.7.2007 – 2.7.2016
2.7.2007	14,093,000	(154,400)	-	13,938,600	$3.01	2.7.2008 – 1.7.2017
	71,601,655	(1,018,320)	(14,710,060)	55,873,275		

* *Following approval by SATS' shareholders of the declaration of a special dividend of $0.05 on 26 July 2007, the Remuneration and Human Resource Committee administering the SATS ESOP approved a reduction of $0.05 in the exercise prices of the share options outstanding on 30 July 2007. The exercise prices reflected here are the exercise prices after such adjustment.*

(b) SIA Engineering Company Limited ("SIAEC")

The SIA Engineering Company Limited Employee Share Option Plan ("SIAEC ESOP"), 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 SIAEC ESOP in respect of 15,483,000 unissued shares in SIAEC at an exercise price of $4.67 per share.

5 Options on Shares in the Company (continued)

(i) Employee Share Option Plan (continued)

(b) SIA Engineering Company Limited ("SIAEC")

At the end of the financial year, options to take up 52,004,788 unissued shares in SIAEC were outstanding:

	Number of options to subscribe for unissued ordinary shares					
Date of grant	Balance at 1.4.2007/later date of grant	Cancelled	Exercised	Balance at 31.3.2008	Exercise price*	Exercisable period
28.3.2000	2,251,000	(46,800)	(734,700)	1,469,500	$1.65	28.3.2001 – 27.3.2010
3.7.2000	2,007,613	(37,600)	(483,000)	1,487,013	$1.55	3.7.2001 – 2.7.2010
2.7.2001	1,103,900	(26,000)	(358,300)	719,600	$1.01	2.7.2002 – 1.7.2011
1.7.2002	5,871,125	(45,600)	(1,631,175)	4,194,350	$1.98	1.7.2003 – 30.6.2012
1.7.2003	1,788,225	(32,400)	(563,550)	1,192,275	$1.35	1.7.2004 – 30.6.2013
1.7.2004	5,792,550	(73,400)	(1,429,925)	4,289,225	$1.69	1.7.2005 – 30.6.2014
1.7.2005	15,844,475	(111,100)	(7,182,500)	8,550,875	$2.25	1.7.2006 – 30.6.2015
3.7.2006	15,072,400	(249,075)	(40,775)	14,782,550	$3.44	3.7.2007 – 2.7.2016
2.7.2007	15,483,000	(163,600)	-	15,319,400	$4.67	2.7.2008 – 1.7.2017
	65,214,288	(785,575)	(12,423,925)	52,004,788		

* *At the extraordinary general meeting of SIAEC held on 26 July 2004, SIAEC's shareholders approved an amendment to the SIAEC ESOP to allow for adjustment to the exercise prices of the existing options by the Compensation and Human Resource Committee administering the ESOP, in the event of the declaration of a special dividend. Following approval by SIAEC's shareholders of the declaration of a special dividend of $0.20 on 26 July 2004, the said Committee approved a reduction of $0.20 in the exercise prices of the share options outstanding on 28 July 2004. The said Committee approved another $0.20 reduction in the exercise prices of the share options outstanding on 25 July 2006 following approval by SIAEC's shareholders of the declaration of a special dividend of $0.20 on 21 July 2006. The exercise prices reflected here are the exercise prices after such adjustments.*

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

The RSP and PSP were approved by the shareholders of the Company on 28 July 2005, in addition to the Employee Share Option Plan.

Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded could range between 0% and 120% of the initial grant of the restricted shares and between 0% and 150% of the initial grant of the performance shares.

Based on meeting stated performance conditions over a two-year performance period, 50% of the RSP awards will vest. The balance will vest equally over the subsequent two years with fulfilment of service requirements. PSP awards will vest based on meeting stated performance conditions over a three-year performance period.

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

Stephen Lee Ching Yen – Chairman
David Michael Gonski
James Koh Cher Siang
Sir Brian Pitman

No awards have been granted to controlling shareholders or their associates, or parent group employees under the RSP and PSP.

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

5 Options on Shares in the Company (continued)

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

The details of the shares awarded under RSP and PSP are as follows:

Date of grant	Number of Restricted shares: Balance at 1.4.2007/later date of grant	Adjustment#	Cancelled	Balance at 31.3.2008
RSP				
27.7.2006	258,330	6,825	(4,650)	260,505
1.8.2007	513,950	13,855	-	527,805
	772,280	20,680	(4,650)	788,310

Date of grant	Number of Performance shares: Balance at 1.4.2007/later date of grant	Adjustment#	Cancelled	Balance at 31.3.2008
PSP				
27.7.2006	140,900	3,801	-	144,701
1.8.2007	153,800	4,152	-	157,952
	294,700	7,953	-	302,653

\# *Following approval by the Company's shareholders of the declaration of a special dividend of $0.50 per share on 31 July 2007, the Board Compensation & Industrial Relations Committee approved a revision in all restricted shares and performance shares outstanding on 2 August 2007 under the RSP and PSP respectively. The number of outstanding restricted shares and performance shares reflected here are after such adjustment.*

The details of RSP and PSP granted to directors of the Company:

Name of participant	Conditional awards granted during financial year under review	Aggregate awards granted since commencement of plans to end of financial year under review	Aggregate awards not released at end of financial year under review
RSP			
Chew Choon Seng	47,025	77,025	77,025
PSP			
Chew Choon Seng	50,025	77,025	77,025

5 Options on Shares in the Company (continued)

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

The particulars of RSP and PSP in subsidiary companies are as follows:

(a) Singapore Airport Terminal Services Limited ("SATS")

The SATS RSP and SATS PSP were approved by the shareholders of SATS on 19 July 2005.

The basis upon which a share may be awarded is similar to that of the RSP and PSP implemented by the Company.

The details of the shares awarded under SATS RSP and SATS PSP are as follows:

	Number of Restricted shares			
Date of grant	Balance at 1.4.2007/later date of grant	Adjustment #	Cancelled	Balance at 31.3.2008
SATS RSP				
2.10.2006	182,030	2,666	(7,770)	176,926
27.7.2007	345,750	-	-	345,750
	527,780	2,666	(7,770)	522,676

	Number of Performance shares			
Date of grant	Balance at 1.4.2007/later date of grant	Adjustment #	Cancelled	Balance at 31.3.2008
SATS PSP				
2.10.2006	84,360	1,291	-	85,651
27.7.2007	98,200	-	-	98,200
	182,560	1,291	-	183,851

\# *Following approval by SATS' shareholders of the declaration of a special dividend of $0.05 per share on 26 July 2007, the Remuneration and Human Resource Committee administering the SATS RSP and SATS PSP approved a revision in all outstanding restricted shares and performance shares under SATS RSP and SATS PSP respectively. The number of outstanding restricted shares and performance shares reflected here are after such adjustment.*

5 Options on Shares in the Company (continued)

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

(b) SIA Engineering Company Limited ("SIAEC")
The SIAEC RSP and SIAEC PSP were approved by the shareholders of SIAEC on 25 July 2005.

The basis upon which a share may be awarded is similar to that of the RSP and PSP implemented by the Company.

The details of the shares awarded under SIAEC RSP and SIAEC PSP are as follows:

	Number of Restricted shares		
Date of grant	Balance at 1.4.2007/later date of grant	Cancelled	Balance at 31.3.2008
SIAEC RSP			
3.7.2006	203,200	(8,300)	194,900
2.7.2007	339,600	(1,300)	338,300
	542,800	(9,600)	533,200

	Number of Performance shares		
Date of grant	Balance at 1.4.2007/later date of grant	Cancelled	Balance at 31.3.2008
SIAEC PSP			
3.7.2006	36,900	(5,800)	31,100
2.7.2007	61,200	-	61,200
	98,100	(5,800)	92,300

6 Audit Committee
The Audit Committee performed the functions specified in the Singapore Companies Act. The functions performed are detailed in the Report on Corporate Governance.

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

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

CHEW CHOON SENG
Chief Executive Officer

Dated this 13th day of May 2008

STATEMENT BY THE DIRECTORS PURSUANT TO SECTION 201(15)

We, Stephen Lee Ching Yen and Chew Choon Seng, being two of the directors of Singapore Airlines Limited, do hereby state that in the opinion of the directors:

(i) the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

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

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

CHEW CHOON SENG
Chief Executive Officer

Dated this 13th day of May 2008

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE AIRLINES LIMITED

We have audited the accompanying financial statements of Singapore Airlines Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 81 to 160, which comprise the balance sheets of the Group and the Company as at 31 March 2008, the statements of changes in equity of the Group and the Company, the profit and loss account and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

ERNST & YOUNG
Public Accountants and
Certified Public Accountants

Dated this 13th day of May 2008
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the financial year ended 31 March 2008 (in $ million)

	Notes	The Group 2007-08	2006-07
REVENUE		15,972.5	14,494.4
EXPENDITURE			
Staff costs	5	2,903.4	2,727.4
Fuel costs		5,025.6	4,916.7
Depreciation	20	1,488.8	1,319.4
Impairment of property, plant and equipment	20	-	0.6
Amortisation of intangible assets	21	42.5	54.0
Aircraft maintenance and overhaul costs		430.9	311.4
Commission and incentives		434.4	405.1
Landing, parking and overflying charges		665.7	655.1
Handling charges		582.8	603.1
Rentals on leased aircraft		381.9	379.9
Material costs		322.1	316.6
Inflight meals		255.2	260.3
Advertising and sales costs		261.5	257.8
Insurance expenses		71.7	94.1
Company accommodation and utilities		175.3	170.0
Other passenger costs		137.8	133.8
Crew expenses		144.1	125.0
Other operating expenses		524.3	449.7
		13,848.0	13,180.0
OPERATING PROFIT	6	2,124.5	1,314.4
Finance charges	7	(100.2)	(124.1)
Interest income	8	181.2	181.8
Surplus on disposal of aircraft, spares and spare engines		49.1	237.9
Dividends from long-term investments, gross		34.8	38.8
Other non-operating items	9	96.8	77.9
Share of profits of joint venture companies		50.8	57.9
Share of profits of associated companies		110.2	79.0
PROFIT BEFORE EXCEPTIONAL ITEMS		2,547.2	1,863.6
Exceptional items	10	-	421.0
PROFIT BEFORE TAXATION		2,547.2	2,284.6
TAXATION	11		
Taxation expense		(410.3)	(328.9)
Adjustment for reduction in Singapore statutory tax rate		-	246.7
		(410.3)	(82.2)
PROFIT FOR THE FINANCIAL YEAR		2,136.9	2,202.4
PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		2,049.4	2,128.8
MINORITY INTERESTS		87.5	73.6
		2,136.9	2,202.4
BASIC EARNINGS PER SHARE (CENTS)	12	168.5	172.6
DILUTED EARNINGS PER SHARE (CENTS)	12	166.1	170.8

The notes on pages 88 to 160 form an integral part of these financial statements.

BALANCE SHEETS

At 31 March 2008 (in $ million)

	Notes	The Group 2008	The Group 2007	The Company 2008	The Company 2007
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	14	1,682.0	1,494.9	1,682.0	1,494.9
Treasury shares	15	(33.2)	-	(33.2)	-
Capital reserve	16 (a)	95.6	44.9	-	-
Foreign currency translation reserve	16 (b)	(130.7)	(59.5)	-	-
Share-based compensation reserve	16 (c)	136.4	97.3	98.6	71.2
Fair value reserve	16 (d)	443.4	(45.5)	198.6	(18.1)
General reserve		12,931.7	13,567.9	11,589.7	12,544.1
		15,125.2	15,100.0	13,535.7	14,092.1
MINORITY INTERESTS		503.7	443.3	-	-
TOTAL EQUITY		15,628.9	15,543.3	13,535.7	14,092.1
DEFERRED ACCOUNT	17	787.3	973.6	660.0	810.8
DEFERRED TAXATION	18	2,542.1	2,410.9	2,101.9	1,981.5
LONG-TERM LIABILITIES	19	1,599.2	1,805.8	900.0	900.0
		20,557.5	20,733.6	17,197.6	17,784.4
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	20				
Aircraft, spares and spare engines		13,182.2	12,944.3	10,708.5	10,204.2
Land and buildings		729.3	793.4	132.2	147.9
Others		2,562.6	2,574.0	2,218.3	2,257.3
		16,474.1	16,311.7	13,059.0	12,609.4
INTANGIBLE ASSETS	21	106.6	100.2	79.0	67.0
SUBSIDIARY COMPANIES	22	-	-	1,780.8	1,893.1
ASSOCIATED COMPANIES	23	1,121.0	897.5	1,722.2	1,722.2
JOINT VENTURE COMPANIES	24	95.1	86.6	-	-
LONG-TERM INVESTMENTS	25	43.3	43.3	18.9	18.9
OTHER NON-CURRENT ASSETS	26	361.8	303.9	353.6	303.9
CURRENT ASSETS					
Section 44 tax prepayments		-	46.7	-	46.7
Inventories	27	507.7	534.1	406.3	452.5
Trade debtors	28	2,043.8	1,737.7	1,433.4	1,252.0
Deposits and other debtors	29	73.1	128.7	37.7	105.8
Prepayments		104.9	86.1	90.2	71.3
Amounts owing by subsidiary companies	22	-	-	227.4	215.4
Amounts owing by associated companies	23	0.5	1.9	-	-
Investments	30	464.3	596.0	360.9	467.0
Cash and bank balances	31	5,119.0	5,117.6	4,216.7	4,627.5
		8,313.3	8,248.8	6,772.6	7,238.2
Less: **CURRENT LIABILITIES**					
Sales in advance of carriage		1,680.3	1,392.9	1,647.0	1,365.1
Deferred revenue		435.7	388.3	435.7	388.3
Current tax payable		415.1	317.9	282.7	158.7
Trade and other creditors	32	3,367.9	3,061.8	2,494.0	2,164.7
Amounts owing to subsidiary companies	22	-	-	1,729.1	1,967.6
Amounts owing to associated companies	23	1.2	-	-	-
Finance lease commitments-repayable within one year	19	56.9	60.8	-	-
Loans-repayable within one year	19	0.6	12.8	-	-
Bank overdrafts	33	-	23.9	-	23.9
		5,957.7	5,258.4	6,588.5	6,068.3
NET CURRENT ASSETS		2,355.6	2,990.4	184.1	1,169.9
		20,557.5	20,733.6	17,197.6	17,784.4

The notes on pages 88 to 160 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2008 (in $ million)

The Group

	Notes	Attributable to Equity Holders of the Company									
		Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Minority interests	Total equity
Balance at 1 April 2007		1,494.9	-	44.9	(59.5)	97.3	(45.5)	13,567.9	15,100.0	443.3	15,543.3
Currency translation differences		-	-	-	(71.2)	-	-	-	(71.2)	(12.4)	(83.6)
Net fair value changes on available-for-sale assets	16(d)	-	-	-	-	-	(26.9)	-	(26.9)	-	(26.9)
Net fair value changes on cash flow hedges	16(d)	-	-	-	-	-	291.6	-	291.6	-	291.6
Share of associated companies' fair value reserve	16(d),23	-	-	-	-	-	224.2	-	224.2	-	224.2
Share of associated companies' capital reserve	23	-	-	50.7	-	-	-	-	50.7	-	50.7
Surplus on dilution of interest in subsidiary companies due to share options exercised		-	-	-	-	(11.9)	-	27.0	15.1	40.6	55.7
Net income and expense not recognised in the profit and loss acccount		-	-	50.7	(71.2)	(11.9)	488.9	27.0	483.5	28.2	511.7
Profit for the financial year		-	-	-	-	-	-	2,049.4	2,049.4	87.5	2,136.9
Net income and expense recognised for the financial year		-	-	50.7	(71.2)	(11.9)	488.9	2,076.4	2,532.9	115.7	2,648.6
Issuance of share capital by subsidiary companies		-	-	-	-	-	-	-	-	1.1	1.1
Share-based compensation expense	16(c)	-	-	-	-	73.9	-	-	73.9	-	73.9
Share options exercised	14,16(c)	322.8	-	-	-	(21.9)	-	-	300.9	-	300.9
Share options lapsed	14,16(c)	-	-	-	-	(1.0)	-	1.0	-	-	-
Capital reduction	14	(155.9)	-	-	-	-	-	(1,400.4)	(1,556.3)	-	(1,556.3)
Shares issued	14	20.2	-	-	-	-	-	-	20.2	-	20.2
Purchase of treasury shares	15	-	(33.2)	-	-	-	-	-	(33.2)	-	(33.2)
Dividends	13	-	-	-	-	-	-	(1,313.2)	(1,313.2)	(56.4)	(1,369.6)
Balance at 31 March 2008		1,682.0	(33.2)	95.6	(130.7)	136.4	443.4	12,931.7	15,125.2	503.7	15,628.9

The notes on pages 88 to 160 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2008 (in $ million)

The Group

	Notes	Share capital	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Minority interests	Total equity
		Attributable to Equity Holders of the Company								
Balance at 1 April 2006		1,202.6	40.8	(30.5)	81.8	163.6	12,012.3	13,470.6	396.3	13,866.9
Currency translation differences		-	-	(29.0)	-	-	-	(29.0)	(8.3)	(37.3)
Net fair value changes on available-for-sale assets	16(d)	-	-	-	-	18.7	-	18.7	-	18.7
Net fair value changes on cash flow hedges	16(d)	-	-	-	-	(90.5)	-	(90.5)	-	(90.5)
Arising from the disposal of a joint venture		-	(10.3)	-	-	(2.8)	3.4	(9.7)	-	(9.7)
Share of associated companies' fair value reserve	16(d), 23	-	-	-	-	(134.5)	-	(134.5)	-	(134.5)
Share of associated companies' capital reserve	23	-	14.4	-	-	-	-	14.4	-	14.4
Surplus on dilution of interest in subsidiary companies due to share options exercised		-	-	-	(11.7)	-	34.6	22.9	54.0	76.9
Net income and expense not recognised in the profit and loss acccount		-	4.1	(29.0)	(11.7)	(209.1)	38.0	(207.7)	45.7	(162.0)
Profit for the financial year		-	-	-	-	-	2,128.8	2,128.8	73.6	2,202.4
Net income and expense recognised for the financial year		-	4.1	(29.0)	(11.7)	(209.1)	2,166.8	1,921.1	119.3	2,040.4
Issuance of share capital by subsidiary companies		-	-	-	-	-	-	-	0.1	0.1
Share-based compensation expense	16(c)	-	-	-	57.6	-	-	57.6	-	57.6
Share options exercised	14, 16(c)	292.3	-	-	(26.8)	-	-	265.5	-	265.5
Share options lapsed	14, 16(c)	-	-	-	(3.6)	-	3.6	-	-	-
Dividends	13	-	-	-	-	-	(614.8)	(614.8)	(72.4)	(687.2)
Balance at 31 March 2007		1,494.9	44.9	(59.5)	97.3	(45.5)	13,567.9	15,100.0	443.3	15,543.3

The notes on pages 88 to 160 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2008 (in $ million)

The Company

	Notes	Share capital	Treasury shares	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2007		1,494.9	-	71.2	(18.1)	12,544.1	14,092.1
Net fair value changes on available-for-sale assets	16(d)	-	-	-	(22.3)	-	(22.3)
Net fair value changes on cash flow hedges	16(d)	-	-	-	239.0	-	239.0
Net income not recognised in the profit and loss account		-	-	-	216.7	-	216.7
Profit for the financial year		-	-	-	-	1,758.8	1,758.8
Net income recognised for the financial year		-	-	-	216.7	1,758.8	1,975.5
Share-based compensation expense	16(c)	-	-	49.7	-	-	49.7
Share options exercised	14,16(c)	322.8	-	(21.9)	-	-	300.9
Share options lapsed	14,16(c)	-	-	(0.4)	-	0.4	-
Capital reduction	14	(155.9)	-	-	-	(1,400.4)	(1,556.3)
Shares issued	14	20.2	-	-	-	-	20.2
Purchase of treasury shares	15	-	(33.2)	-	-	-	(33.2)
Dividends	13	-	-	-	-	(1,313.2)	(1,313.2)
Balance at 31 March 2008		1,682.0	(33.2)	98.6	198.6	11,589.7	13,535.7

The Company

	Notes	Share capital	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2006		1,202.6	63.1	35.6	10,943.3	12,244.6
Net fair value changes on available-for-sale assets	16(d)	-	-	16.9	-	16.9
Net fair value changes on cash flow hedges	16(d)	-	-	(70.6)	-	(70.6)
Net expense not recognised in the profit and loss account		-	-	(53.7)	-	(53.7)
Profit for the financial year		-	-	-	2,213.2	2,213.2
Net income and expense recognised for the financial year		-	-	(53.7)	2,213.2	2,159.5
Share-based compensation expense	16(c)	-	37.3	-	-	37.3
Share options exercised	14,16(c)	292.3	(26.8)	-	-	265.5
Share options lapsed	14,16(c)	-	(2.4)	-	2.4	-
Dividends	13	-	-	-	(614.8)	(614.8)
Balance at 31 March 2007		1,494.9	71.2	(18.1)	12,544.1	14,092.1

The notes on pages 88 to 160 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2008 (in $ million)

	Notes	The Group 2007-08	2006-07
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,547.2	2,284.6
Adjustments for:			
Depreciation		1,488.8	1,319.4
Impairment of property, plant and equipment		-	0.6
Amortisation of intangible assets		42.5	54.0
Income from short-term investments		(1.7)	(1.6)
Share-based compensation expense		73.9	57.6
Exchange differences		57.2	5.7
Amortisation of deferred gain on sale and operating leaseback transactions		(102.7)	(88.4)
Finance charges		100.2	124.1
Interest income		(181.2)	(181.8)
Surplus on disposal of aircraft, spares and spare engines		(49.1)	(237.9)
Dividends from long-term investments, gross		(34.8)	(38.8)
Other non-operating items		(96.8)	(77.9)
Share of profits of joint venture companies		(50.8)	(57.9)
Share of profits of associated companies		(110.2)	(79.0)
Surplus on sale of SIA Building		-	(223.3)
Surplus on sale of investment in Singapore Aircraft Leasing Enterprise Pte Ltd		-	(197.7)
Operating profit before working capital changes		3,682.5	2,661.7
Increase in trade and other creditors		203.3	355.4
Decrease/(Increase) in short-term investments		104.8	(130.8)
Increase in sales in advance of carriage		287.4	201.3
Decrease in trade debtors		74.5	40.9
Decrease/(Increase) in deposits and other debtors		55.6	(11.8)
Increase in prepayments		(18.8)	(4.5)
Decrease/(Increase) in inventories		26.4	(16.6)
Increase in deferred revenue		47.4	78.4
Decrease in amounts owing to/by associated companies		2.6	1.8
Cash generated from operations		4,465.7	3,175.8
Income taxes paid		(196.3)	(12.3)
NET CASH PROVIDED BY OPERATING ACTIVITIES		4,269.4	3,163.5
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	34	(2,088.6)	(3,026.7)
Purchase of intangible assets		(47.6)	(32.5)
Proceeds from disposal of aircraft and other property, plant and equipment		515.1	1,586.6
Return of capital from associated companies		-	3.9
Investments in associated companies		(7.6)	(23.6)
Capital expenditure for setting up associated companies		(8.2)	-
Acquisition of subsidiary company, net of cash acquired		(1.5)	-
Repayment of loan receivable		-	42.0
Repayment of loans by associated companies		0.8	-
Proceeds from disposal of long-term investments		-	382.4
Proceeds from disposal of a joint venture company		-	509.4
Dividends received from associated and joint venture companies		111.4	60.6
Dividends received from investments		35.6	39.6
Interest received from investments and deposits		177.0	168.2
Interest received on loans to associated companies		12.5	12.1
NET CASH USED IN INVESTING ACTIVITIES		(1,301.1)	(278.0)

The notes on pages 88 to 160 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2008 (in $ million)

	Notes	The Group 2007-08	2006-07
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(1,313.2)	(614.8)
Dividends paid by subsidiary companies to minority interests		(56.4)	(72.4)
Interest paid		(82.2)	(109.1)
Proceeds from borrowings		1.5	-
Repayment of borrowings		(114.0)	(16.9)
Repayment of long-term lease liabilities		(56.4)	(345.3)
Proceeds from issuance of share capital by subsidiary companies to minority interest		1.1	0.1
Proceeds from exercise of share options		356.6	342.4
Capital reduction		(1,556.3)	-
Proceeds from issuance of shares		20.2	-
Purchase of treasury shares		(33.2)	-
NET CASH USED IN FINANCING ACTIVITIES		(2,832.3)	(816.0)
NET CASH INFLOW		136.0	2,069.5
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		5,093.7	3,141.2
Effect of exchange rate changes		(110.7)	(117.0)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		5,119.0	5,093.7
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Fixed deposits	31	4,723.7	4,385.5
Cash and bank	31	395.3	732.1
Bank overdrafts	33	-	(23.9)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		5,119.0	5,093.7

The notes on pages 88 to 160 form an integral part of these financial statements.

1 General

Singapore Airlines Limited ("the Company") is a limited liability company incorporated in the Republic of Singapore which is also the place of domicile. The Company is a subsidiary company of Temasek Holdings (Private) Limited, incorporated in the Republic of Singapore.

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

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

The financial statements for the financial year ended 31 March 2008 were authorised for issue in accordance with a resolution of the Board of Directors on 13 May 2008.

2 Accounting Policies

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

(a) Basis of preparation

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

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

The financial statements are presented in Singapore Dollars (SGD or $).

(b) New and revised standards

In the current financial year, the Group and the Company have adopted all of the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2007. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the accounts reported for the current or prior years except as disclosed below and in the notes to the financial statements.

<u>FRS 107 – Financial Instruments: Disclosures and amendments to FRS 1 Presentation of Financial Statements relating to capital disclosures</u>

The Group has adopted FRS 107 with effect from annual periods beginning on or after 1 April 2007. The new Standard has resulted in an expansion of the disclosures in these financial statements regarding the Group's financial instruments. The Group has also presented information regarding its objectives, policies and processes for managing capital (Note 39) as required by the consequential amendments to FRS 1 which are effective from annual periods beginning on or after 1 April 2007.

At the date of authorisation of these financial statements, the following FRS, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective. The Group and the Company have not applied the following FRS and INT FRS that have been issued but not yet effective:

			Effective date (Annual periods beginning on or after)
FRS 1 (revised)	:	Presentation of Financial Statements	1 January 2009
FRS 23 (revised)	:	Borrowing Costs	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 112	:	Service Concession Arrangements	1 January 2008
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 114	:	FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

2 Accounting Policies (continued)

(b) New and revised standards (continued)

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application except for the following:

FRS 1 (revised): Presentation of Financial Statements
Revisions to FRS 1 are aimed at improving users' ability to analyse and compare the information given in financial statements. The changes require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable separate analysis of the changes in equity resulting from transactions with owners (such as dividends and share repurchases) and with non-owners (such as transactions with third parties).

This is a disclosure standard with no impact on the financial position or financial performance of the Group and Company.

FRS 108: Operating Segments
FRS 108 requires the disclosure of segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures has yet been determined. As this is a disclosure standard, there will be no impact on the financial position or financial performance of the Group and Company.

INT FRS 113: Customer Loyalty Programmes
The interpretation addresses accounting for loyalty award credits granted to customers who buy other goods or services, and the accounting for the entity's obligations to provide free or discounted goods or services to customers when the award credits are redeemed.

Loyalty awards should be viewed as separately identifiable goods or services for which customers are implicitly paying and measured based on the allocated proceeds which represent the value of the award credits. The proceeds allocated to the award credits are deferred until the entity fulfils its obligations by supplying the free or discounted goods or services upon the redemption of the award credits.

The adoption of this interpretation should not result in a change in accounting policy of the Company as the current accounting treatment of the Company's award credits granted under the frequent flyer programme ("KrisFlyer") is closely aligned with the treatment as set out in the interpretation.

(c) Basis of consolidation

The consolidated financial statements comprise the separate financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. A list of the Group's subsidiary companies is shown in Note 22 to the financial statements.

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

Acquisitions of subsidiaries are accounted for using the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2(e)(i). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is recognised in the profit and loss account on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated profit and loss account and within equity in the consolidated balance sheet, separately from equity attributable to equity holders of the Company.

2 Accounting Policies (continued)

(d) Subsidiary, associated and joint venture companies

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

A subsidiary company is defined as an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to the majority of the voting rights.

An associated company is defined as an entity, not being a subsidiary company or joint venture company, in which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to not less than 20% of the voting rights. A list of the Group's associated companies is shown in Note 23 to the financial statements.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated company is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. Goodwill relating to an associated company is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associated company in the period in which the investment is acquired.

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

A joint venture company is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. A list of the Group's joint venture companies is shown in Note 24 to the financial statements.

The Group's share of the results of the joint venture companies is recognised in the consolidated financial statements under the equity method on the same basis as associated companies.

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

(e) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, at least annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

The cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generation unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent periods.

2 Accounting Policies (continued)

(e) Intangible assets (continued)

(i) Goodwill (continued)
Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

(ii) Computer software
Computer software acquired separately is measured initially at cost. Following initial acquisition, computer software is stated at cost less accumulated amortisation and accumulated impairment losses, if any. These costs are amortised using the straight-line method over their estimated useful lives of 1 to 5 years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

(iii) Licenses
Licenses acquired in business combinations are capitalised and amortised on a straight-line basis over its estimated useful life of 2 years.

(f) Foreign currencies

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

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

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

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

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

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

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 April 2005 are deemed to be assets and liabilities of the Group and are recorded in SGD at the rates prevailing at the dates of acquisition.

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

(g) Property, plant and equipment

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

2 Accounting Policies (continued)

(g) Property, plant and equipment (continued)

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

(h) Depreciation of property, plant and equipment

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

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

(i) Aircraft fleet

The Group depreciates its new passenger aircraft, spares and spare engines over 15 years to 10% residual values. For used passenger aircraft, the Group depreciates them over the remaining life (15 years less age of aircraft) to 10% residual values.

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

Major inspection costs relating to heavy maintenance visits and engine overhauls (including inspection costs provided under "power-by-hour" maintenance agreements) are capitalised and depreciated over the average expected life between major overhauls, estimated to be 4 to 6 years.

(ii) Land and buildings

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

Company owned office premises	-	according to lease period or 30 years, whichever is the shorter.
Company owned household premises	-	according to lease period or 10 years, whichever is the shorter.
Other premises	-	according to lease period or 5 years, whichever is the shorter.

(iii) 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.

(iv) Other property, plant and equipment

Other property, plant and equipment are depreciated over 1 to 12 years to nil residual values.

(i) Leases

(i) Finance lease – as lessee

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

For sale and finance leaseback, differences between sales proceeds and net book values are taken to the balance sheet as deferred gain on sale and leaseback transactions, included under "deferred account" and amortised over the minimum lease terms.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the average expected life between major overhauls (estimated to be 4 to 6 years).

2 Accounting Policies (continued)

(i) Leases (continued)

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

Gains or losses arising from sale and operating leaseback of aircraft are determined based on fair values. Differences between sales proceeds and fair values are taken to the balance sheet as deferred gain on sale and leaseback transactions, included under "deferred account" and amortised over the minimum lease terms.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the average expected life between major overhauls (estimated to be 4 to 6 years).

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

(j) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

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

(k) Financial assets
Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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

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

(i) Financial assets at fair value through profit and loss
There are two sub-categories: financial assets held for trading, and those designated as fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified under this category unless they are designated as hedging derivatives. Gains or losses on financial assets held at fair value through profit and loss are recognised in the profit and loss account.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

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

2 Accounting Policies (continued)

(k) Financial assets (continued)

(iii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category, or not classified in any other categories. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised in the fair value reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of quoted investments is generally determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions or reference to the current market value of another instrument (which is substantially the same). For investments where there is no active market and where fair value cannot be reliably measured, they are measured at cost less impairment loss.

(l) Long-term investments

Long-term investments held by the Group are classified as available-for-sale. As there is no active market for the trading of these investments and fair value cannot be reliably measured, these investments are stated at cost. The accounting policy for this category of financial assets is stated in Note 2(k).

(m) Trade debtors and other receivables

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

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

(n) Investments

Short-term investments held by the Group are classified as available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 2(k)(iii). The accounting policy for this category of financial assets is stated in Note 2(k).

(o) Cash and bank balances

Cash and bank balances are defined as cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash on hand, demand deposits and short-term deposits are classified and accounted for as loans and receivables.

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts. The accounting policy for this category of financial assets is stated in Note 2(k).

(p) Impairment of non-financial and financial assets

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation credited to equity, in which case it is charged to equity. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

The Group also assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired.

(i) Assets carried at amortised cost

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

2 Accounting Policies (continued)

(p) Impairment of non-financial and financial assets (continued)

(i) Assets carried at amortised cost (continued)

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

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

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

(ii) Assets carried at cost

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

(iii) Available-for-sale financial assets

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

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

(q) Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the profit and loss account when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the profit and loss account. Net gains or losses on derivatives include exchange differences.

(r) Loans, notes payable and borrowings

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

(s) Trade and other creditors

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

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

2 Accounting Policies (continued)

(t) Provisions

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

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

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

Provision for aircraft maintenance and overhaul expenses to meet contractual return conditions for sale and leaseback aircraft are accrued equally over the lease terms.

(u) Share capital and share issue expenses

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

(v) Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the profit and loss account on the purchase, sale, issue or cancellation of treasury shares.

(w) Frequent flyer programme

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

(x) Taxation

(i) Current tax

Tax recoverable and tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Current taxes are recognised in the profit and loss account except that tax relating to items recognised directly in equity is recognised directly in equity.

(ii) Deferred tax

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

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

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

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

2 Accounting Policies (continued)

(x) Taxation (continued)

(ii) Deferred tax (continued)

- In respect of deductible temporary differences and carry forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits and unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the profit and loss account except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on consolidation.

(y) Revenue

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

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

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

Revenue from the provision of airport terminal services is recognised upon rendering of services.

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

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

(z) Income from investments

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

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

(aa) Employee benefits

(i) Equity compensation plans

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

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

2 Accounting Policies (continued)

(aa) Employee benefits (continued)

(i) Equity compensation plans (continued)

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

Details of the plans are disclosed in Note 14 to the financial statements.

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

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

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

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

(ii) Defined contribution plans

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

(iii) Defined benefit plans

The Group contributes to several defined benefit pension and other post-employment benefit plans for employees stationed in certain overseas countries. The cost of providing benefits includes the Group's contribution for the year plus any unfunded liabilities under the plans, which is determined separately for each plan. Contributions to the plans over the expected average remaining working lives of the employees participating in the plans are expensed as incurred.

(ab) Aircraft maintenance and overhaul costs

The Group recognises aircraft maintenance and overhaul expenses (except heavy maintenance visits and engine overhaul expenses) on an incurred basis. For engine rectification costs covered by "power-by-hour" third-party maintenance agreements, expenses are capitalised on the basis of hours flown in accordance to the contractual terms.

(ac) Training and development costs

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

2 Accounting Policies (continued)

(ad) Borrowing costs

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

(ae) Claims and liquidated damages

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

(af) Derivative financial instruments and hedging

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

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

The fair value of forward currency contracts is determined by reference to current forward prices for contracts with similar maturity profiles. The fair value of foreign currency option contracts is determined by reference to valuation reports provided by counterparties applying the Black-Scholes option valuation model. The parameters used in the model include terms specified for the option contract, (i.e., currency pair, amount, strike price and expiry date), and prevailing market values for volatility and spot rates at date of valuation. The fair value of interest rate contracts is calculated using rates assuming these contracts were liquidated at balance sheet date. The fair value of jet fuel swap contracts is determined by reference to market values for similar instruments. The fair value of jet fuel option contracts is determined by reference to available market information and option valuation methodology.

The fair values of gasoil and regrade swap contracts are also determined by reference to available market information and are the mark-to-market values of these swap contracts. As the Group hedges in InterContinental Exchange ("ICE") gasoil and Mean of Platts Singapore ("MOPS") jet-fuel-ICE gasoil regrade, the ICE gasoil futures contract price and the MOPS price are used as the mark-to-market prices.

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

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

2 Accounting Policies (continued)

(af) Derivative financial instruments and hedging (continued)

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Cash flow hedges

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

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

Fair value hedges

For fair value hedges, the gain or loss on the hedging instrument is taken directly to profit and loss account.

(ag) Segmental reporting

(i) Business segment

The Group's businesses are organised and managed separately according to the nature of the services provided. The significant business segments of the Group are airline operations, airport terminal services and engineering services.

(ii) Geographical segment

The analysis of revenue by area of original sale from airline operations is derived by allocating revenue to the area in which the sale was made. Revenue from other operations, which consists principally of airport terminal services and engineering services, is derived in Singapore and therefore, is not shown.

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

3 Significant Accounting Estimates

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

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

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

Impairment is recognised when events and circumstances indicate that the aircraft may be impaired and the carrying amounts of the aircraft exceed the recoverable amounts. In determining the recoverable amounts of the aircraft, certain estimates regarding the current fair market value of the aircraft are made. The current fair market value is determined based on desktop valuations from an independent appraisal for fleet with similar operational lives.

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

Aircraft are depreciated on a straight-line basis at rates which are calculated to write-down their cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of the fleet are made by the Company based on past experience and these are in line with the industry. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2008 was $12,545.9 million (2007: $12,381.7 million) and $10,193.7 million (2007: $9,735.9 million) respectively.

(iii) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the balance sheet and recognised in revenue at the end of two years. This is estimated based on historical trends and experiences of the Company whereby ticket uplift occurs mainly within the first two years. The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2008 was $1,680.3 million (2007: $1,392.9 million) and $1,647.0 million (2007: $1,365.1 million) respectively.

(iv) Frequent flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage and redemption, which is then used to project the expected utilisation of these benefits. Any remaining unutilised benefits are recognised as revenue upon expiry. The carrying amount of the Group's and the Company's deferred revenue at 31 March 2008 was $435.7 million (2007: $388.3 million).

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

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

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate as if the engine maintenance and overhaul costs are accounted for under the time and material basis. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2008 was $156.5 million (2007: $68.4 million) and $116.1 million (2007: $39.3 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to $71.2 million (2006-07: $9.2 milion) for the Group and $69.0 million (2006-07: $6.3 milion) for the Company.

4 Segment Information (in $ million)

Business segments

The Group's businesses are organised and managed separately according to the nature of the services provided. The following tables present revenue and profit information regarding business segments for the financial years ended 31 March 2008 and 2007 and certain assets and liabilities information of the business segments as at those dates.

	Airline operations		Airport terminal services	
	2007-08	2006-07	2007-08	2006-07
TOTAL REVENUE				
External revenue	15,263.9	13,785.8	338.2	344.2
Inter-segment revenue	50.6	53.5	619.8	601.5
	15,314.5	13,839.3	958.0	945.7
RESULTS				
Segment result	1,845.3	1,050.7	174.3	153.2
Finance charges	(106.7)	(138.9)	(6.1)	(6.2)
Interest income	178.2	169.0	15.7	18.2
Surplus on disposal of aircraft, spares and spare engines	34.2	214.9	-	-
Dividends from subsidiary companies, gross	253.6	357.9	-	-
Dividends from long-term investments, gross	20.4	22.5	1.1	1.0
Other non-operating items	72.0	76.1	19.0	1.5
Share of profits of joint venture companies	-	24.5	-	-
Share of profits of associated companies	(54.0)	(79.2)	44.7	52.1
Exceptional items	-	421.0	-	-
Taxation	(322.9)	(48.9)	(53.5)	(40.8)
Profit for the financial year	1,920.1	2,069.6	195.2	179.0
Attributable to:				
Equity Holders of the Company				
Minority interests				

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

Engineering services		Others		Total of segments		Elimination*		Consolidated	
2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
289.7	287.4	80.7	77.0	15,972.5	14,494.4	-	-	15,972.5	14,494.4
719.9	690.0	126.6	150.5	1,516.9	1,495.5	(1,516.9)	(1,495.5)	-	-
1,009.6	977.4	207.3	227.5	17,489.4	15,989.9	(1,516.9)	(1,495.5)	15,972.5	14,494.4
102.9	102.0	25.1	27.6	2,147.6	1,333.5	(23.1)	(19.1)	2,124.5	1,314.4
-	-	-	(0.5)	(112.8)	(145.6)	12.6	21.5	(100.2)	(124.1)
9.8	13.7	2.6	2.4	206.3	203.3	(25.1)	(21.5)	181.2	181.8
-	-	-	-	34.2	214.9	14.9	23.0	49.1	237.9
-	-	-	-	253.6	357.9	(253.6)	(357.9)	-	-
13.7	15.5	-	-	35.2	39.0	(0.4)	(0.2)	34.8	38.8
1.3	0.3	-	-	92.3	77.9	4.5	-	96.8	77.9
50.8	33.4	-	-	50.8	57.9	-	-	50.8	57.9
107.0	106.1	-	-	97.7	79.0	12.5	-	110.2	79.0
-	-	-	-	-	421.0	-	-	-	421.0
(31.2)	(29.4)	(4.7)	(4.6)	(412.3)	(123.7)	2.0	41.5	(410.3)	(82.2)
254.3	241.6	23.0	24.9	2,392.6	2,515.1	(255.7)	(312.7)	2,136.9	2,202.4
								2,049.4	2,128.8
								87.5	73.6
								2,136.9	2,202.4

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations 2008	Airline operations 2007	Airport terminal services 2008	Airport terminal services 2007
OTHER INFORMATION AT 31 MARCH				
Segment assets	22,873.0	22,691.5	1,505.5	1,450.2
Investments in and loans to joint venture and associated companies	430.4	202.5	334.5	344.0
Goodwill on consolidation	-	-	1.3	1.3
Long-term investments	21.0	20.8	7.9	7.9
Amounts owing by associated companies	-	1.0	0.4	0.7
Accrued interest receivable	13.5	16.8	-	-
Tax prepayments	-	46.7	-	-
Total assets	23,337.9	22,979.3	1,849.6	1,804.1
Segment liabilities	6,206.8	5,660.4	149.0	180.2
Long-term liabilities	1,391.9	1,603.3	207.3	202.5
Short-term loans and lease commitments	56.6	70.6	0.8	0.3
Amounts owing to associated companies	1.2	-	-	-
Accrued interest payable	13.2	15.3	0.5	0.5
Tax liabilities	2,804.5	2,559.3	104.0	102.6
Total liabilities	10,474.2	9,908.9	461.6	486.1
Capital expenditure	2,012.6	2,964.8	15.1	12.8
Purchase of intangible assets	43.7	27.3	0.5	1.2
Depreciation	1,401.5	1,218.7	56.4	59.8
Impairment of property, plant and equipment	-	0.6	-	-
Amortisation of intangible assets	32.9	39.8	2.8	5.9
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	(101.4)	(86.6)	10.0	6.4

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

Engineering services 2008	Engineering services 2007	Others 2008	Others 2007	Total of segments 2008	Total of segments 2007	Elimination* 2008	Elimination* 2007	Consolidated 2008	Consolidated 2007
960.9	875.0	210.8	217.7	25,550.2	25,234.4	(310.1)	(337.0)	25,240.1	24,897.4
438.0	425.4	13.2	12.2	1,216.1	984.1	-	-	1,216.1	984.1
-	-	-	-	1.3	1.3	-	-	1.3	1.3
14.6	14.6	-	-	43.5	43.3	(0.2)	-	43.3	43.3
-	-	-	-	0.4	1.7	0.1	0.2	0.5	1.9
-	-	0.4	0.5	13.9	17.3	-	-	13.9	17.3
-	-	-	-	-	46.7	-	-	-	46.7
1,413.5	1,315.0	224.4	230.4	26,825.4	26,328.8	(310.2)	(336.8)	26,515.2	25,992.0
231.2	243.4	56.5	55.4	6,643.5	6,139.4	(386.0)	(314.7)	6,257.5	5,824.7
-	-	-	-	1,599.2	1,805.8	-	-	1,599.2	1,805.8
0.1	2.7	-	-	57.5	73.6	-	-	57.5	73.6
-	-	-	-	1.2	-	-	-	1.2	-
-	-	-	-	13.7	15.8	-	-	13.7	15.8
42.1	58.6	7.1	8.0	2,957.7	2,728.5	(0.5)	0.3	2,957.2	2,728.8
273.4	304.7	63.6	63.4	11,272.8	10,763.1	(386.5)	(314.4)	10,886.3	10,448.7
58.5	47.1	2.4	2.0	2,088.6	3,026.7	-	-	2,088.6	3,026.7
1.4	3.8	2.0	0.2	47.6	32.5	-	-	47.6	32.5
33.1	26.8	8.1	17.0	1,499.1	1,322.3	(10.3)	(2.9)	1,488.8	1,319.4
-	-	-	-	-	0.6	-	-	-	0.6
6.4	7.7	0.4	0.6	42.5	54.0	-	-	42.5	54.0
(13.8)	3.2	(0.4)	(0.2)	(105.6)	(77.2)	-	-	(105.6)	(77.2)

4 Segment Information (in $ million) (continued)

Geographical segments

The following table presents revenue information on airline operations by geographical areas for the financial years ended 31 March 2008 and 2007.

	By area of original sale	
	2007-08	2006-07
East Asia	6,444.3	5,974.6
Europe	2,158.8	1,957.4
South West Pacific	1,906.3	1,538.5
Americas	1,030.2	1,017.2
West Asia and Africa	989.4	874.7
Systemwide	12,529.0	11,362.4
Non-scheduled services and incidental revenue	2,785.5	2,476.9
	15,314.5	13,839.3

5 Staff Costs (in $ million)

	The Group	
	2007-08	2006-07
Staff costs (including Executive Director)		
Salary, bonuses and other costs	2,675.6	2,535.2
CPF and other defined contributions	153.9	134.6
Share-based compensation expense	73.9	57.6
	2,903.4	2,727.4

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expenses for the Group were $18.5 million for 2007-08 and $16.6 million for 2006-07. As these are not material to the total staff costs of the Group for 2007-08 and 2006-07, additional disclosures of these defined benefit plans are not shown. Disclosures relating to share-based compensation expense are in Note 14.

6 Operating Profit (in $ million)

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

	The Group	
	2007-08	2006-07
Interest income from short-term investments	(0.9)	(0.8)
Dividend income from short-term investments	(0.8)	(0.8)
Surplus on disposal of short-term investments	(36.7)	(3.5)
Income from lease of aircraft	(36.8)	(31.4)
Amortisation of deferred gain on sale and operating leaseback transactions	(102.7)	(88.4)
Professional fees paid to a firm of which a director is a member	*	*
Remuneration for auditors of the Company		
Audit fees	1.8	1.6
Non-audit fees	0.9	1.0
Exchange losses, net	117.7	79.9
Fuel hedging (gain)/loss recognised in "Fuel costs"	(232.2)	118.9
Ineffectiveness of fuel hedging contracts recognised in "Fuel costs"	(2.5)	-

* *Amount less than $0.1 million.*

7 Finance Charges (in $ million)

	The Group 2007-08	2006-07
Interest expenses:		
- notes payable	43.5	43.3
- loans	0.1	0.2
- finance lease commitments	33.8	70.7
- other receivables measured at amortised cost	16.7	9.1
- fair value loss on interest rate swap	5.8	0.4
	99.9	123.7
Commitment fees	0.3	0.4
	100.2	124.1

8 Interest Income (in $ million)

	The Group 2007-08	2006-07
Fixed deposits	139.8	147.3
Quoted non-equity investments	-	18.7
Others	41.4	15.8
	181.2	181.8

9 Other Non-operating Items (in $ million)

	The Group 2007-08	2006-07
Surplus on liquidation of Asia Leasing Limited	-	1.2
Recognition of liquidated damages	55.2	32.4
Surplus on disposal of other property, plant and equipment	40.2	43.1
Amortisation of deferred gain on sale and finance leaseback transactions	1.4	1.4
Impairment of long-term investments	-	(0.2)
	96.8	77.9

10 Exceptional Items (in $ million)

	The Group 2007-08	2006-07
Surplus on sale of SIA Building	-	223.3
Surplus on sale of investment in Singapore Aircraft Leasing Enterprise Pte Ltd	-	197.7
	-	421.0

11 Taxation (in $ million)

	The Group 2007-08	2006-07
Current taxation		
Provision for the year	369.1	185.6
Overprovision in respect of prior years	(28.9)	(42.1)
Share of joint venture companies' taxation	0.1	4.9
Share of associated companies' taxation	3.0	(7.1)
	343.3	141.3
Deferred taxation		
Movement in temporary differences	81.8	164.8
(Over)/Under provision in respect of prior years	(14.8)	22.8
	67.0	187.6
	410.3	328.9
Adjustment for reduction in Singapore statutory tax rate	-	(246.7)
	410.3	82.2

On 15 February 2007, the Government announced a 2% points reduction in statutory tax rate from Year of Assessment 2008. The financial effect of the reduction in tax rate was reflected in the 2006-07 accounts. The aggregate adjustment of the prior year's deferred tax liabilities was $246.7 million for the Group.

The Group has tax losses of approximately $22.9 million (2007: $26.9 million) that are available for offset against future taxable profits of the companies in which no deferred tax assets are recognised due to uncertainty of its recoverability. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

A reconciliation between taxation expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 March is as follows:

	The Group 2007-08	2006-07
Profit before taxation	2,547.2	2,284.6
Taxation at statutory tax rate of 18.0%	458.5	411.2
Adjustments		
Income not subject to tax	(61.5)	(114.7)
Expenses not deductible for tax purposes	45.0	57.4
Higher effective tax rates of other countries	10.6	15.4
Overprovision in respect of prior years, net	(43.7)	(19.3)
Effect of change in statutory tax rate	-	(246.7)
Income under an incentive scheme	-	(1.9)
Others	1.4	(19.2)
Taxation	410.3	82.2

12 Earnings Per Share

	The Group			
	2007-08		2006-07	
	Basic	Diluted	Basic	Diluted
Profit attributable to equity holders of the Company (in $ million)	2,049.4	2,049.4	2,128.8	2,128.8
Adjustment for dilutive potential ordinary shares of subsidiary companies (in $ million)	-	(5.1)	-	(4.8)
Adjusted net profit attributable to equity holders of the Company (in $ million)	2,049.4	2,044.3	2,128.8	2,124.0
Weighted average number of ordinary shares in issue (in million)	1,216.0	1,216.0	1,233.6	1,233.6
Adjustment for dilutive potential ordinary shares (in million)	-	14.9	-	10.0
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	1,216.0	1,230.9	1,233.6	1,243.6
Earnings per share (cents)	168.5	166.1	172.6	170.8

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

For purposes of calculating diluted earnings per share, the profit attributable to equity holders of the Company is adjusted to take into account effects of dilutive potential ordinary shares of subsidiary companies and the weighted average number of ordinary shares of the Company in issue is adjusted to take into account effects of dilutive options of the Company.

12.2 million (2006-07: 21.8 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous years presented.

13 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	2007-08	2006-07
Dividends paid:		
Special dividend of 50.0 cents per share tax exempt (one-tier) in respect of 2006-07	633.0	-
Final dividend of 35.0 cents per share tax exempt (one-tier) in respect of 2006-07 (2006-07: 35.0 cents per share tax exempt [one-tier] in respect of 2005-06)	443.0	429.4
Interim dividend of 20.0 cents per share tax exempt (one-tier) in respect of 2007-08 (2006-07: 15.0 cents per share tax exempt [one-tier] in respect of 2006-07)	237.2	185.4
	1,313.2	614.8

The directors propose that a final tax exempt (one-tier) dividend of 80.0 cents per share (2006-07: final tax exempt [one-tier] dividend of 35.0 cents per share and a special tax exempt [one-tier] dividend of 50.0 cents per share) amounting to $947.2 million (2006-07: $443.0 million and $633.0 million respectively) be paid for the financial year ended 31 March 2008.

14 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2008	2007	2008	2007
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April	1,246,833,370	1,224,704,750	1,494.9	1,202.6
Share options exercised during the year	22,717,093	22,128,620	322.8	292.3
Shares cancelled during the year pursuant to the capital reduction exercise	(84,309,846)	-	(155.9)	-
Shares issued during the year in relation to the top-up offer pursuant to the capital reduction exercise	1,093,530	-	20.2	-
Balance at 31 March	1,186,334,147	1,246,833,370	1,682.0	1,494.9
Special share				
Balance at 1 April and 31 March	1	1	#	#

The value is $0.50

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

During the financial year, the Company issued 22,717,093 shares (2006-07: 22,128,620) upon exercise of options granted under the Employee Share Option Plan.

In addition, the Company cancelled 84,309,846 shares (2006-07: Nil) at the price of $18.46 per share pursuant to a capital reduction exercise under Section 78G of the Singapore Companies Act.

1,093,530 shares (2006-07: Nil) were issued under a top-up offer of new shares at the price of $18.46 per share following the capital reduction. The offer was given to shareholders to round up their holding of shares after the capital reduction to the nearest multiple of 200 shares.

The Company's ability to operate its existing route network and flight frequency is derived solely from and dependent entirely on the Air Service Agreements ("ASAs") concluded between the Government of Singapore and the governments of other countries. ASAs are therefore critical to the Company's operations. In almost all the ASAs, it is a condition that the Company must at all times be "effectively controlled" and "substantially owned" by Singapore nationals for the tenure of the respective ASAs.

In order to comply with the above requirement, one non-tradeable Special Share was issued to the Ministry of Finance. The Special Share enjoys all the rights attached to ordinary shares. In addition, pursuant to Article 3A of the Articles of Association, no resolution may be passed on certain matters without prior written approval of the Special Member.

The Company can also issue non-tradeable redeemable cumulative preference shares, which carry full voting rights ("ASA shares"). When issued, the ASA shares will be paid at $0.01 each and will carry equal voting rights as those of ordinary shares. These shares will be issued only when the directors determine that the Company's operating rights under any of the ASAs are threatened by reason of the nationality of the majority shareholders.

14 Share Capital (in $ million) (continued)

Share option plans

The Singapore Airlines Limited Employee Share Option Plan ("SIA ESOP"), the Singapore Airport Terminal Services Limited Employee Share Option Plan ("SATS ESOP") and the SIA Engineering Company Limited Employee Share Option Plan ("SIAEC ESOP"), which comprise the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, were approved by shareholders on 8 March 2000, 20 March 2000 and 9 February 2000 respectively.

Options are granted for a term no longer than 10 years from the date of grant. The exercise price of the options will be the average of the closing prices of the respective companies' ordinary shares on the SGX-ST for the five market days immediately preceding the date of grant.

Under the Employee Share Option Schemes, options will vest two years after the date of grant.

Under the Senior Executive Share Option Schemes, 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.

There are no cash settlement alternatives.

Information with respect to the number of options granted under the respective Employee Share Option Plans is as follows:

<u>SIA ESOP</u>

	2007-08		2006-07	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	68,338,907	$12.96	79,196,566	$12.76
Granted	12,324,345	$18.22	12,777,119	$12.60
Cancelled	(1,275,363)	$13.95	(1,506,158)	$13.58
Exercised	(22,717,093)	$13.25	(22,128,620)	$12.00
Balance at 31 March	56,670,796	$13.53	68,338,907	$12.96
Exercisable at 31 March	29,277,185	$12.59	40,163,661	$13.80

The range of exercise prices for options outstanding at the end of the year is $9.84 to $18.22 (2006-07: $10.34 to $16.65).

The weighted average fair value of options granted during the year was $4.56 (2006-07: $3.13). The weighted average share price for options exercised during the year was $17.85 (2006-07: $12.90). The weighted average remaining contractual life for these options is 6.38 years (2006-07: 6.12 years).

14 Share Capital (in $ million) (continued)

Share option plans (continued)

SATS ESOP

	2007-08		2006-07	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	57,508,655	$2.09	59,863,300	$2.07
Granted	14,093,000	$3.01	14,878,000	$2.10
Cancelled	(1,018,320)	$2.11	(1,335,100)	$2.07
Exercised	(14,710,060)	$2.04	(15,897,545)	$2.04
Balance at 31 March	55,873,275	$2.28	57,508,655	$2.09
Exercisable at 31 March	26,550,137	$2.03	26,710,655	$1.98

The range of exercise prices for options outstanding at the end of the year is $1.19 to $3.01 (2006-07: $1.24 to $2.27).

The weighted average fair value of options granted during the year was $0.72 (2006-07: $0.45). The weighted average share price for options exercised during the year was $2.99 (2006-07: $2.38). The weighted average remaining contractual life for these options is 7.02 years (2006-07: 6.93 years).

SIAEC ESOP

	2007-08		2006-07	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	49,731,288	$2.40	60,225,575	$1.82
Granted	15,483,000	$4.67	15,244,800	$3.44
Cancelled	(785,575)	$2.92	(648,350)	$2.27
Exercised	(12,423,925)	$2.01	(25,090,737)	$1.65
Balance at 31 March	52,004,788	$3.16	49,731,288	$2.40
Exercisable at 31 March	20,424,138	$1.92	17,836,788	$1.71

The range of exercise prices for options outstanding at the end of the year is $1.01 to $4.67 (2006-07: $1.01 to $3.44).

The weighted average fair value of options granted during the year was $0.93 (2006-07: $1.22). The weighted average share price for options exercised during the year was $4.47 (2006-07: $3.91). The weighted average remaining contractual life for these options is 7.41 years (2006-07: 7.49 years).

14 Share Capital (in $ million) (continued)

Share option plans (continued)

Fair values of SIA, SATS and SIAEC ESOP

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted each year under the SIA, SATS and SIAEC ESOP. The estimate of the fair value of the services received is measured based on a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the July 2007 and July 2006 grants:

	July 2007 Grant	July 2006 Grant
SIA ESOP		
Expected dividend yield (%)	Management's forecast in line with dividend policy	
Expected volatility (%)	23.47 – 28.80	29.99 – 30.16
Risk-free interest rate (%)	2.64 – 2.81	3.37 – 3.45
Expected life of options (years)	5.5 – 7.0	5.5 – 7.0
Exercise price ($)	18.22*	12.10*
Share price at date of grant ($)	18.70	12.60
SATS ESOP		
Expected dividend yield (%)	Management's forecast in line with dividend policy	
Expected volatility (%)	27.9	27.7
Risk-free interest rate (%)	2.65	3.37 – 3.45
Expected life of options (years)	6.0	5.5 – 7.0
Exercise price ($)	3.01 ^	2.05 ^
Share price at date of grant ($)	3.10	2.13
SIAEC ESOP		
Expected dividend yield (%)	Management's forecast in line with dividend policy	
Expected volatility (%)	23.13 – 24.83	25.06 – 25.36
Risk-free interest rate (%)	2.60 – 2.76	3.37 – 3.45
Expected life of options (years)	5.5 – 7.0	5.5 – 7.0
Exercise price ($)	4.67	3.44#
Share price at date of grant ($)	4.64	3.96

* *Following approval by the Company's shareholders of the declaration of a special dividend of $0.50 on 31 July 2007, the Board Compensation & Industrial Relations Committee approved a reduction of $0.50 in the exercise prices of the share options outstanding on 2 August 2007. The exercise prices reflected here are the exercise prices after such adjustment.*

^ *Following approval by SATS' shareholders of the declaration of a special dividend of $0.05 on 26 July 2007, the Remuneration and Human Resource Committee administering the SATS ESOP approved a reduction of $0.05 in the exercise prices of the share options outstanding on 30 July 2007. The exercise prices reflected here are the exercise prices after such adjustment.*

At the extraordinary general meeting of SIAEC held on 26 July 2004, SIAEC's shareholders approved an amendment to the SIAEC's ESOP to allow for adjustment to the exercise prices of the existing options by the Compensation and Human Resource Committee administering the ESOP, in the event of the declaration of a special dividend. Following approval by SIAEC's shareholders of the declaration of a special dividend of $0.20 on 26 July 2004, the said Committee approved a reduction of $0.20 in the exercise prices of the share options outstanding on 28 July 2004. The said Committee approved another $0.20 reduction in the exercise prices of the share options outstanding on 25 July 2006 following approval by SIAEC's shareholders of the declaration of a special dividend of $0.20 on 21 July 2006. The exercise prices reflected here are the exercise prices after such adjustments.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options were incorporated into the measurement of fair value.

14 Share Capital (in $ million) (continued)

Share option plans (continued)
Terms of share options outstanding as at 31 March 2008:

SIA ESOP

Exercisable period	Exercise price	Number outstanding	Number exercisable
28.3.2001 - 27.3.2010	$14.84	425,931	425,931
28.3.2002 - 27.3.2010	$14.84	3,638,800	3,638,800
28.3.2003 - 27.3.2010	$14.84	437,900	437,900
28.3.2004 - 27.3.2010	$14.84	440,950	440,950
3.7.2001 - 2.7.2010	$ 16.15	586,709	586,709
3.7.2002 - 2.7.2010	$ 16.15	3,323,476	3,323,476
3.7.2003 - 2.7.2010	$ 16.15	625,598	625,598
3.7.2004 - 2.7.2010	$ 16.15	633,042	633,042
2.7.2002 - 1.7.2011	$11.46	353,942	353,942
2.7.2003 - 1.7.2011	$11.46	1,593,240	1,593,240
2.7.2004 - 1.7.2011	$11.46	379,465	379,465
2.7.2005 - 1.7.2011	$11.46	383,971	383,971
1.7.2003 - 30.6.2012	$12.32	552,550	552,550
1.7.2004 - 30.6.2012	$12.32	2,232,111	2,232,111
1.7.2005 - 30.6.2012	$12.32	590,595	590,595
1.7.2006 - 30.6.2012	$12.32	619,920	619,920
1.7.2004 - 30.6.2013	$ 9.84	395,586	395,586
1.7.2005 - 30.6.2013	$ 9.84	1,239,182	1,239,182
1.7.2006 - 30.6.2013	$ 9.84	463,337	463,337
1.7.2007 - 30.6.2013	$ 9.84	888,273	888,273
1.7.2005 - 30.6.2014	$10.20	522,551	522,551
1.7.2006 - 30.6.2014	$10.20	1,816,353	1,816,353
1.7.2007 - 30.6.2014	$10.20	989,365	989,365
1.7.2008 - 30.6.2014	$10.20	1,443,871	-
1.7.2006 - 30.6.2015	$10.78	793,513	793,513
1.7.2007 - 30.6.2015	$10.78	4,216,241	4,216,241
1.7.2008 - 30.6.2015	$10.78	1,600,684	-
1.7.2009 - 30.6.2015	$10.78	1,600,999	-
3.7.2007 - 2.7.2016	$ 12.10	1,070,934	1,070,934
3.7.2008 - 2.7.2016	$ 12.10	7,915,296	-
3.7.2009 - 2.7.2016	$ 12.10	1,403,957	-
3.7.2010 - 2.7.2016	$ 12.10	1,404,279	-
2.7.2008 - 1.7.2017	$18.22	1,411,536	63,650
2.7.2009 - 1.7.2017	$18.22	8,036,391	-
2.7.2010 - 1.7.2017	$18.22	1,319,937	-
2.7.2011 - 1.7.2017	$18.22	1,320,311	-
Total number of options outstanding		56,670,796[@]	29,277,185

[@] *The total number of options outstanding includes:*

(a) *5,867,606 (2007: 8,970,190) share options not exercised by employees who have retired or ceased to be employed by the Company or any of the subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Board Compensation & Industrial Relations Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier; and*

(b) *216,078 (2007: 65,795) share options not exercised by employees who have completed their fixed term contracts during the financial year. The said options, if unvested, shall immediately vest and be exercisable from the date of cessation of employment to the date falling one year from the date of cessation of employment.*

14 Share Capital (in $ million) (continued)

Share option plans (continued)
Terms of share options outstanding as at 31 March 2008:

SATS ESOP

Exercisable period	Exercise price	Number outstanding	Number exercisable
28.3.2001 - 27.3.2010	$ 2.15	173,850	173,850
28.3.2002 - 27.3.2010	$ 2.15	5,067,050	5,067,050
28.3.2003 - 27.3.2010	$ 2.15	176,300	176,300
28.3.2004 - 27.3.2010	$ 2.15	177,000	177,000
3.7.2001 - 2.7.2010	$ 1.75	135,500	135,500
3.7.2002 - 2.7.2010	$ 1.75	1,575,350	1,575,350
3.7.2003 - 2.7.2010	$ 1.75	184,400	184,400
3.7.2004 - 2.7.2010	$ 1.75	199,400	199,400
2.7.2002 - 1.7.2011	$ 1.19	7,500	7,500
2.7.2003 - 1.7.2011	$ 1.19	624,200	624,200
2.7.2004 - 1.7.2011	$ 1.19	7,600	7,600
2.7.2005 - 1.7.2011	$ 1.19	52,600	52,600
1.7.2003 - 30.6.2012	$ 1.55	21,800	21,800
1.7.2004 - 30.6.2012	$ 1.55	1,109,400	1,109,400
1.7.2005 - 30.6.2012	$ 1.55	157,200	157,200
1.7.2006 - 30.6.2012	$ 1.55	171,700	171,700
1.7.2004 - 30.6.2013	$ 1.42	31,625	31,625
1.7.2005 - 30.6.2013	$ 1.42	1,201,725	1,201,725
1.7.2006 - 30.6.2013	$ 1.42	105,425	105,425
1.7.2007 - 30.6.2013	$ 1.42	157,925	157,925
1.7.2005 - 30.6.2014	$2.04	265,350	265,350
1.7.2006 - 30.6.2014	$2.04	4,338,250	4,338,250
1.7.2007 - 30.6.2014	$2.04	294,750	294,750
1.7.2008 - 30.6.2014	$2.04	330,850	-
1.7.2006 - 30.6.2015	$2.22	332,275	332,275
1.7.2007 - 30.6.2015	$2.22	9,818,725	9,818,725
1.7.2008 - 30.6.2015	$2.22	360,975	-
1.7.2009 - 30.6.2015	$2.22	360,975	-
3.7.2007 - 2.7.2016	$2.05	163,237	163,237
3.7.2008 - 2.7.2016	$2.05	13,986,513	-
3.7.2009 - 2.7.2016	$2.05	172,612	-
3.7.2010 - 2.7.2016	$2.05	172,613	-
2.7.2009 - 1.7.2017	$ 3.01	13,938,600	-
Total number of options outstanding		55,873,275@	26,550,137

@ *The total number of options outstanding includes 6,699,050 (2007: 7,930,225) share options not exercised by employees who have retired or ceased to be employed by SATS or any of its subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Remuneration and Human Resource Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier.*

14 Share Capital (in $ million) (continued)

Share option plans (continued)

SIAEC ESOP

Exercisable period	Exercise price	Number outstanding	Number exercisable
28.3.2001 - 27.3.2010	$ 1.65	51,175	51,175
28.3.2002 - 27.3.2010	$ 1.65	1,307,975	1,307,975
28.3.2003 - 27.3.2010	$ 1.65	54,675	54,675
28.3.2004 - 27.3.2010	$ 1.65	55,675	55,675
3.7.2001 - 2.7.2010	$ 1.55	98,199	98,199
3.7.2002 - 2.7.2010	$ 1.55	1,061,801	1,061,801
3.7.2003 - 2.7.2010	$ 1.55	163,505	163,505
3.7.2004 - 2.7.2010	$ 1.55	163,508	163,508
2.7.2002 - 1.7.2011	$ 1.01	43,250	43,250
2.7.2003 - 1.7.2011	$ 1.01	524,650	524,650
2.7.2004 - 1.7.2011	$ 1.01	72,500	72,500
2.7.2005 - 1.7.2011	$ 1.01	79,200	79,200
1.7.2003 - 30.6.2012	$ 1.98	296,375	296,375
1.7.2004 - 30.6.2012	$ 1.98	3,016,975	3,016,975
1.7.2005 - 30.6.2012	$ 1.98	426,950	426,950
1.7.2006 - 30.6.2012	$ 1.98	454,050	454,050
1.7.2004 - 30.6.2013	$ 1.35	89,750	89,750
1.7.2005 - 30.6.2013	$ 1.35	798,950	798,950
1.7.2006 - 30.6.2013	$ 1.35	138,700	138,700
1.7.2007 - 30.6.2013	$ 1.35	164,875	164,875
1.7.2005 - 30.6.2014	$ 1.69	337,625	337,625
1.7.2006 - 30.6.2014	$ 1.69	2,952,475	2,952,475
1.7.2007 - 30.6.2014	$ 1.69	418,000	418,000
1.7.2008 - 30.6.2014	$ 1.69	581,125	-
1.7.2006 - 30.6.2015	$2.25	491,500	491,500
1.7.2007 - 30.6.2015	$2.25	6,777,125	6,777,125
1.7.2008 - 30.6.2015	$2.25	641,125	-
1.7.2009 - 30.6.2015	$2.25	641,125	-
3.7.2007 - 2.7.2016	$3.44	384,675	384,675
3.7.2008 - 2.7.2016	$3.44	13,555,025	-
3.7.2009 - 2.7.2016	$3.44	421,425	-
3.7.2010 - 2.7.2016	$3.44	421,425	-
2.7.2008 - 1.7.2017	$4.67	322,050	-
2.7.2009 - 1.7.2017	$4.67	14,353,250	-
2.7.2010 - 1.7.2017	$4.67	322,050	-
2.7.2011 - 1.7.2017	$4.67	322,050	-
Total number of options outstanding		52,004,788@	20,424,138

@ *The total number of options outstanding includes 3,849,875 (2007: 3,893,225) share options not exercised by employees who have retired or ceased to be employed by SIAEC or any of its subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Compensation and Human Resource Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier.*

14 Share Capital (in $ million) (continued)

Share-based incentive plans

The RSP and PSP are share-based incentive plans for senior management staff, which were approved by the shareholders of the Company on 28 July 2005. Similar share-based incentive plans were approved by the shareholders of SATS and SIAEC on 19 July 2005 and 25 July 2005 respectively.

The details of the two plans are described below:

	RSP	PSP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.
Performance Conditions		
SIA	At both Company and Group level	
	• EBITDAR# Margin	• Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE)
	• Value Added per $ Employment Cost	• Relative Total Shareholder Return (TSR) against selected airline peer index companies
SATS	At SATS Group level	
	• EBITDA* Margin	• Absolute TSR
	• Value Added per $ Employment Cost	• Absolute Return on Equity (ROE)
SIAEC	At SIAEC Group level	
	• EBITDA* Margin	• Absolute TSR outperform COE
	• Value Added per $ Employment Cost	• ROE
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over a three-year performance period.
Payout	0% - 120% depending on the achievement of pre-set performance targets over the performance period.	0% - 150% depending on the achievement of pre-set performance targets over the performance period.

EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Restructuring or Rent

* *EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation*

14 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP

SIA RSP and PSP
The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the SIA RSP and PSP. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

The following table lists the inputs to the model used for the August 2007 and July 2006 awards:

	August 2007 Award		July 2006 Award	
	RSP	PSP	RSP	PSP
SIA				
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	18.30 – 19.46	18.30	18.28 – 22.66	19.31
Risk-free interest rate (%)	2.41 – 2.61	2.48	3.06 – 3.29	3.21
Expected term (years)	1.9 – 3.9	2.9	1.7 – 3.7	2.7
Cost of equity (%)	N.A.	8.65	N.A.	8.44
Share price at date of grant ($)	18.90	18.90	13.20	13.20

For non-market conditions, achievement factors are determined based on inputs from the Board Compensation & Industrial Relations Committee for the purpose of accrual for the RSP until the achievement of the targets can be accurately ascertained.

The details of the shares awarded under the new share plans during the year since commencement of the RSP and PSP are as follows:

	Number of Restricted shares			
Date of grant	Balance at 1.4.2007/later date of grant	Adjustment#	Cancelled	Balance at 31.3.2008
RSP				
27.7.2006	258,330	6,825	(4,650)	260,505
1.8.2007	513,950	13,855	-	527,805
	772,280	20,680	(4,650)	788,310

	Number of Performance shares			
Date of grant	Balance at 1.4.2007/later date of grant	Adjustment#	Cancelled	Balance at 31.3.2008
PSP				
27.7.2006	140,900	3,801	-	144,701
1.8.2007	153,800	4,152	-	157,952
	294,700	7,953	-	302,653

\# *Following approval by the Company's shareholders of the declaration of a special dividend of $0.50 per share on 31 July 2007, the Board Compensation & Industrial Relations Committee approved a revision in all restricted shares and performance shares outstanding on 2 August 2007 under the RSP and PSP respectively. The number of outstanding restricted shares and performance shares reflected here are after such adjustment.*

14 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SIA RSP and PSP (continued)
Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from $17.24 to $18.04 (2006-07: $11.55 to $12.45) and the estimated fair value at date of grant for each share granted under the PSP is $15.53 (2006-07: $7.02).

When estimating the fair value of the compensation cost, market-based performance conditions shall be taken into account. Therefore, for performance share grants with market-based performance conditions, the compensation cost shall be charged to the profit and loss account on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the remaining service period from date of grant to which the performance period relates, irrespective of whether this performance condition is satisfied.

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the profit and loss account and share-based compensation reserve.

Under the PSP, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2008, were 788,310 (2007: 258,330) and 302,653 (2007: 140,900) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 945,972 (2007: 309,996) and 453,980 (2007: 211,350) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

SATS RSP and SATS PSP

	July 2007 Award		October 2006 Award	
	RSP	PSP	RSP	PSP
SATS				
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	21.70 – 25.60	21.70	19.54 – 24.24	22.78
Risk-free interest rate (%)	2.45 – 2.59	2.47	2.97 – 3.06	2.97
Expected term (years)	1.9 – 3.9	2.9	1.5 – 3.5	2.5
Cost of equity (%)	N.A.	8.20	N.A.	7.80
Share price at date of grant ($)	3.04	3.04	2.19	2.19

The details of the shares awarded under SATS RSP and SATS PSP during the year since commencement of the plans are as follows:

	Number of Restricted shares			
Date of grant	Balance at 1.4.2007/later date of grant	Adjustment #	Cancelled	Balance at 31.3.2008
SATS RSP				
2.10.2006	182,030	2,666	(7,770)	176,926
27.7.2007	345,750	-	-	345,750
	527,780	2,666	(7,770)	522,676

14 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SATS RSP and SATS PSP (continued)

Date of grant	Number of Performance shares: Balance at 1.4.2007/later date of grant	Adjustment #	Cancelled	Balance at 31.3.2008
SATS PSP				
2.10.2006	84,360	1,291	-	85,651
27.7.2007	98,200	-	-	98,200
	182,560	1,291	-	183,851

Following approval by SATS' shareholders of the declaration of a special dividend of $0.05 per share on 26 July 2007, the Remuneration and Human Resource Committee administering the SATS RSP and SATS PSP approved a revision in all outstanding restricted shares and performance shares under SATS RSP and SATS PSP respectively. The number of outstanding restricted shares and performance shares reflected here are after such adjustment.

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the SATS RSP ranges from $2.70 to $2.85 (2006-07: $1.88 to $2.05) and the estimated fair value at date of grant for each share granted under the SATS PSP is $2.57 (2006-07: $1.54).

The number of contingent shares granted but not released as at 31 March 2008, were 522,676 (2007: 182,030) and 183,851 (2007: 84,360) for SATS RSP and SATS PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 627,211 (2007: 218,436) and 275,776 (2007: 126,540) fully-paid ordinary shares of SATS, for SATS RSP and SATS PSP respectively.

SIAEC RSP and SIAEC PSP

	July 2007 Award		July 2006 Award	
	RSP	PSP	RSP	PSP
SIAEC				
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	19.05 – 20.43	19.16	16.82 – 22.31	17.49
Risk-free interest rate (%)	2.39 – 2.54	2.48	2.99 – 3.25	3.16
Expected term (years)	2.00 – 4.00	3.00	1.75 – 3.75	2.75
Cost of equity (%)	N.A.	8.50	N.A.	8.50
Share price at date of grant ($)	4.64	4.64	3.96	3.96

The details of the shares awarded under SIAEC RSP and SIAEC PSP during the year since commencement of the plans are as follows:

Date of grant	Number of Restricted shares: Balance at 1.4.2007/later date of grant	Cancelled	Balance at 31.3.2008
SIAEC RSP			
3.7.2006	203,200	(8,300)	194,900
2.7.2007	339,600	(1,300)	338,300
	542,800	(9,600)	533,200

14 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SIAEC RSP and SIAEC PSP (continued)

	Number of Performance shares		
Date of grant	Balance at 1.4.2007/later date of grant	Cancelled	Balance at 31.3.2008
SIAEC PSP			
3.7.2006	36,900	(5,800)	31,100
2.7.2007	61,200	-	61,200
	98,100	(5,800)	92,300

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the SIAEC RSP ranges from $4.19 to $4.38 (2006-07: $3.71 to $3.84) and the estimated fair value at date of grant for each share granted under the SIAEC PSP is $3.53 (2006-07: $4.04).

The number of contingent shares granted but not released as at 31 March 2008, were 533,200 (2007: 203,200) and 92,300 (2007: 36,900) for SIAEC RSP and SIAEC PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 639,840 (2007: 243,840) and 138,450 (2007: 55,350) fully-paid ordinary shares of SIAEC, for SIAEC RSP and SIAEC PSP respectively.

For the current financial year, the Group has recorded $6.5 million (2006-07: $1.8 million) in respect of the RSP and PSP based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

The total amount recognised in the profit and loss account for share-based compensation transactions with employees can be summarised as follows:

	The Group 31 March	
	2007-08	2006-07
Share-based compensation expense		
- Employee share option plan	67.4	55.8
- Restricted share plan	5.4	1.5
- Performance share plan	1.1	0.3
	73.9	57.6

15 Treasury Shares (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2008	2007	2008	2007
Treasury shares				
Balance at 1 April	-	-	-	-
Purchase of treasury shares	2,301,000	-	(33.2)	-
Balance at 31 March	2,301,000	-	(33.2)	-

Treasury shares relate to ordinary shares of the Company that are held by the Company. Pursuant to the share buyback mandate approved by shareholders, the Company purchased 2,301,000 of its ordinary shares by way of on-market purchases at share prices ranging from $13.92 to $15.24. The total amount paid to purchase the shares was $33.2 million and this is presented as a component within equity attributable to equity holders of the Company.

16 Other Reserves (in $ million)

(a) Capital reserve
Capital reserve mainly arises from the revaluation of land and buildings owned by RCMS Properties Private Limited, an associated company.

(b) Foreign currency translation reserve
The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Share-based compensation reserve
Share-based compensation reserve represents the equity-settled share options and awards granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and awards.

(d) Fair value reserve
Fair value reserve records the cumulative fair value changes of available-for-sale financial assets and the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

Fair value changes of available-for-sale financial assets:

	The Group 31 March		The Company 31 March	
	2008	2007	2008	2007
Balance at 1 April	27.8	9.1	21.9	5.0
Net gain on fair value changes	(26.9)	18.7	(22.3)	16.9
Balance at 31 March	0.9	27.8	(0.4)	21.9
Net gain on fair value changes	(5.0)	18.7	(0.4)	16.9
Recognised in the profit and loss account on disposal of available-for-sale investments	(21.9)	-	(21.9)	-
	(26.9)	18.7	(22.3)	16.9

16 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

Fair value changes of derivative financial instruments designated as hedging instruments in cash flow hedges:

	The Group 31 March 2008	2007	The Company 31 March 2008	2007
Balance at 1 April	(73.3)	154.5	(40.0)	30.6
Net gain/(loss) on fair value changes	515.8	(227.8)	239.0	(70.6)
Balance at 31 March	442.5	(73.3)	199.0	(40.0)
Net gain/(loss) on fair value changes	408.0	(232.4)	326.9	(180.6)
Share of associated companies' net gain/ (loss) on fair value reserve	224.2	(134.5)	-	-
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	11.2	-	11.2	-
Recognised in the profit and loss account on occurrence of:				
Disposal of joint venture company recognised in "Exceptional items"	-	(2.8)	-	-
Fuel hedging contracts recognised in "Fuel costs"	(232.2)	118.9	(183.3)	94.0
Foreign currency contracts recognised in "Other operating expenses"	106.1	15.7	84.2	13.4
Interest rate swap contracts recognised in "Finance charges"	(1.5)	7.3	-	2.6
	515.8	(227.8)	239.0	(70.6)
Total fair value reserve	443.4	(45.5)	198.6	(18.1)

17 Deferred Account (in $ million)

	The Group 31 March 2008	2007	The Company 31 March 2008	2007
Deferred gain on sale and leaseback transactions				
- operating leases	272.2	374.8	190.0	261.3
- finance leases	45.1	49.3	-	-
	317.3	424.1	190.0	261.3
Deferred credit	470.0	549.5	470.0	549.5
	787.3	973.6	660.0	810.8

18 Deferred Taxation (in $ million)

	The Group				The Company	
	Consolidated balance sheet 31 March		Consolidated profit and loss		Balance sheet 31 March	
	2008	2007	2007-08	2006-07	2008	2007
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	2,551.0	2,377.1	173.9	(59.0)	2,101.2	1,918.1
Revaluation of jet fuel swap/ option contracts to fair value	75.9	-	-	-	61.4	-
Revaluation of available-for-sale financial assets to fair value	0.4	6.1	-	-	-	4.8
Other temporary differences	87.4	90.5	(3.1)	(17.8)	81.1	88.0
Gross deferred tax liabilities	2,714.7	2,473.7	170.8	(76.8)	2,243.7	2,010.9
Deferred tax assets						
Unabsorbed capital allowances and tax losses	(8.7)	(8.9)	0.2	15.8	-	-
Revaluation of jet fuel swap/ option contracts to fair value	-	(6.5)	-	-	-	(5.3)
Revaluation of forward currency contracts to fair value	(14.1)	(4.4)	-	-	(11.1)	(3.4)
Revaluation of interest rate swap contracts to fair value	(2.7)	-	-	-	-	-
Revaluation of available-for-sale financial assets to fair value	(0.1)	-	-	-	(0.1)	-
Other deferred tax assets	(147.0)	(43.0)	(104.0)	1.9	(130.6)	(20.7)
Gross deferred tax assets	(172.6)	(62.8)	(103.8)	17.7	(141.8)	(29.4)
Net deferred tax liabilities	2,542.1	2,410.9			2,101.9	1,981.5
Deferred tax charged/(credited) to profit and loss			67.0	(59.1)		
Deferred tax charged/(credited) to equity	64.2	(16.1)			54.2	(12.8)

19 Long-Term Liabilities (in $ million)

	The Group 31 March 2008	2007	The Company 31 March 2008	2007
Notes payable repayable after one year	1,100.0	1,100.0	900.0	900.0
Loans	4.0	116.3	-	-
Repayable within one year	(0.6)	(12.8)	-	-
Repayable after one year	3.4	103.5	-	-
Finance lease commitments	552.7	663.1	-	-
Repayable within one year	(56.9)	(60.8)	-	-
Repayable after one year	495.8	602.3	-	-
Total repayable after one year	1,599.2	1,805.8	900.0	900.0

Notes payable

Notes payable at 31 March 2008 comprise unsecured long-term notes issued by the Company, which bear fixed interest at 4.15% (2006-07: 4.15%) per annum and are repayable on 19 December 2011, and unsecured medium-term notes issued by SATS, which bear fixed interest at 3.0% (2006-07: 3.0%) per annum and are repayable on 2 September 2009. The fair value of notes payable amounted to $1,149.2 million (2007: $1,134.8 million) for the Group, and $947.0 million (2007: $935.6 million) for the Company.

Loans

Of the Group's $4.0 million (2007: $116.3 million) loans, $0.1 million (2007: $0.2 million) is secured over machineries. Interest on this loan is charged at a flat rate of 2.20% (2006-07: 2.20%) per annum and the effective interest rate is 4.44% (2006-07: 4.44%) per annum.

There are two unsecured term loans held by the Group as at 31 March 2008. One of the loans is repayable in 240 monthly instalments commencing 10 April 2003. This term loan was originally secured by a first legal mortgage over the property at 22 Senoko Way, Singapore 758044 in 2006, and was discharged during the previous financial year. The other unsecured term loan is repayable in 60 monthly instalments commencing on 20 February 2008. Interest on the unsecured term loans are charged at rates ranging from 4.2% to 4.5% (2006-07: 5.0% to 5.5%) per annum.

In the previous financial year, $112.7 million of loans was secured by a first priority mortgage over one B747-400 freighter. Interest on the loan was charged at a margin above the floating rate linked to the London Interbank Offer Rate ("LIBOR") ranging from 5.45% to 6.05% per annum. The loan was fully repaid during the financial year.

	The Group 31 March 2008	2007
Not later than one year	0.6	12.8
Later than one year but not later than five years	1.6	53.9
Later than five years	1.8	49.6
	4.0	116.3

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

Finance leases

In the previous financial year, the Company fully repaid all finance lease commitments. Interest rates on the finance lease commitments were charged at a margin above the LIBOR. These ranged from 4.80% to 6.11% per annum in 2006-07.

Singapore Airlines Cargo Pte Ltd ("SIA Cargo") holds four B747-400 freighters under finance leases, which will mature between 2015 and 2026, without any options for renewal. Three leases have options for SIA Cargo to purchase the aircraft at the end of the lease period of 12 years. The other lease has an option for SIA Cargo to purchase the aircraft at the end of the 12th or 15th year of the lease period. Sub-leasing is allowed under the lease agreements.

The financing obligations for the first five years of three aircraft are secured by an aircraft pledged as collateral, until 2011. Replacement of the aircraft pledged as collateral by another aircraft is permitted under the mortgage agreement.

SIA Cargo continues to remain the primary obligor under the lease agreements, of which $86.6 million (2007: $95.2 million) in respect of unpaid lease commitments are covered by funds placed with financial institutions under defeasance and other arrangements which have not been included in these financial statements.

Interest rates on three of SIA Cargo's finance lease commitments are charged at a margin above the LIBOR. These ranged from 5.01% to 6.20% (2006-07: 4.80% to 6.11%) per annum. The interest rate on the remaining SIA Cargo's finance lease commitment is fixed at 5.81% per annum.

The SIAEC Group has finance leases for certain equipment, vehicles and building. During the financial year, the lease commitment for a building with a lease term of 30 years, payable by instalment over a period of 24 months, at an interest of 2% (2006-07: 2%) per annum was fully repaid. The remaining finance leases for the equipment and vehicles will mature between 2010 and 2011.

The SATS Group entered into a finance lease agreement for the lease of tractors for a period of 10 years from March 2008. The principal is payable by instalments over a period of 120 months, at an interest rate of 5.1% per annum.

In addition, the SATS Group also has finance leases for certain items of plant, machinery and equipment. These lease agreements do not have renewal clauses but provide the SATS Group with options to purchase the leased assets at nominal values at the end of the lease term.

Future lease payments under these finance leases are as follows:

	The Group 31 March			
	2008		2007	
	Minimum Payments	Repayment of Principal	Minimum Payments	Repayment of Principal
Not later than one year	78.4	56.9	93.9	60.8
Later than one year but not later than five years	329.3	263.7	378.3	271.8
Later than five years	254.8	232.1	375.8	330.5
Total future lease payments	662.5	552.7	848.0	663.1
Amounts representing interest	(109.8)	-	(184.9)	-
Principal value of long-term commitments under finance leases	552.7	552.7	663.1	663.1

20 Property, Plant and Equipment (in $ million)

The Group

	1 April 07	Additions	Disposals/ Transfers	31 March 08
Cost				
Aircraft	17,414.9	1,853.5	(1,088.3)	18,180.1
Aircraft spares	846.0	71.8	(72.2)	845.6
Aircraft spare engines	405.1	97.3	(32.9)	469.5
Freehold land	15.7	-	-	15.7
Freehold buildings	155.3	-	(4.2)	151.1
Leasehold land and buildings	1,367.0	5.1	(43.0)	1,329.1
Plant and equipment	1,153.7	85.5	(23.3)	1,215.9
Office and computer equipment	364.1	42.9	(15.8)	391.2
	21,721.8	2,156.1	(1,279.7)	22,598.2
Advance and progress payments	2,295.7	1,795.2	(1,849.9)	2,241.0
	24,017.5	3,951.3	(3,129.6)	24,839.2
Accumulated depreciation and impairment				
Aircraft	5,033.2	1,289.3	(688.3)	5,634.2
Aircraft spares	525.8	27.2	(44.6)	508.4
Aircraft spare engines	162.7	37.0	(29.3)	170.4
Freehold buildings	99.8	4.4	(5.9)	98.3
Leasehold land and buildings	644.8	45.9	(22.4)	668.3
Plant and equipment	908.6	67.9	(23.0)	953.5
Office and computer equipment	330.9	17.1	(16.0)	332.0
	7,705.8	1,488.8	(829.5)	8,365.1
Net book value	16,311.7			16,474.1

20 Property, Plant and Equipment (in $ million) (continued)

The Group (continued)

	1 April 06	Additions	Disposals/ Transfers	Impairment	31 March 07
Cost					
Aircraft	17,132.1	2,570.1	(2,287.3)	-	17,414.9
Aircraft spares	801.0	74.7	(29.7)	-	846.0
Aircraft spare engines	449.3	65.9	(110.1)	-	405.1
Freehold land	15.7	-	-	-	15.7
Freehold buildings	206.2	-	(50.9)	-	155.3
Leasehold land and buildings	1,539.2	7.3	(179.5)	-	1,367.0
Plant and equipment	1,170.6	31.0	(47.9)	-	1,153.7
Office and computer equipment	390.6	11.4	(37.9)	-	364.1
	21,704.7	2,760.4	(2,743.3)	-	21,721.8
Advance and progress payments	2,016.8	2,354.3	(2,075.4)	-	2,295.7
	23,721.5	5,114.7	(4,818.7)	-	24,017.5
Accumulated depreciation and impairment					
Aircraft	5,446.5	1,108.3	(1,521.6)	-	5,033.2
Aircraft spares	518.8	25.2	(18.8)	0.6	525.8
Aircraft spare engines	208.7	41.5	(87.5)	-	162.7
Freehold buildings	131.7	5.9	(37.8)	-	99.8
Leasehold land and buildings	657.3	48.3	(60.8)	-	644.8
Plant and equipment	885.6	70.7	(47.7)	-	908.6
Office and computer equipment	348.2	19.5	(36.8)	-	330.9
	8,196.8	1,319.4	(1,811.0)	0.6	7,705.8
Net book value	15,524.7				16,311.7

	Net Book Value 31 March 08	31 March 07
Aircraft	12,545.9	12,381.7
Aircraft spares	337.2	320.2
Aircraft spare engines	299.1	242.4
Freehold land	15.7	15.7
Freehold buildings	52.8	55.5
Leasehold land and buildings	660.8	722.2
Plant and equipment	262.4	245.1
Office and computer equipment	59.2	33.2
	14,233.1	14,016.0
Advance and progress payments	2,241.0	2,295.7
	16,474.1	16,311.7

20 Property, Plant and Equipment (in $ million) (continued)

The Company

	1 April 07	Additions	Disposals/ Transfers	31 March 08
Cost				
Aircraft	13,804.0	1,700.8	(652.4)	14,852.4
Aircraft spares	759.3	47.4	(67.5)	739.2
Aircraft spare engines	327.9	73.2	(25.9)	375.2
Freehold land	15.7	-	-	15.7
Freehold buildings	159.1	-	(8.0)	151.1
Leasehold land and buildings	357.5	0.3	(6.1)	351.7
Plant and equipment	364.4	49.6	(5.7)	408.3
Office and computer equipment	285.7	35.2	(13.5)	307.4
	16,073.6	1,906.5	(779.1)	17,201.0
Advance and progress payments	2,188.3	1,640.1	(1,732.2)	2,096.2
	18,261.9	3,546.6	(2,511.3)	19,297.2
Accumulated depreciation and impairment				
Aircraft	4,068.1	1,046.0	(455.4)	4,658.7
Aircraft spares	493.3	19.0	(40.8)	471.5
Aircraft spare engines	125.6	26.3	(23.8)	128.1
Freehold buildings	99.2	4.4	(5.3)	98.3
Leasehold land and buildings	285.2	9.1	(6.3)	288.0
Plant and equipment	312.5	21.1	(5.3)	328.3
Office and computer equipment	268.6	10.2	(13.5)	265.3
	5,652.5	1,136.1	(550.4)	6,238.2
Net book value	12,609.4			13,059.0

20 Property, Plant and Equipment (in $ million) (continued)

The Company (continued)

	1 April 06	Additions	Disposals/ Transfers	Impairment	31 March 07
Cost					
Aircraft	13,132.5	2,421.4	(1,749.9)	-	13,804.0
Aircraft spares	738.8	46.7	(26.2)	-	759.3
Aircraft spare engines	386.2	50.5	(108.8)	-	327.9
Freehold land	15.7	-	-	-	15.7
Freehold buildings	210.0	-	(50.9)	-	159.1
Leasehold land and buildings	536.8	0.2	(179.5)	-	357.5
Plant and equipment	400.1	6.3	(42.0)	-	364.4
Office and computer equipment	312.2	8.5	(35.0)	-	285.7
	15,732.3	2,533.6	(2,192.3)	-	16,073.6
Advance and progress payments	1,955.4	2,235.8	(2,002.9)	-	2,188.3
	17,687.7	4,769.4	(4,195.2)	-	18,261.9
Accumulated depreciation and impairment					
Aircraft	4,437.9	864.6	(1,234.4)	-	4,068.1
Aircraft spares	490.8	17.2	(15.3)	0.6	493.3
Aircraft spare engines	177.9	34.3	(86.6)	-	125.6
Freehold buildings	131.1	5.9	(37.8)	-	99.2
Leasehold land and buildings	334.4	11.5	(60.7)	-	285.2
Plant and equipment	331.9	22.5	(41.9)	-	312.5
Office and computer equipment	289.3	13.1	(33.8)	-	268.6
	6,193.3	969.1	(1,510.5)	0.6	5,652.5
Net book value	11,494.4				12,609.4

	Net Book Value 31 March 08	31 March 07
Aircraft	10,193.7	9,735.9
Aircraft spares	267.7	266.0
Aircraft spare engines	247.1	202.3
Freehold land	15.7	15.7
Freehold buildings	52.8	59.9
Leasehold land and buildings	63.7	72.3
Plant and equipment	80.0	51.9
Office and computer equipment	42.1	17.1
	10,962.8	10,421.1
Advance and progress payments	2,096.2	2,188.3
	13,059.0	12,609.4

	The Group 31 March 2008	2007
Net book value of fixed assets acquired under finance leases:		
- aircraft	858.1	925.4
- plant and equipment	0.2	-
- factory building	67.1	76.2
	925.4	1,001.6

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

20 Property, Plant and Equipment (in $ million) (continued)

Assets pledged as security

In addition to assets held under finance leases, the following assets are mortgaged under bank loans:

	The Group 31 March 2008	The Group 31 March 2007
Net book value of:		
- aircraft	-	199.3

21 Intangible Assets (in $ million)

	The Group 31 March 2008	The Group 31 March 2007	The Company 31 March 2008	The Company 31 March 2007
Goodwill arising on consolidation	1.3	1.3	-	-
Licenses	1.3	-	-	-
Computer software	104.0	98.9	79.0	67.0
	106.6	100.2	79.0	67.0

In 2002-03, SATS acquired 66.7% equity interest in Country Foods Pte Ltd at a cost of $6.0 million. Goodwill on acquisition of $1.5 million was capitalised and amortised in financial years 2003-04 ($0.1 million) and 2004-05 ($0.1 million).

During the financial year, SIAEC acquired 100% equity interest in Aircraft Maintenance Service Australia Pty Ltd. Upon acquisition, licenses to operate in Australia are capitalised.

Computer software

	The Group 31 March 2008	The Group 31 March 2007	The Company 31 March 2008	The Company 31 March 2007
Balance at 1 April	98.9	120.4	67.0	77.2
Additions	47.6	32.5	41.0	26.2
Amortisation	(42.5)	(54.0)	(29.0)	(36.4)
Balance at 31 March	104.0	98.9	79.0	67.0
Cost	403.0	358.4	293.0	254.6
Accumulated amortisation	(299.0)	(259.5)	(214.0)	(187.6)
Net book value	104.0	98.9	79.0	67.0

22 Subsidiary Companies (in $ million)

	The Company 31 March 2008	2007
Investment in subsidiary companies (at cost)		
Quoted equity investments	##	##
Unquoted equity investments	1,772.4	1,772.4
	1,772.4	1,772.4
Accumulated impairment loss	(16.6)	(16.6)
	1,755.8	1,755.8
Loans to subsidiary companies	25.0	137.3
	1,780.8	1,893.1
Funds from subsidiary companies	(1,540.7)	(1,771.7)
Amounts owing to subsidiary companies	(188.4)	(195.9)
	(1,729.1)	(1,967.6)
Amounts owing by subsidiary companies	227.4	215.4
Market value of quoted equity investments	5,437.5	6,481.5

The value is $2.

The loan to subsidiary company is unsecured and has repayment terms of remaining 3.5 years. Interest on loan to subsidiary companies is computed using SGD Swap-Offer Rates, and applying agreed margins. The loan is denominated in SGD and interest rates ranged from 2.69% to 4.34% (2006-07: 3.08% to 3.65%) per annum. In 2006-07, the interest rates ranged from 5.05% to 5.98% per annum for USD loans, which were fully repaid in the previous financial year.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which ranged from 0.27% to 3.34% (2006-07: 2.03% to 3.46%) per annum for SGD funds, from 2.37% to 5.39% (2006-07: 4.58% to 5.40%) per annum for USD funds and from 6.18% to 7.15% (2006-07: 4.98% to 6.24%) per annum for AUD funds.

Net carrying amounts of loans to and funds from subsidiary companies approximate the fair values as interest rates implicit in the loans and funds approximate market interest rates.

Amounts owing to/by subsidiary companies are unsecured, trade-related, non-interest bearing and are repayable on demand. The amounts owing by subsidiary companies are neither overdue nor impaired.

As at 31 March 2008, the composition of funds from subsidiary companies held in foreign currencies by the Company is as follows: USD – 6.2% (2007: 38.2%) and AUD – 0.4% (2007: 0.6%).

22 Subsidiary Companies (in $ million) (continued)

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Cost (in $ million) 2008	2007	Percentage of equity held by the Group 2008	2007
Singapore Airport Terminal Services Limited	Investment holding	Singapore	#	#	80.8	81.9
SATS Catering Pte Ltd	Inflight catering services	- do -	14.00	14.00	80.8	81.9
SATS Airport Services Pte Ltd	Airport ground handling services	- do -	16.50	16.50	80.8	81.9
SATS Security Services Pte Ltd	Aviation security services	- do -	3.00	3.00	80.8	81.9
Aero Laundry & Linen Services Pte Ltd	Providing and selling laundry and linen services	- do -	2.52	2.52	80.8	81.9
Asia-Pacific Star Pte Ltd	Dormant	- do -	##	##	80.8	81.9
Aerolog Express Pte Ltd	Airport cargo delivery management services	- do -	1.26	1.26	56.6	57.4
Country Foods Pte Ltd	Manufacturing of chilled, frozen and processed foods	- do -	6.00	6.00	53.9	54.7
Country Foods Macau Limited*	Dormant	Macau	1.23	-	37.7	-
SIA Engineering Company Limited	Engineering services	Singapore	#	#	81.0	81.9
SIAEC Global Pte Ltd	Investment holding	- do -	##	##	81.0	81.9
Aircraft Maintenance Services Australia Pty Ltd**	Providing aircraft maintenance services, including technical and non-technical handling at the airport	Australia	2.91	-	81.0	-
Singapore Jamco Pte Ltd	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	3.82	3.82	52.6	53.2
Aviation Partnership (Philippines) Corporation***	Providing aircraft maintenance services, including technical and non-technical handling at the airport	Philippines	2.76	2.76	41.3	41.8
Aerospace Component Engineering Services Pte Ltd	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	10.93	9.74	41.3	41.8
Singapore Airlines Cargo Pte Ltd	Air cargo transportation	- do -	1,405.00	1,405.00	100.0	100.0
Cargo Community Network Pte Ltd	Provision and marketing of Cargo Community Systems	- do -	3.77	3.77	51.0	51.0
Cargo Community (Shanghai) Co Ltd****	Marketing and support of portal services for the air cargo industry	People's Republic of China	0.23	0.23	51.0	51.0
SilkAir (Singapore) Private Limited	Air transportation	Singapore	240.00	240.00	100.0	100.0
Tradewinds Tours & Travel Private Limited	Tour wholesaling	- do -	4.00	4.00	100.0	100.0
Singapore Aviation and General Insurance Company (Pte) Limited	Aviation insurance	- do -	20.00	20.00	100.0	100.0
SIA Properties (Pte) Ltd	Inactive	- do -	24.00	24.00	100.0	100.0

22 Subsidiary Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Cost (in $ million) 2008	2007	Percentage of equity held by the Group 2008	2007
Singapore Flying College Pte Ltd	Training of pilots	Singapore	70.95	70.95	100.0	100.0
Sing-Bi Funds Private Limited	Inactive	- do -	0.01	0.01	100.0	100.0
Singapore Airport Duty-Free Emporium (Private) Limited	Inactive	- do -	11.73	11.73	95.4	95.7
Abacus Travel Systems Pte Ltd	Marketing of Abacus Computer reservations systems	- do -	2.44	2.44	61.0	61.0
SIA (Mauritius) Ltd*****	Pilot recruitment	Mauritius	#	#	100.0	100.0

All the Singapore-incorporated subsidiary companies are audited by Ernst & Young, Singapore.

* *Not required to be audited as the company was incorporated on 18 December 2007.*
** *Audited by Ernst & Young, Australia.*
*** *Audited by SGV & Co, formerly known as Ernst & Young, Philippines.*
**** *Audited by Baker Tilly.*
***** *Not required to be audited in country of incorporation.*
\# *The value is $1.*
\## *The value is $2.*

23 Associated Companies (in $ million)

	The Group 31 March 2008	2007	The Company 31 March 2008	2007
Share of net assets of associated companies at acquisition date	324.0	316.4	-	-
Goodwill on acquisition of associated companies	1,759.6	1,759.6	-	-
Unquoted investments at cost	2,083.6	2,076.0	1,592.1	1,592.1
Accumulated impairment loss	(18.5)	(18.5)	(9.4)	(9.4)
	2,065.1	2,057.5	1,582.7	1,582.7
Goodwill written-off to reserves	(1,613.0)	(1,613.0)	-	-
Accumulated amortisation of intangible assets	(36.7)	(29.8)	-	-
Foreign currency translation reserve	(118.9)	(53.6)	-	-
Share of post-acquisition reserves				
- general reserve	343.9	329.9	-	-
- fair value reserve	243.7	19.5	-	-
- capital reserve	95.6	44.9	-	-
	979.7	755.4	1,582.7	1,582.7
Loans to associated companies	145.9	147.1	139.5	139.5
Write-down of loans	(4.6)	(5.0)	-	-
	141.3	142.1	139.5	139.5
	1,121.0	897.5	1,722.2	1,722.2
Amounts owing by associated companies	0.5	1.9	-	-
Amount owing to associated companies	(1.2)	-	-	-
Amount owing by/(to) associated companies, net	(0.7)	1.9	-	-

23 Associated Companies (in $ million) (continued)

The customer-related intangible assets arose from the acquisition of associated companies and the Group has engaged an independent third party to perform a fair valuation of these separately identified intangible assets. The useful life of these intangible assets was determined to be five years and the assets will be amortised on a straight-line basis over the useful life. The amortisation is included in the line of "share of profits of associated companies" in the consolidated profit and loss account.

During the financial year:

1. The Company's associated company, RCMS Properties Private Limited, recorded a revaluation gain of $253.4 million (2006-07: revaluation gain of $72.3 million) from its annual revaluation exercise of its land and building. The Company's share of the revaluation gain of $50.7 million at 31 March 2008 (2007: revaluation gain of $14.4 million) is included under the Group's share of post-acquisition capital reserve.

2. SIA Cargo injected an additional $7.4 million (2006-07: $23.6 million) in Great Wall Airlines Company Limited ("GWAC"). There was no change in the Group's 25% equity stake in GWAC.

3. SATS injected an additional $0.2 million in Evergreen Airline Services Corporation ("EGAS"). There was no change in SATS Group's 20% equity stake in EGAS.

Loans to associated companies are unsecured and have no foreseeable terms of repayments. Accordingly, the fair value of the loan is not determinable as the timing of future cash flows arising from the loans cannot be estimated reliably. The loans are non-interest bearing, except for $2.6 million (2007: $2.6 million) and $133.0 million (2007: $133.0 million), which bear interest at 3.0% and LIBOR plus 2.5% per annum (2006-07: 3.0% and LIBOR plus 2.5% per annum) respectively.

The loan of $133.0 million represents cumulative redeemable preference shares issued by the Company's associated company, Virgin Atlantic Limited ("VAL"). The cumulative redeemable preference shares carry no entitlement to vote at meetings. On a winding up of VAL, the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, the amount paid up on any share including any amount paid up by way of share premium plus any arrears or accruals of dividend calculated down to the date of the return of capital irrespective of whether such dividends have been earned or declared or not.

Amounts owing by associated companies are unsecured, trade-related, non-interest bearing and are repayable on demand.

The associated companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Cost (in $ million) 2008	Cost (in $ million) 2007	Percentage of equity held by the Group 2008	Percentage of equity held by the Group 2007
Service Quality (SQ) Centre Pte Ltd@	Quality service training	Singapore	#	#	50.0	50.0
Virgin Atlantic Limited*++	Air transportation	United Kingdom	1,549.02	1,549.02	49.0	49.0
Tiger Aviation Pte Ltd@	Investment holding	Singapore	11.93	11.93	49.0	49.0
RCMS Properties Private Limited^^+	Hotel ownership and management	Singapore	31.16	31.16	20.0	20.0
Aviserv Ltd	Inflight catering services	Pakistan	3.31	3.31	39.6	40.1
Taj SATS Air Catering Limited**	Catering services	India	24.65	24.65	39.6	40.1
Servair-SATS Holding Company Pte Ltd+	Investment holding company	Singapore	0.51	0.51	39.6	40.1
PT Jasa Angkasa Semesta Tbk^^^+	Ground and cargo handling services	Indonesia	105.53	105.53	40.2	40.8
Beijing Airport Inflight Kitchen Ltd+	Inflight catering services	People's Republic of China	13.88	13.88	32.3	32.8

23 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Cost (in $ million) 2008	2007	Percentage of equity held by the Group 2008	2007
Beijing Aviation Ground Services Co., Ltd+	Airport ground handling services	People's Republic of China	5.71	5.71	32.3	32.8
Maldives Inflight Catering Private Limited	Inflight catering services	Maldives	0.29	0.29	28.3	28.7
Taj Madras Flight Kitchen Pvt Limited	Inflight catering services	India	1.90	1.90	24.2	24.6
Tan Son Nhat Cargo Services Ltd@@+	Airport ground handling services	Vietnam	1.96	1.96	24.2	24.6
Asia Airfreight Terminal Co Ltd^	Air cargo handling services	Hong Kong	92.66	92.66	39.6	40.1
Evergreen Air Cargo Services Corporation+	Air cargo handling services	Taiwan	16.16	16.16	20.2	20.5
Evergreen Airline Services Corporation+	Airport ground handling services	- do -	5.40	5.23	16.2	16.4
MacroAsia Catering Services, Inc.+	Inflight catering services	Philippines	2.03	2.03	16.2	16.4
Combustor Airmotive Services Pte Ltd+	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	3.01	3.01	39.7	40.1
Eagle Services Asia Private Limited^^+	Repair and overhaul of aircraft engines	- do -	71.59	71.59	39.7	40.1
PWA International Limited+	Repair, overhaul and re-manufacture of aircraft turbine engine cases, components and related parts	Ireland	6.22	6.22	39.7	40.1
Fuel Accessory Service Technologies Pte Ltd+	Repair and overhaul of engine fuel components and accessories	Singapore	5.07	5.07	39.7	40.1
Jamco Aero Design & Engineering Private Limited	Provide turnkey solutions for aircraft interior modifications	- do -	0.77	0.77	36.4	36.9
Pan Asia Pacific Aviation Services Ltd	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	5.37	5.37	38.1	38.6
Messier Services Asia Private Limited+	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	13.97	13.97	32.4	32.8
Goodrich Aerostructures Services Asia Pte Ltd@+	Repair and overhaul of aircraft nacelles, thrust reversers and pylons	- do -	37.22	37.22	32.4	32.8
Asian Surface Technologies Pte Ltd+	Repair and overhaul of aircraft engine fan blades	- do -	2.72	2.72	31.7	32.1
Asian Compressor Technology Services Co Ltd+	Repair and overhaul of aircraft engines high pressure compressor stators	Taiwan	4.10	4.10	19.8	20.1
Turbine Coating Services Private Ltd	Repair and overhaul of aircraft engine turbine airfoils	Singapore	5.67	5.67	19.8	20.1
International Aerospace Tubes-Asia Pte Ltd+	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	- do -	5.29	5.29	27.0	27.3

23 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Cost (in $ million) 2008	2007	Percentage of equity held by the Group 2008	2007
PT JAS Aero-Engineering Services+	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	3.67	3.67	39.7	40.1
PT Purosani Sri Persada	Hotel ownership and management	- do -	5.80	5.80	20.0	20.0
Great Wall Airlines Company Limited+	Air cargo transportation	People's Republic of China	50.30	42.90	25.0	25.0

@ *Audited by Ernst & Young, Singapore*
@@ *Audited by associated firms of Ernst & Young, Singapore*
* *Audited by KPMG LLP United Kingdom*
** *Audited by S.B.Billimoria & Co*
^ *Audited by KPMG, Hong Kong*
^^ *Audited by Pricewaterhouse Coopers, Singapore*
^^^ *Audited by Osman Ramli Setrio & Rekan – Member firm of Deloitte Touche Tohmatsu*
# *The value is $1*
+ *Financial year end 31 December*
++ *Financial year end 29 February*

The summarised financial information of the associated companies are as follows:

	The Group 31 March 2008	2007
Assets and liabilities		
Current assets	4,500.2	3,816.8
Non-current assets	2,692.7	2,683.9
	7,192.9	6,500.7
Current liabilities	(3,176.0)	(2,752.8)
Non-current liabilities	(1,832.4)	(1,855.2)
	(5,008.4)	(4,608.0)

	2007-08	2006-07
Results		
Revenue	9,643.9	9,116.4
Profit for the period	368.7	382.3

24 Joint Venture Companies (in $ million)

	The Group 31 March 2008	2007
Investment in joint venture companies (unquoted, at cost)	56.6	56.6
Share of post-acquisition reserves		
- general reserve	54.2	37.1
- foreign currency translation reserve	(15.7)	(7.1)
	95.1	86.6

The Group's share of the consolidated assets and liabilities, and results of joint venture companies are as follows:

	The Group 31 March 2008	2007
Assets and liabilities		
Current assets	148.3	135.4
Non-current assets	47.6	57.1
	195.9	192.5
Current liabilities	(63.5)	(68.6)
Non-current liabilities	(37.3)	(37.3)
	(100.8)	(105.9)

	2007-08	2006-07
Results		
Revenue	542.6	543.8
Expenses	(491.8)	(485.9)
	50.8	57.9

The joint venture companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Cost (in $ million) 2008	2007	Percentage of equity held by the Group 2008	2007
International Engine Component Overhaul Pte Ltd*	Repair and overhaul of aero engine components and parts	Singapore	10.07	10.07	40.4	41.0
Singapore Aero Engine Services Private Limited*	Repair and overhaul of aircraft engines	- do -	46.53	46.53	40.4	41.0

* *Audited by Ernst & Young, Singapore.*

25 Long-Term Investments (in $ million)

	The Group 31 March 2008	2007	The Company 31 March 2008	2007
Unquoted equity investments	52.4	52.4	28.0	28.0
Accumulated impairment loss	(9.1)	(9.1)	(9.1)	(9.1)
	43.3	43.3	18.9	18.9
Analysis of accumulated impairment loss:				
Balance at 1 April	9.1	8.9	9.1	8.9
Charged during the year	-	0.2	-	0.2
Balance at 31 March	9.1	9.1	9.1	9.1

During the financial year, the Group and the Company did not record any impairment loss in the profit and loss account (2006-07: $0.2 million) pertaining to unquoted equity investments.

26 Other Non-Current Assets (in $ million)

	The Group 31 March 2008	2007	The Company 31 March 2008	2007
Other receivables	353.6	303.9	353.6	303.9
Others	8.2	-	-	-
	361.8	303.9	353.6	303.9

The Group's other receivables are stated at amortised cost and are expected to be received over the next 2 years.

The remaining non-current assets relate to capital expenditure incurred for the setting up of associated companies which are not legally incorporated as at year-end.

As at 31 March 2008 and 31 March 2007, the entire balance of other receivables is denominated in USD.

27 Inventories (in $ million)

	The Group 31 March 2008	2007	The Company 31 March 2008	2007
Technical stocks and stores	440.1	473.4	391.8	436.5
Catering and general stocks	24.6	24.3	14.5	16.0
Work-in-progress	43.0	36.4	-	-
Total inventories at lower of cost and net realisable value	507.7	534.1	406.3	452.5

During the financial year, the Group wrote down $22.0 million (2006-07: $12.6 million) of inventories which are recognised as other operating expenses in the profit and loss account.

28 Trade Debtors (in $ million)

The table below is an analysis of trade debtors as at 31 March:

	The Group 31 March 2008	The Group 31 March 2007	The Company 31 March 2008	The Company 31 March 2007
Not past due and not impaired	1,835.0	1,572.7	1,363.7	1,211.8
Past due but not impaired	198.2	156.9	65.9	36.8
	2,033.2	1,729.6	1,429.6	1,248.6
Impaired trade debtors – collectively assessed	18.2	14.7	3.7	6.3
Less: Accumulated impairment losses	(10.2)	(7.1)	(2.2)	(2.9)
	8.0	7.6	1.5	3.4
Impaired trade debtors – individually assessed				
Customers in bankruptcy or other financial reorganisation	5.0	6.1	0.3	0.4
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	4.5	1.7	4.2	1.0
Less: Accumulated impairment losses	(6.9)	(7.3)	(2.2)	(1.4)
	2.6	0.5	2.3	-
Total trade debtors, net	2,043.8	1,737.7	1,433.4	1,252.0

Trade debtors are non-interest bearing. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days aging of debtor balances) are considered indicators that the trade debtor is impaired. Individual trade debtor is written off when management deems the amount not to be collectible.

Trade debtors are stated after accumulated impairment losses. An analysis of the accumulated impairment losses is as follows:

	The Group 31 March 2008	The Group 31 March 2007	The Company 31 March 2008	The Company 31 March 2007
Balance at 1 April	14.4	20.9	4.3	6.2
Charged/(Written back) during the year	2.9	(5.5)	0.1	(1.9)
Written off during the year	(0.2)	(1.0)	-	-
Balance at 31 March	17.1	14.4	4.4	4.3
Bad debts written off directly to profit and loss account, net of debts recovered	1.1	1.8	0.2	0.9

As at 31 March 2008, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 45.1% (2007: 19.8%), AUD – 5.7% (2007: 5.8%), EUR – 6.2% (2007: 5.2%) and JPY – 3.4% (2007: 4.9%).

There was no loan to directors of the Company and its subsidiary companies in accordance with schemes approved by shareholders of the Company.

29 Deposits and Other Debtors (in $ million)

	The Group 31 March 2008	2007	The Company 31 March 2008	2007
Deposits	18.5	17.5	11.3	10.3
Other debtors	54.6	111.2	26.4	95.5
	73.1	128.7	37.7	105.8

30 Investments (in $ million)

	The Group 31 March 2008	2007	The Company 31 March 2008	2007
<u>Available-for-sale investments</u>				
Quoted investments				
Government securities	8.8	4.5	-	-
Equity investments	28.9	33.0	-	-
Non-equity investments	382.2	485.0	360.9	467.0
	419.9	522.5	360.9	467.0
Unquoted investments				
Non-equity investments	44.4	73.5	-	-
	464.3	596.0	360.9	467.0

The Group's non-equity investments comprise investments in money market funds, commercial papers and credit-linked notes. No impairment loss has been recognised on these investments.

The interest rate for quoted government securities range from 2.25% to 4.63% (2007: 2.38% to 5.63%) per annum and 0.25% to 4.17% (2007: 1.13% to 4.19%) per annum for the unquoted non-equity investments.

31 Cash and Bank Balances (in $ million)

	The Group 31 March 2008	2007	The Company 31 March 2008	2007
Fixed deposits	4,723.7	4,385.5	4,089.0	4,084.6
Cash and bank	395.3	732.1	127.7	542.9
	5,119.0	5,117.6	4,216.7	4,627.5

As at 31 March 2008, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 18.4% (2007: 27.3%), EUR – 1.2% (2007: 9.1%) and JPY – 0.3% (2007: 5.6%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 1.03% to 7.23% (2006-07: 2.17% to 6.27%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 2.95% (2006-07: 4.30%) per annum.

32 Trade and Other Creditors (in $ million)

Trade and other creditors are non-interest bearing. Included in trade and other creditors are provision for warranty claims of $0.6 million (2007: $1.6 million) for the Group and provision for return costs for aircrafts under sales and leaseback arrangement of $134.2 million (2007: $101.0 million) and $110.1 million (2007: $90.5 million) for the Group and the Company respectively.

An analysis of provision for warranty claims is as follows:

	The Group 31 March 2008	The Group 31 March 2007
Balance at 1 April	1.6	3.0
Writeback during the year	(0.3)	(1.0)
Provision utilised during the year	(0.7)	(0.4)
Balance at 31 March	0.6	1.6

An analysis of provision for return costs for aircrafts is as follows:

	The Group 31 March		The Company 31 March	
	2008	2007	2008	2007
Balance at 1 April	101.0	83.8	90.5	79.8
Provision during the year	49.1	17.6	35.5	11.1
Provision utilised during the year	(15.9)	(0.4)	(15.9)	(0.4)
Balance at 31 March	134.2	101.0	110.1	90.5

As at 31 March 2008, 49.5% of trade and other creditors (2007: 19.0%) were held in USD by the Group.

33 Bank Overdrafts (in $ million)

The bank overdraft as at 31 March 2007 was unsecured. Interest was charged at a rate of 3.95% (2006-07: 3.95%) per annum. The amount was fully repaid during the financial year.

As at 31 March 2007, the composition of bank overdraft held in foreign currencies by the Group was as follows: USD – 13.8%, AUD – 73.8% and EUR – 0.6%.

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

	The Group 2007-08	The Group 2006-07
Assets acquired under credit terms at 1 April	15.3	2.7
Additions to property, plant and equipment	3,951.3	5,114.7
Less: Progress payments transferred to property, plant and equipment	(1,849.9)	(2,075.4)
Purchase of property, plant and equipment	2,101.4	3,039.3
Less: Assets acquired under finance lease	(5.5)	-
Less: Assets acquired under credit terms at 31 March	(22.2)	(15.3)
Less: Assets of subsidiary company acquired	(0.4)	-
Cash invested in capital expenditure	2,088.6	3,026.7

35 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditures. Such commitments aggregated $8,996.2 million (2007: $10,963.6 million) for the Group and $8,138.1 million (2007: $10,014.5 million) for the Company.

In addition, the Group's share of joint venture companies' commitments for capital expenditures totalled $1.5 million (2007: $6.2 million).

The commitments relate principally to the acquisition of aircraft fleet and related equipment.

(b) Operating lease commitments

As lessee

Aircraft

The Company has eleven B747-400, one B777-200, two B777-200ER, six B777-300 and three A380 aircraft under operating leases with fixed rental rates. Under the A380 lease agreement, the rentals will be adjusted if one-month LIBOR exceeds 6.5% per annum. The original lease terms range from 4.7 to 10.5 years. In eight of the aircraft lease agreements, the Company holds options to extend the leases for a further maximum period of two years. None of the operating lease agreements confer on the Company an option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements.

SIA Cargo has five B747-400F aircraft under operating leases with fixed rental rates. The lease terms range from 5 to 11 years. In two of the aircraft lease agreements, the operating leases are for a period of five years, with early termination rights at the end of Year 3 and Year 4. In one of the aircraft lease agreements, SIA Cargo holds the option to extend the lease for a further maximum period of two years. For the other two agreements, there is no option for renewal. Sub-leasing is allowed under all the lease arrangements.

SilkAir (Singapore) Private Limited ("SilkAir") has four A320-232 and two A319-132 aircraft under operating leases with fixed rental rates. The lease terms for the two A319-132 aircraft are 5.5 years, which SilkAir holds an option to extend the leases for one year. The lease terms for two of the A320-232 aircraft are 4 and 4.5 years, which SilkAir holds an option to extend the leases for four years. The lease terms for the other two of the A320-232 aircraft are 7.5 and 8.5 years, which SilkAir holds an option to extend the leases for one year. None of the operating lease arrangements confer on SilkAir the option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements.

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

	The Group 31 March		The Company 31 March	
	2008	2007	2008	2007
Not later than one year	447.0	438.8	349.7	334.5
Later than one year but not later than five years	1,126.2	1,102.2	882.7	780.9
Later than five years	632.8	360.8	515.9	175.0
	2,206.0	1,901.8	1,748.3	1,290.4

35 Capital and Other Commitments (in $ million) (continued)

(b) Operating lease commitments (continued)

As lessee (continued)

Property and equipment
The Group has entered into operating lease agreements for office and computer equipment and leasehold land and buildings. These non-cancellable leases have lease terms of between 1 to 18 years.

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

	The Group 31 March		The Company 31 March	
	2008	2007	2008	2007
Not later than one year	77.3	71.2	70.2	64.0
Later than one year but not later than five years	85.3	82.3	69.8	67.8
Later than five years	25.2	24.5	0.9	0.9
	187.8	178.0	140.9	132.7

The minimum lease payments recognised in the profit and loss account amounted to $66.0 million (2006-07: $59.3 million).

As lessor

Aircraft
The Group has previously entered into three commercial aircraft leases. During the financial year, two aircraft were sold and the leases were transferred to the buyers. The remaining one commercial lease is non-cancellable and has a remaining lease term of five months. The lease rental is fixed throughout the lease term.

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

	The Group 31 March	
	2008	2007
Not later than one year	4.8	39.6
Later than one year but not later than five years	-	112.5
Later than five years	-	2.2
	4.8	154.3

(c) Other commitments

In 2002-03, SATS and two of its wholly-owned subsidiary companies entered into a lease agreement with a United States ("US") lessor, whereby the subsidiary companies sold and leased back certain fixed ground support equipment with net book value of $62.9 million (2007: $76.2 million). The gain arising from this sale and leaseback transaction is deferred and amortised over the lease period of 18 years commencing October 2002. Under the terms of the agreement, the subsidiary companies prepaid to the lessor an amount, which is equivalent to the present value of their future lease obligations. SATS has guaranteed the repayment of these future lease obligations, and accordingly has become the primary obligor under the lease agreement.

The Group and the Company have outstanding commitments to subscribe for shares in associated and joint venture companies. Such commitments aggregated $67.4 million (2007: $34.6 million) for the Group and $27.3 million (2007: $27.3 million) for the Company.

36 Contingent Liabilities (in $ million)

(a) Flight SQ006

There were 83 fatalities among 179 passengers and crew members aboard the Boeing 747 aircraft, Flight SQ006 that crashed on the runway at the Chiang Kai Shek International Airport, Taipei en route to Los Angeles on 31 October 2000. With the exception of one outstanding passenger claim, all the other lawsuits relating to the crash that were commenced against the Company by both the crew members and the other passengers or their next-of-kin have been settled. These claims are covered by the insurance coverage maintained by the Company and therefore have no material impact on its financial position.

(b) Cargo: Investigations by competition authorities

SIA Cargo is one of several airlines to have received notice of criminal and/or regulatory investigations by competition authorities in the US, European Union ("EU"), Switzerland, Australia and New Zealand regarding whether surcharges, rates or other competitive aspects of air cargo service were lawfully determined. These investigations remain ongoing. SIA Cargo is cooperating in relation to these inquiries concerning air cargo services.

In addition to the aforesaid notices, SIA Cargo is amongst numerous airlines to have received a Statement of Objections ("SO") from the European Commission ("EC"). The SO sets out the EC's preliminary view of its case against the airlines with respect to alleged competition law infringements but does not prejudge the outcome. No fine amount is mentioned in the SO. SIA Cargo and the Company provided their written response to the SO on 21 April 2008.

After the investigations commenced, civil class-action suits were filed in the US, Canada and Australia by external parties against several airlines, including SIA Cargo.

These cases still remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

As the EC's case is still in an early stage, the investigations by the competition authorities in other jurisdictions are still ongoing and the civil class-action suits have neither been tried on their respective substantive legal merits nor have damages been quantified, it is premature to make a determination regarding whether the investigations or civil suits can be regarded as contingent liabilities and, therefore no provision has been made in the accounts.

(c) Passengers: Civil actions in the US

Singapore Airlines and several airlines have been named in civil anti-trust class action law suits in the US alleging an unlawful agreement to fix surcharges on transpacific flights to and from the US. These cases are currently in procedural stages and none have been tried so far.

As these civil anti-trust class-action law suits have neither been tried nor the damages quantified, it is premature to make a determination regarding whether the civil class-action suits can be regarded as contingent liabilities and therefore no provision has been made in the accounts.

(d) Australian travel agents' representative actions

A former Australian travel agent, Leonie's Travel Pty Limited, filed a representative action in the Federal Court of Australia (New South Wales District Registry) on 15 December 2006 naming seven respondents (viz., International Air Transport Association ("IATA"), Qantas Airways Limited, British Airways plc, Air New Zealand Limited, Singapore Airlines Limited, Malaysian Airline System Berhad, and Cathay Pacific Airways Limited) in a claim on behalf of Australian travel agents for alleged non-payment of commissions on fuel surcharges applied to passenger tickets issued in Australia from May 2004 onwards. In May 2007, the applicant's solicitors filed a fresh similar representative application on behalf of Paxtours International Travel Pty Ltd, another Australian travel agent, against Singapore Airlines and Cathay Pacific Airways Limited. Singapore Airlines denies the claims and, along with each of the named airlines, is defending the actions.

The cases have not reached trial and preliminary procedural matters are currently under consideration.

(e) SIA (Mauritius) Limited pilots' cases in the United Kingdom ("UK") Employment Tribunal

SIA (Mauritius) Limited ("SIA MRU") is a wholly–owned subsidiary of the Company that employs pilots on fixed term contracts and then seconds them to the Company. Six ex-SIA MRU pilots who were seconded to the Company have brought claims against SIA MRU and the Company in the UK for age discrimination and unfair dismissal. The cases have not reached trial and preliminary matters are currently under way.

37 Financial Risk Management Objectives and Policies

The Group operates globally and generates revenue in various currencies. The Group's airline operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of its investments. The Group's overall risk management approach is to moderate the effects of such volatility on its financial performance. The Group's policy is to use derivatives to hedge specific exposures.

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

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

(a) Jet fuel price risk

The Group's earnings are affected by changes in the price of jet fuel. The Group's strategy for managing the risk on fuel price, as defined by BEC, aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps and options with approved counterparties and within approved credit limits.

The Group manages this fuel price risk by using swap and option contracts and hedging up to 18 months forward using jet fuel swap and option contracts, as well as up to 24 months forward using gasoil swaps. These gasoil swaps will all be rolled up into jet fuel equivalents by hedging in the gasoil-jet fuel regrade closer to maturity. A change in price of one US cent per American gallon of jet fuel affects the Group's annual fuel costs by US$15.1 million (2006-07: US$15.2 million), assuming no change in volume of fuel consumed.

(b) Foreign currency risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For the financial year ended 31 March 2008, these accounted for 66% of total revenue (2006-07: 66%) and 67% of total operating expenses (2006-07: 65%). The Group's largest exposures are from USD, Euro, UK Sterling Pound, Swiss Franc, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan, Korean Won and Malaysian Ringgit. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for USD and SGD. The Group also uses forward foreign currency contracts and foreign currency options to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell currencies at predetermined forward rates, buying either USD or SGD depending on forecast requirements, with settlement dates that range from one month up to one year. The Group uses forward contracts and currency options purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements.

(c) Interest rate risk

The Group's earnings are also affected by changes in interest rates due to the impact such changes have on interest income and expense from short-term deposits and other interest-bearing financial assets and liabilities. The Group enters into interest rate swaps to manage interest rate costs on its financial assets and liabilities, with the prior approval of the BEC or Boards of subsidiary companies.

(d) Market price risk

The Group owned $464.3 million (2007: $596.0 million) in available-for-sale investments at 31 March 2008.

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

37 Financial Risk Management Objectives and Policies (continued)

(e) Counterparty risk

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

The Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposures of balances that exceed 5% of the financial assets of the Group and the Company as at 31 March:

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2008	2007	2008	2007	2008	2007	2008	2007
Counterparty profiles								
By industry:								
Travel agencies	882.0	562.5	10.9%	7.1%	512.7	548.1	7.7%	7.8%
Airlines	257.7	575.9	3.2%	7.3%	167.8	164.5	2.5%	2.4%
Financial institutions	6,197.5	5,860.6	76.4%	73.9%	5,144.8	5,265.5	77.4%	75.3%
Others	289.9	452.3	3.6%	5.7%	539.3	368.4	8.1%	5.3%
	7,627.1	7,451.3	94.1%	94.0%	6,364.6	6,346.5	95.7%	90.8%
By region:								
East Asia	3,282.1	2,446.2	40.5%	30.9%	2,280.4	1,379.7	34.3%	19.8%
Europe	3,140.7	3,330.8	38.7%	42.0%	3,047.4	3,469.9	45.8%	49.6%
South West Pacific	492.6	221.8	6.1%	2.8%	464.6	126.5	7.0%	1.8%
Americas	639.8	1,393.6	7.9%	17.6%	529.8	1,325.4	8.0%	19.0%
West Asia and Africa	71.9	58.9	0.9%	0.7%	42.4	45.0	0.6%	0.6%
	7,627.1	7,451.3	94.1%	94.0%	6,364.6	6,346.5	95.7%	90.8%
By Moody's credit ratings:								
Investment grade (A to Aaa)	6,050.1	5,894.5	74.6%	74.4%	5,144.6	5,263.7	77.4%	75.3%
Investment grade (Baa)	0.1	0.9	0.0%	0.0%	0.1	0.9	0.0%	0.0%
Non-rated	1,576.9	1,555.9	19.5%	19.6%	1,219.9	1,081.9	18.3%	15.5%
	7,627.1	7,451.3	94.1%	94.0%	6,364.6	6,346.5	95.7%	90.8%

(f) Liquidity risk

At 31 March 2008, the Group had at its disposal, cash and short-term deposits amounting to $5,119.0 million (2007: $5,117.6 million). In addition, the Group had available short-term credit facilities of about $200 million (2007: $880.6 million). The Group also has Medium Term Note Programmes under which it may issue notes up to $1,500 million (2007: $1,500 million). Under these Programmes, notes issued by the Company may have maturities as may be agreed with the relevant financial institutions, and notes issued by one of its subsidiary companies may have maturities between one month and ten years.

The Group's holdings of cash and short-term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for the Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The Group's policies in this regard are in line with the funding policies of other major airlines.

37 Financial Risk Management Objectives and Policies (continued)

(f) Liquidity risk (continued)

The maturity profile of the financial liabilities of the Group and the Company is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
2008							
The Group							
Deferred credit	-	-	460.7	-	-	-	460.7
Notes payable	-	200.0	-	900.0	-	-	1,100.0
Obligations under finance leases	56.9	60.5	63.9	67.7	71.6	232.1	552.7
Loans	0.6	0.4	0.4	0.4	0.4	1.8	4.0
Trade and other creditors	3,061.9	-	-	-	-	-	3,061.9
Amounts owing to associated companies	1.2	-	-	-	-	-	1.2
Derivative financial instruments:							
Forward currency contracts	91.2	-	-	-	-	-	91.2
Jet fuel swap contracts	0.4	-	-	-	-	-	0.4
Cross currency swap contracts	59.7	-	-	-	-	-	59.7
Interest rate swap contracts	19.9	-	-	-	-	-	19.9
	3,291.8	260.9	525.0	968.1	72.0	233.9	5,351.7
The Company							
Deferred credit	-	-	460.7	-	-	-	460.7
Notes payable	-	-	-	900.0	-	-	900.0
Trade and other creditors	2,316.4	-	-	-	-	-	2,316.4
Amounts owing to subsidiary companies	1,729.1	-	-	-	-	-	1,729.1
Derivative financial instruments:							
Forward currency contracts	67.1	-	-	-	-	-	67.1
Jet fuel swap contracts	0.4	-	-	-	-	-	0.4
	4,113.0	-	460.7	900.0	-	-	5,473.7

37 Financial Risk Management Objectives and Policies (continued)

(f) Liquidity risk (continued)

	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
2007							
The Group							
Deferred credit	-	-	-	547.2	-	-	547.2
Notes payable	-	-	200.0	-	900.0	-	1,100.0
Obligations under finance leases	60.8	62.2	65.9	69.8	73.9	330.5	663.1
Bank overdrafts	23.9	-	-	-	-	-	23.9
Loans	12.8	12.6	13.1	13.8	14.5	49.5	116.3
Trade and other creditors	2,825.0	-	-	-	-	-	2,825.0
Derivative financial instruments:							
Forward currency contracts	29.9	-	-	-	-	-	29.9
Jet fuel swap contracts	61.2	-	-	-	-	-	61.2
Cross currency swap contracts	37.6	-	-	-	-	-	37.6
Interest rate swap contracts	5.5	-	-	-	-	-	5.5
	3,056.7	74.8	279.0	630.8	988.4	380.0	5,409.7
The Company							
Deferred credit	-	-	-	547.2	-	-	547.2
Notes payable	-	-	-	-	900.0	-	900.0
Trade and other creditors	2,003.2	-	-	-	-	-	2,003.2
Amounts owing to subsidiary companies	1,967.6	-	-	-	-	-	1,967.6
Bank overdrafts	23.9	-	-	-	-	-	23.9
Derivative financial instruments:							
Forward currency contracts	22.4	-	-	-	-	-	22.4
Jet fuel swap contracts	48.6	-	-	-	-	-	48.6
	4,065.7	-	-	547.2	900.0	-	5,512.9

(g) Credit risk

The Group has an independent Group Debts Review Committee to review the follow up actions on outstanding receivables monthly. On a day-to-day basis, the respective Finance divisions have the primary responsibility for measuring and managing specific risk exposures.

The maximum exposure to credit risk for the Group and the Company are as follows:

	The Group 31 March		The Company 31 March	
	2008	2007	2008	2007
Long-term investments	43.3	43.3	18.9	18.9
Other non-current assets	361.8	303.9	353.6	303.9
Trade debtors	2,043.8	1,737.7	1,433.4	1,252.0
Deposits and other debtors	73.1	128.7	37.7	105.8
Prepayments	104.9	86.1	90.2	71.3
Amounts owing by subsidiary companies	-	-	227.4	215.4
Amounts owing by associated companies	0.5	1.9	-	-
Loans to subsidiary companies	-	-	25.0	137.3
Loans to associated companies	141.3	142.1	139.5	139.5
Investments	464.3	596.0	360.9	467.0
Cash and bank balances	5,119.0	5,117.6	4,216.7	4,627.5
	8,352.0	8,157.3	6,903.3	7,338.6

37 Financial Risk Management Objectives and Policies (continued)

(g) Credit risk (continued)

There are no significant concentrations of credit risk other than on derivative counterparties where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to a broad diversification. In specific instances, the contract may require special collateral.

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collaterals requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

Allowance is made for doubtful accounts whenever risks are identified.

38 Financial Instruments (in $ million)

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
2008					
The Group					
Assets					
Long-term investments	-	43.3	-	-	43.3
Other non-current assets	361.8	-	-	-	361.8
Trade debtors	1,593.9	-	449.9	-	2,043.8
Deposits and other debtors	73.1	-	-	-	73.1
Amounts owing by associated companies	0.5	-	-	-	0.5
Investments	-	464.3	-	-	464.3
Cash and bank balances	5,119.0	-	-	-	5,119.0
Total financial assets	7,148.3	507.6	449.9	-	8,105.8
Total non-financial assets					18,409.4
Total assets					26,515.2
Liabilities					
Deferred credit	-	-	-	470.0	470.0
Notes payable	-	-	-	1,100.0	1,100.0
Loans	-	-	-	4.0	4.0
Finance lease commitments	-	-	-	552.7	552.7
Amounts owing to associated companies	-	-	-	1.2	1.2
Trade and other creditors	-	-	171.2	3,061.9	3,233.1
Total financial liabilities	-	-	171.2	5,189.8	5,361.0
Total non-financial liabilities					5,525.3
Total liabilities					10,886.3

38 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
2008					
The Company					
Assets					
Long-term investments	-	18.9	-	-	18.9
Other non-current assets	353.6	-	-	-	353.6
Trade debtors	1,069.5	-	363.9	-	1,433.4
Deposits and other debtors	37.7	-	-	-	37.7
Amounts owing by subsidiary companies	227.4	-	-	-	227.4
Investments	-	360.9	-	-	360.9
Cash and bank balances	4,216.7	-	-	-	4,216.7
Total financial assets	5,904.9	379.8	363.9	-	6,648.6
Total non-financial assets					17,137.5
Total assets					23,786.1
Liabilities					
Deferred credit	-	-	-	470.0	470.0
Notes payable	-	-	-	900.0	900.0
Trade and other creditors	-	-	67.5	2,316.4	2,383.9
Amounts owing to subsidiary companies	-	-	-	1,729.1	1,729.1
Total financial liabilities	-	-	67.5	5,415.5	5,483.0
Total non-financial liabilities					4,767.4
Total liabilities					10,250.4

38 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
2007					
The Group					
Assets					
Long-term investments	-	43.3	-	-	43.3
Other non-current assets	303.9	-	-	-	303.9
Trade debtors	1,691.0	-	46.7	-	1,737.7
Deposits and other debtors	128.7	-	-	-	128.7
Amounts owing by associated companies	1.9	-	-	-	1.9
Investments	-	596.0	-	-	596.0
Cash and bank balances	5,117.6	-	-	-	5,117.6
Total financial assets	7,243.1	639.3	46.7	-	7,929.1
Total non-financial assets					18,062.9
Total assets					25,992.0
Liabilities					
Deferred credit	-	-	-	549.5	549.5
Notes payable	-	-	-	1,100.0	1,100.0
Loans	-	-	-	116.3	116.3
Finance lease commitments	-	-	-	663.1	663.1
Trade and other creditors	-	-	134.2	2,825.0	2,959.2
Bank overdrafts	-	-	-	23.9	23.9
Total financial liabilities	-	-	134.2	5,277.8	5,412.0
Total non-financial liabilities					5,036.7
Total liabilities					10,448.7

38 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
2007					
The Company					
Assets					
Long-term investments	-	18.9	-	-	18.9
Other non-current assets	303.9	-	-	-	303.9
Trade debtors	1,217.2	-	34.8	-	1,252.0
Deposits and other debtors	105.8	-	-	-	105.8
Amounts owing by subsidiary companies	215.4	-	-	-	215.4
Investments	-	467.0	-	-	467.0
Cash and bank balances	4,627.5	-	-	-	4,627.5
Total financial assets	6,469.8	485.9	34.8	-	6,990.5
Total non-financial assets					16,862.2
Total assets					23,852.7
Liabilities					
Deferred credit	-	-	-	549.5	549.5
Notes payable	-	-	-	900.0	900.0
Trade and other creditors	-	-	71.0	2,003.2	2,074.2
Amounts owing to subsidiary companies	-	-	-	1,967.6	1,967.6
Bank overdrafts	-	-	-	23.9	23.9
Total financial liabilities	-	-	71.0	5,444.2	5,515.2
Total non-financial liabilities					4,245.4
Total liabilities					9,760.6

(b) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group and Company have carried all investment securities that are classified as available-for-sale financial assets and all derivative instruments at their fair values.

The fair values of jet fuel swap contracts are the mark-to-market values of these contracts. The fair values of jet fuel option contracts are determined by reference to available market information and the Black-Scholes option valuation model. As the Group hedges its jet fuel requirements in Mean of Platts Singapore Jet Kerosene ("MOPS") and that the majority of the Group's fuel uplifts are in MOPS, the MOPS price (as at 31 March 2008: USD128.53/BBL, 2007: USD80.42/BBL) is used as the input for market fuel price to the Black-Scholes option valuation model. Consequently, the annualised volatility (2007-08: 29.31%, 2006-07: 18.62%) of the jet fuel swap and jet fuel option contracts is also estimated with daily MOPS price. The continuously compounded risk-free rate estimated as average of the past 12 months Singapore Government Securities benchmark issues' one-year yield (2007-08: 1.97%, 2006-07: 2.97%) was also applied to each individual jet fuel option contracts to derive their estimated fair values at balance sheet date.

The fair values of gasoil and regrade swap contracts are also determined by reference to available market information and are the mark-to-market values of these swap contracts. As the Group hedges in InterContinental Exchange ("ICE") gasoil and MOPS jet-fuel-ICE gasoil regrade, the ICE gasoil futures contract price and the MOPS price are used as the mark-to-market prices.

38 Financial Instruments (in $ million) (continued)

(b) Fair values (continued)

The fair value of forward currency contracts is determined by reference to current forward prices for contracts with similar maturity profiles. The fair value of currency option contracts is determined by reference to valuation reports provided by counterparties applying the Black-Scholes option valuation model. The parameters used in the model include terms specified for the option contract, (i.e., currency pair, amount, strike price and expiry date), and prevailing market values for volatility and spot rates at date of valuation.

The fair value of interest rate contracts is calculated using rates assuming these contracts were liquidated at balance sheet date.

The fair value of cross currency swaps is determined based on quoted market prices or dealer quotes for similar instruments used.

Financial instruments whose carrying amounts approximate fair value

The carrying amounts of the following financial assets and liabilities approximate their fair values due to their short-term nature: cash and bank balances, bank overdrafts, funds from subsidiary companies, amounts owing by/to subsidiary, associated and joint venture companies, loans, trade debtors, other debtors and creditors.

Financial instruments carried at other than fair value

Long-term investments amounting to $43.3 million (2007: $43.3 million) for the Group and $18.9 million (2007: $18.9 million) for the Company are stated at cost because the fair values cannot be obtained directly from quoted market price or indirectly using valuation techniques supported by observable market data.

The Group and the Company have no intention to dispose of their interests in the above investments in the foreseeable future.

(c) Derivative financial instruments and hedging activities

Derivative financial instruments included in the balance sheets are as follows:

	The Group 31 March		The Company 31 March	
	2008	2007	2008	2007
Assets*				
Forward currency contracts	7.5	5.5	5.6	3.3
Jet fuel swap and option contracts	442.4	39.4	358.3	31.5
Interest rate swap contracts	-	1.8	-	-
	449.9	46.7	363.9	34.8
Liabilities#				
Forward currency contracts	91.2	29.9	67.1	22.4
Jet fuel swap contracts	0.4	61.2	0.4	48.6
Cross currency contracts	59.7	37.6	-	-
Interest rate swap contracts	19.9	5.5	-	-
	171.2	134.2	67.5	71.0

* *Included under trade debtors*

\# *Included under trade creditors*

38 Financial Instruments (in $ million) (continued)

(c) Derivative financial instruments and hedging activities (continued)

Cash flow hedges

The Group enters into jet fuel swaps and options in order to hedge the financial risk related to the price of jet fuel. The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain of $741.1 million (2007: $33.7 million), with a related deferred tax charge of $165.4 million (2007: $18.3 million), is included in the fair value reserve in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and enter into the determination of profit or loss during the next three financial years as follows: $603.9 million, $98.9 million and $38.3 million (2007: $17.4 million, $13.6 million and $2.7 million).

The Group has outstanding financial instruments to hedge expected future purchases in USD:

Forward currency contracts and foreign currency options maturing in April 2008 – March 2009 (in $ million)

	The Group			The Company		
Currency	Foreign currency amount sold	USD purchased	Effective rate	Foreign currency amount sold	USD purchased	Effective Rate
AUD	388.7	327.3	0.84	353.7	297.8	0.84
CHF	35.1	32.1	0.91	27.5	25.2	0.92
CNY	1,352.0	190.9	0.14	587.7	83.0	0.14
EUR	118.5	167.4	1.41	88.6	125.1	1.41
GBP	101.5	199.7	1.97	91.1	179.2	1.97
INR	3,914.0	95.0	0.02	2,213.9	51.5	0.02
JPY	8,881.0	83.4	0.01	5,333.9	50.0	0.01
KRW	38,116.0	40.7	0.001	29,546.3	31.6	0.001
NZD	91.8	66.8	0.73	69.9	50.9	0.73
TWD	951.0	30.6	0.03	472.4	15.2	0.03

Forward currency contracts maturing in April 2007 – March 2008 (in $ million)

	The Group			The Company		
Currency	Foreign currency amount sold	USD purchased	Effective rate	Foreign currency amount sold	USD purchased	Effective Rate
AUD	226.5	175.8	0.78	204.5	158.7	0.78
CHF	14.8	12.4	0.84	11.2	9.4	0.84
CNY	885.0	118.0	0.13	346.8	46.2	0.13
EUR	96.3	127.3	1.32	70.3	93.0	1.32
GBP	88.4	170.0	1.92	78.4	150.8	1.92
INR	3,102.0	67.0	0.02	1,842.7	39.8	0.02
JPY	4,710.0	41.7	0.009	2,836.8	25.1	0.009
KRW	27,210.0	29.1	0.001	18,905.7	20.2	0.001
NZD	86.9	56.3	0.65	61.9	40.2	0.65
TWD	513.3	16.2	0.03	242.6	7.7	0.03

The cash flow hedges of the expected future purchases in USD in the next 12 months are assessed to be highly effective and at 31 March 2008, a net fair value loss of $115.8 million (2007: $117.1 million), with a related deferred tax credit of $24.3 million (2007: $32.2 million), is included in the fair value reserve in respect of these contracts.

As at 31 March 2008, the Company has also set aside USD331.5 million in deposits to match capital expenditure requirements expected over the next 10 months.

As at 31 March 2008, the Company has no outstanding interest rate swaps.

The cash flow hedges of some of the Group's interest rate swaps are assessed to be highly effective and at 31 March 2008, a net fair value loss of $12.1 million (2007: $3.8 million), with a related deferred tax credit of $2.7 million (2007: $0.8 million), is included in the fair value reserve in respect of these contracts.

38 Financial Instruments (in $ million) (continued)

(d) Market risk sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the profit and loss and equity of either an instantaneous increase or decrease of 0.01% (1 basis point) in market interest rates or a 1% strengthening or weakening in SGD against all other currencies, from the rates applicable at 31 March 2008, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation. The sensitivity analysis is based on the following assumptions:

Jet fuel price risk

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one US cent per American gallon of jet fuel affects the Group's and Company's annual fuel costs by $20.8 million and $17.0 million (2006-07: $23.1 million and $18.3 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are still open as at balance sheet date and assumes that all jet fuel, gasoil and regrade hedges are highly effective. Under these assumptions, with an increase or decrease in both jet fuel and gasoil prices, each by one US dollar per barrel, the before tax effects on equity are as follows:

	The Group 31 March		The Company 31 March	
	2008	2007	2008	2007
Effect of an increase in one USD per barrel				
Increase in equity	18.5	16.0	15.1	12.7
Effect of a decrease in one USD per barrel				
Decrease in equity	(18.5)	(16.0)	(15.1)	(12.7)

Foreign currency risk

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation.

Under this assumption, with a 1% strengthening or weakening of SGD against all other currencies, the before tax effects on profit before taxation and equity are as follows:

	The Group 31 March		The Company 31 March	
	2008	2007	2008	2007
Effect of strengthening of SGD				
Decrease in profit before taxation	(25.2)	(31.7)	(12.3)	(13.1)
Decrease in equity	(18.1)	(12.4)	(13.8)	(9.0)
Effect of weakening of SGD				
Increase in profit before taxation	25.2	31.7	12.3	13.1
Increase in equity	18.1	12.4	13.8	9.0

38 Financial Instruments (in $ million) (continued)

(d) Market risk sensitivity analysis (continued)

Interest rate risk

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the balance sheet date.

Under these assumptions, an increase or decrease in market interest rates of one basis point for all currencies in which the Group has borrowings and derivative financial instruments at 31 March 2008 will have the following effects:

	The Group 31 March 2008	The Group 31 March 2007	The Company 31 March 2008	The Company 31 March 2007
Effect of an increase in one basis point in market interest rates				
Increase in profit before taxation	0.5	0.5	0.3	0.3
Increase in equity	*	*	*	*
Effect of a decrease in one basis point in market interest rates				
Decrease in profit before taxation	(0.5)	(0.5)	(0.3)	(0.3)
Decrease in equity	*	*	*	*

* *Amount less than $0.1 million.*

Market price risk

If prices for available-for-sale investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity are as follows:

	The Group 31 March 2008	The Group 31 March 2007	The Company 31 March 2008	The Company 31 March 2007
Effect of an increase in 1% of quoted prices				
Increase in equity	4.6	6.0	3.6	4.7
Effect of a decrease in 1% of quoted prices				
Decrease in equity	(4.6)	(6.0)	(3.6)	(4.7)

Other price risks

As at 31 March 2008, hypothetical changes in other risk variables will not significantly affect the price of financial instruments at that date.

39 Capital Management (in $ million)

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

The Company did not breach any gearing covenants during the financial years ended 31 March 2008 or 31 March 2007. In the same period, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

During the financial year ended 31 March 2008, the Company made a cash distribution to shareholders totalling approximately $2.2 billion by way of a special dividend and the cancellation of one for every 15 issued shares.

	The Group 31 March		The Company 31 March	
	2008	2007	2008	2007
Notes payable	1,100.0	1,100.0	900.0	900.0
Finance lease commitments	552.7	663.1	-	-
Loans	4.0	116.3	-	-
Total debt	1,656.7	1,879.4	900.0	900.0
Share capital	1,682.0	1,494.9	1,682.0	1,494.9
Reserves	13,443.2	13,605.1	11,853.7	12,597.2
Total capital	15,125.2	15,100.0	13,535.7	14,092.1
Gearing ratio (times)	0.11	0.12	0.07	0.06

40 Related Party Transactions (in $ million)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, these were the following significant related party transactions which were carried out in the normal course of business on terms that prevail in arm's length transactions during the financial year:

	The Group		The Company	
	2007-08	2006-07	2007-08	2006-07
Purchases of services from subsidiary companies	-	-	775.7	691.7
Services rendered to subsidiary companies	-	-	(1,309.9)	(1,261.2)
Purchases of services from associated companies	166.0	259.8	147.3	241.3
Services rendered to associated companies	(68.9)	(67.8)	(15.8)	(19.5)
Purchases of services from joint venture companies	148.4	397.0	148.4	397.0
Services rendered to joint venture companies	(111.4)	(108.9)	(98.5)	(99.7)

40 Related Party Transactions (in $ million) (continued)

Directors' and key executives' remuneration of the Company

	The Company 2007-08	2006-07
Directors		
Salary, bonuses and other costs	5.0	4.3
CPF and other defined contributions	*	*
Share-based compensation expense	1.0	0.7
	6.0	5.0
Key executives (excluding executive directors)		
Salary, bonuses and other costs	2.6	2.0
CPF and other defined contributions	*	*
Share-based compensation expense	0.9	0.7
	3.5	2.7

* *Amount less than $0.1 million*

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

Name of participant	Options granted during financial year under review	Exercise price for 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	Aggregate options outstanding at end of financial year under review
Chew Choon Seng	-	-	1,194,000	-	1,194,000
Bey Soo Khiang	-	-	762,000	342,000	420,000
Huang Cheng Eng	-	-	747,000	414,750	332,250
Mak Swee Wah	-	-	362,750	156,650	206,100
Ng Chin Hwee	-	-	214,025	67,000	147,025

Conditional awards granted to directors and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

Name of participant	Shares granted during financial year under review	Aggregate shares granted since commencement of scheme to end of financial year under review	Aggregate shares outstanding at end of financial year under review
RSP			
Chew Choon Seng	47,025	77,025	77,025
Bey Soo Khiang	17,215	27,215	27,215
Huang Cheng Eng	14,066	21,566	21,566
Mak Swee Wah	10,918	15,918	15,918
Ng Chin Hwee	-	-	-
PSP			
Chew Choon Seng	50,025	77,025	77,025
Bey Soo Khiang	18,850	32,350	32,350
Huang Cheng Eng	12,594	22,594	22,594
Mak Swee Wah	6,367	13,967	13,967
Ng Chin Hwee	-	-	-

41 Reclassifications

Certain comparative figures have been reclassified to conform with current year's presentation.

42 Subsequent Events

On 7 May 2008, Singapore Airlines announced an increase of the fuel surcharge for tickets issued on or after 12 May 2008. The adjustments will offer partial relief of higher operating costs arising from recent increases in the price of jet fuel.

On 4 April 2008, SIA Engineering Company signed a joint venture agreement with Cebu Pacific Air to set up an aircraft heavy maintenance facility at Clark International Airport in the Philippines. SIA Engineering Company will own 65% of this subsidiary, with Cebu Pacific Air holding the remaining 35%.

ADDITIONAL INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

1 Interested Persons Transactions (in $ million)

Interested persons transactions carried out during the financial year by the Group (excluding SIA Engineering Company Limited and Singapore Airport Terminal Services Limited, their subsidiary, associated and joint venture companies in which they have control) are as follows:

	Aggregate value of all transactions (excluding transactions less than $100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
	2007-08	2007-08
Singapore Technologies Engineering Ltd Group		
ST Aerospace Engineering Pte Ltd	-	0.4
Miltope Corporation	-	0.2
Singapore Telecommunications Ltd Group		
Singapore Telecommunications Ltd	-	0.1
The Ascott Group Ltd Group		
Ascott International Management (New Zealand) Pte Ltd	-	0.5
Singapore Computer Systems Ltd Group		
Singapore Computer Systems Ltd	-	0.2
Trusted Hub Ltd	-	0.4
Starhub Ltd	-	0.1
SNP Corporation Ltd Group		
SNP Security Printing Pte Ltd	-	0.2
Temasek Holdings (Private) Limited Group		
ASPrecise Pte Ltd	-	0.6
Great Wall Airlines Company Ltd	-	0.3
PT Bank Danamon Indonesia	-	0.3
PT Bank Internasional Indonesia	-	0.3
Tiger Airways Pte Ltd	-	0.1
Total interested persons transactions	-	3.7

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

2 Material Contracts

Since the end of the previous financial year, the Company and its subsidiary companies did not enter into any material contracts involving interests of the Chief Executive Officer, directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

QUARTERLY RESULTS OF THE GROUP

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
TOTAL REVENUE						
2007-08	($ million)	3,622.1	3,967.1	4,276.1	4,107.2	15,972.5
2006-07	($ million)	3,421.0	3,608.6	3,793.7	3,671.1	14,494.4
TOTAL EXPENDITURE						
2007-08	($ million)	3,158.8	3,448.6	3,601.5	3,639.1	13,848.0
2006-07	($ million)	3,147.2	3,349.2	3,346.0	3,337.6	13,180.0
OPERATING PROFIT						
2007-08	($ million)	463.3	518.5	674.6	468.1	2,124.5
2006-07	($ million)	273.8	259.4	447.7	333.5	1,314.4
PROFIT BEFORE TAXATION						
2007-08	($ million)	556.6	658.2	748.2	584.2	2,547.2
2006-07	($ million)	659.6	404.4	714.2	506.4	2,284.6
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						
2007-08	($ million)	424.1	507.8	590.0	527.5	2,049.4
2006-07	($ million)	575.1	293.2	589.2	671.3	2,128.8
EARNINGS (AFTER TAXATION) PER SHARE – BASIC						
2007-08	(cents)	33.9	40.8	49.8	44.5	168.5
2006-07	(cents)	46.9	23.9	47.7	53.9	172.6
EARNINGS (AFTER TAXATION) PER SHARE – DILUTED						
2007-08	(cents)	33.3	40.3	49.0	44.1	166.1
2006-07	(cents)	46.7	23.7	47.2	53.2	170.8

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2007-08	2006-07	2005-06	2004-05	2003-04
PROFIT AND LOSS ACCOUNT ($ million)					
Total revenue	15,972.5	14,494.4	13,341.1	12,012.9	9,761.9
Total expenditure	(13,848.0)	(13,180.0)	(12,127.8)	(10,695.8)	(9,093.0)
Operating profit	2,124.5	1,314.4	1,213.3	1,317.1	668.9
Finance charges	(100.2)	(124.1)	(96.3)	(77.5)	(65.1)
Interest income	181.2	181.8	96.7	52.7	32.5
Surplus on disposal of aircraft, spares and spare engines	49.1	237.9	115.7	215.2	102.7
Dividends from long-term investments, gross	34.8	38.8	24.6	8.0	3.6
Other non-operating items	96.8	77.9	12.3	9.8	5.2
Share of profits of joint venture companies	50.8	57.9	40.6	12.5	6.4
Share of profits/(losses) of associated companies	110.2	79.0	255.2	203.7	(39.0)
Profit before exceptional items	2,547.2	1,863.6	1,662.1	1,741.5	715.2
Surplus on sale of SIA Building	-	223.3	-	-	-
Surplus on sale of investment in Singapore Aircraft Leasing Enterprise Pte Ltd	-	197.7	-	-	-
Surplus on sale of investment in Air New Zealand Limited	-	-	-	45.7	-
Surplus on sale of investment in Raffles Holdings Ltd	-	-	-	32.6	-
Surplus on sale of investment in Taikoo (Xiamen) Aircraft Engineering Company Limited	-	-	-	9.0	-
Surplus on liquidation of Abacus Distribution Systems Pte Ltd	-	-	-	-	9.2
Surplus on disposal of Aviation Software Development Consultancy India Limited	-	-	-	-	1.1
Staff compensation and restructuring of operations	-	-	-	(37.8)	(41.4)
Profit before taxation	2,547.2	2,284.6	1,662.1	1,791.0	684.1
Profit attributable to equity holders of the Company	2,049.4	2,128.8	1,240.7	1,352.4	750.0
BALANCE SHEET ($ million)					
Share capital	1,682.0	1,494.9	1,202.6	1,121.7	1,120.7
Treasury shares	(33.2)	-	-	-	-
Capital reserve	95.6	44.9	40.8	41.9	32.0
Foreign currency translation reserve	(130.7)	(59.5)	(30.5)	3.1	19.8
Share-based compensation reserve	136.4	97.3	81.8	48.4	11.5
Fair value reserve	443.4	(45.5)	163.6	-	-
General reserve	12,931.7	13,567.9	12,012.3	11,127.2	10,183.3
Equity attributable to equity holders of the Company	15,125.2	15,100.0	13,470.6	12,342.3	11,367.3
Minority interests	503.7	443.3	396.3	302.8	304.1
Deferred account	787.3	973.6	349.6	414.6	446.7
Deferred taxation	2,542.1	2,410.9	2,486.1	2,450.1	2,175.3
Property, plant and equipment	16,474.1	16,311.7	15,524.7	15,161.7	15,222.9
Intangible assets [R1]	106.6	100.2	121.7	144.1	1.4
Associated companies	1,121.0	897.5	996.3	695.1	429.7
Joint venture companies	95.1	86.6	362.6	323.6	309.2
Long-term investments	43.3	43.3	425.9	476.3	475.2
Other non-current assets	361.8	303.9	-	-	-
Current assets	8,313.3	8,248.8	5,938.3	4,943.9	3,463.8
Total assets	26,515.2	25,992.0	23,369.5	21,744.7	19,902.2
Long-term liabilities	1,599.2	1,805.8	1,824.4	2,333.3	2,207.2
Current liabilities	5,957.7	5,258.4	4,842.5	3,901.6	3,401.6
Total liabilities	7,556.9	7,064.2	6,666.9	6,234.9	5,608.8

[R1] *In accordance with the revised FRS 38: Intangible Assets, the Group has reclassified the net book value of computer software from fixed assets to intangible assets. The comparative for 2003-04 has not been restated.*

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2007-08	2006-07	2005-06	2004-05	2003-04
CASH FLOW ($ million)					
Cash flow from operations	4,465.7	3,175.8	2,380.3	2,853.3	1,811.3
Internally generated cash flow [R1]	5,092.2	4,823.0	3,101.2	3,990.2	3,385.5
Capital expenditure	2,088.6	3,026.7	2,058.8	2,068.1	2,692.6
PER SHARE DATA					
Earnings before tax (cents)	209.5	185.2	136.3	147.0	56.2
Earnings after tax (cents) – basic	168.5	172.6	101.7	111.0	61.6
– diluted	166.1	170.8	101.3	111.0	61.6
Cash earnings ($) [R2]	2.94	2.84	2.08	2.10	1.61
Net asset value ($)	12.77	12.11	11.00	10.13	9.33
SHARE PRICE ($)					
High	20.20	18.00	14.90	12.70	12.90
Low	14.12	12.00	11.10	9.40	8.25
Closing	15.60	16.60	14.00	11.90	11.00
DIVIDENDS					
Gross dividends (cents per share)	100.0	100.0 [R3]	45.0	40.0	25.0
Dividend cover (times)	1.7	1.7	2.3	2.8	2.5
PROFITABILITY RATIOS (%)					
Return on equity holders' funds [R4]	13.6	14.9	9.6	11.4	6.8
Return on total assets [R5]	8.1	8.9	5.8	6.7	4.1
Return on turnover [R6]	13.4	15.2	9.8	11.7	8.2
PRODUCTIVITY AND EMPLOYEE DATA					
Value added ($ million)	7,082.1	6,510.1	5,534.0	5,533.6	3,898.9
Value added per employee ($) [R7]	235,380	223,523	193,781	193,794	131,126
Revenue per employee ($) [R7]	530,859	497,662	467,158	420,708	328,308
Average employee strength	30,088	29,125	28,558	28,554	29,734
S$ per US$ exchange rate as at 31 March	1.3807	1.5171	1.6181	1.6496	1.6759

[R1] *Internally generated cash flow comprises cash generated from operations, dividends from joint venture and associated companies, and proceeds from sale of aircraft and other property, plant and equipment.*

[R2] *Cash earnings is defined as profit attributable to equity holders of the Company plus depreciation and amortisation.*

[R3] *Includes 50.0 cents per share special dividend.*

[R4] *Return on equity holders' funds is the profit attributable to equity holders of the Company expressed as a percentage of the average equity holders' funds.*

[R5] *Return on total assets is the profit after tax expressed as a percentage of the average total assets.*

[R6] *Return on turnover is the profit after tax expressed as a percentage of the total revenue.*

[R7] *Based on average staff strength.*

TEN-YEAR STATISTICAL RECORD

		2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
SINGAPORE AIRLINES											
FINANCIAL [R1]											
Total revenue	($ million)	12,759.6	11,343.9	10,302.8	9,260.1	7,187.6	8,047.0	7,694.7	9,125.8	8,200.7	7,072.0
Total expenditure	($ million)	11,115.6	10,316.9	9,651.8	8,562.2	7,046.1	7,838.0	7,281.6	8,222.5	7,485.9	6,616.5
Operating profit	($ million)	1,644.0	1,027.0	651.0	697.9	141.5	209.0	413.1	903.3	714.8	455.5
Profit before taxation	($ million)	2,077.6	2,291.1	940.8	1,570.4	319.7	460.1	740.7	1,607.2	1,641.5	882.3
Profit after taxation	($ million)	1,758.8	2,213.2	746.0	1,283.6	420.6	618.0	567.2	1,422.2	1,267.1	813.7
Capital disbursements [R2]	($ million)	1,814.4	2,792.7	1,458.6	1,608.9	2,051.3	2,766.2	2,885.7	2,777.7	3,303.7	1,850.4
Passenger											
– yield	(cents/pkm)	12.1	10.9	10.6	10.1	9.2	9.1	9.0	9.4	9.1	8.6
– unit cost	(cents/ask)	8.4	7.9	7.5	7.0	6.7	6.7	6.4	-	-	-
– breakeven load factor	(%)	69.4	72.5	70.8	69.3	72.8	73.6	71.1	-	-	-
OPERATING PASSENGER FLEET											
Aircraft	(numbers)	98	94	90	89	85	96	92	84	84	82
Average age	(months)	77	75	76	64	60	71	69	70	62	57
PASSENGER PRODUCTION											
Destination cities	(numbers)	65	64	62	59	56	60	64	67	69	68
Distance flown	(million km)	365.9	353.1	341.8	325.4	266.7	296.2	288.4	289.1	280.6	258.9
Time flown	(hours)	474,432	458,936	441,510	419,925	342,715	384,652	368,204	366,784	351,560	334,172
Available seat-km	(million)	113,919.1	112,543.8	109,483.7	104,662.3	88,252.7	99,565.9	94,558.5	92,648.0	87,728.3	83,191.7
TRAFFIC											
Passengers carried	('000)	19,120	18,346	16,995	15,944	13,278	15,326	14,765	15,002	13,782	12,777
Revenue passenger-km	(million)	91,485.2	89,148.8	82,741.7	77,593.7	64,685.2	74,183.2	69,994.5	71,118.4	65,718.4	60,299.9
Passenger load factor	(%)	80.3	79.2	75.6	74.1	73.3	74.5	74.0	76.8	74.9	72.5
STAFF											
Average strength	(numbers)	14,071	13,847	13,729	13,572	14,010	14,418	14,205	14,254	13,720	13,690
Seat capacity per employee [R3]	(seat-km)	8,096,020	8,127,667	7,974,630	7,711,634	6,299,265	6,905,667	6,656,705	-	-	-
Passenger load carried per employee [R4]	(tonne-km)	618,295	613,211	577,784	549,904	448,513	495,617	471,300	-	-	-
Revenue per employee	($)	906,801	819,232	750,441	682,294	513,034	558,122	541,690	647,516	607,966	526,859
Value added per employee	($)	368,382	368,831	258,810	301,024	179,272	191,566	189,806	284,369	291,494	228,254
SIA CARGO											
Cargo and mail carried	(million kg)	1,308.0	1,284.9	1,248.5	1,149.5	1,050.9	1,043.2	938.5	975.4	905.1	768.5
Cargo load	(million tonne-km)	7,959.2	7,995.6	7,874.4	7,333.2	6,749.4	6,913.6	6,039.8	6,167.6	5,775.4	5,025.7
Gross capacity	(million tonne-km)	12,787.8	12,889.8	12,378.9	11,544.1	10,156.5	9,927.1	8,950.3	8,876.1	8,244.4	7,403.6
Cargo load factor	(%)	62.2	62.0	63.6	63.5	66.5	69.6	67.5	69.5	70.1	67.9
Cargo yield	(cents/ltk)	38.7	38.4	38.6	35.9	36.7	34.2	32.2	-	-	-
Cargo unit cost	(cents/ctk)	23.4	24.5	23.5	21.3	23.0	23.9	23.2	-	-	-
Cargo breakeven load factor	(%)	60.5	63.8	60.9	59.3	62.7	69.9	72.0	-	-	-
SINGAPORE AIRLINES AND SIA CARGO											
Overall load	(million tonne-km)	16,659.2	16,486.8	15,806.8	14,796.5	13,033.1	14,059.5	12,734.6	12,985.3	12,038.4	10,765.5
Overall capacity	(million tonne-km)	24,052.1	24,009.7	23,208.0	21,882.5	18,873.8	19,773.7	18,305.1	18,034.0	16,917.2	15,651.8
Overall load factor	(%)	69.3	68.7	68.1	67.6	69.1	71.1	69.6	72.0	71.2	68.8
Overall yield	(cents/ltk)	85.0	77.5	74.6	70.8	65.0	64.5	64.9	67.9	66.0	63.7
Overall unit cost	(cents/ctk)	52.3	50.0	47.7	44.5	43.4	45.5	44.9	45.4	43.7	42.6
Overall breakeven load factor	(%)	61.5	64.5	63.9	62.9	66.8	70.5	69.2	66.9	66.2	66.9

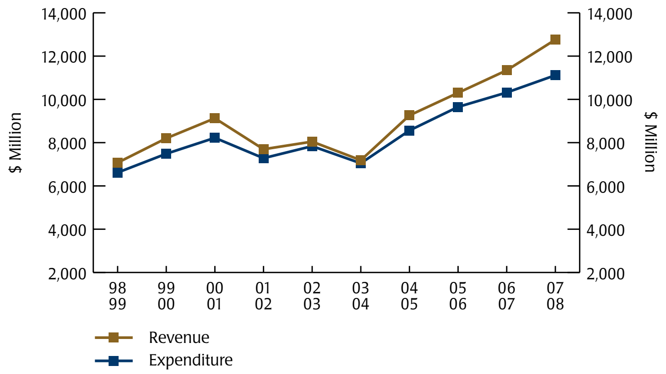
R1 *SIA Cargo was corporatised on 1 July 2001. Statistics for 2000-01 and prior years show the combined numbers of both passenger and cargo operations. Statistics for 2001-02 includes cargo operations for the first three months only (April to June 2001).*

R2 *Capital disbursements comprised capital expenditure, investments in joint venture, subsidiary and associated companies, and additional long-term investments.*

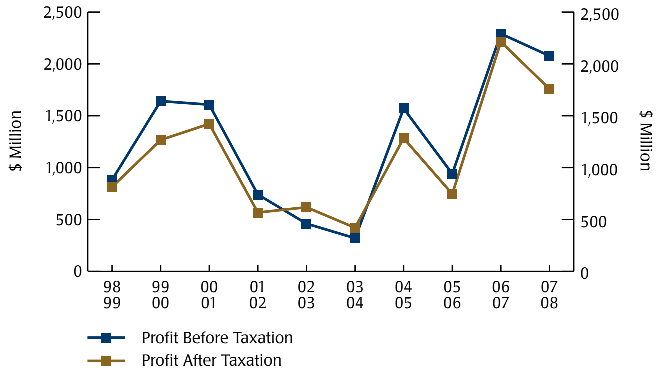
R3 *Seat capacity per employee is available seat capacity divided by Singapore Airlines average staff strength.*

R4 *Passenger load carried per employee is defined as passenger load and excess baggage carried divided by Singapore Airlines average staff strength.*

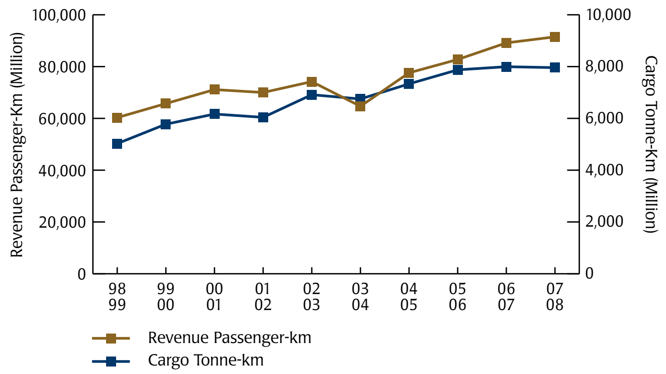
Company Revenue and Expenditure [R1]



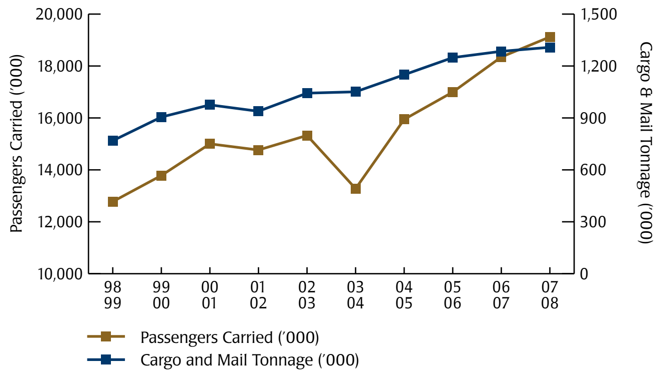
Company Profit Before and After Taxation [R1]



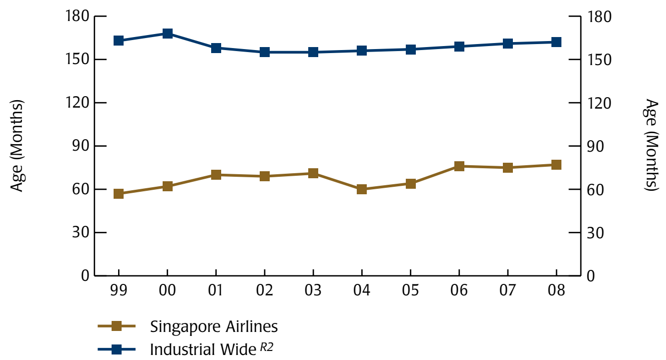
Singapore Airlines and SIA Cargo
Passenger and Cargo Load



Singapore Airlines and SIA Cargo
Passenger and Cargo Carried



Average Operating Fleet Age:
Singapore Airlines and Industry Wide



Average age of SIA passenger fleet: 6 years and 5 months (as at 31 March 2008).

[R1] *SIA Cargo was corporatised on 1 July 2001. Company revenue, expenditure, profit before and after taxation in these charts for 2000-01 and prior years show the combined results of both passenger and cargo operations. The numbers for 2001-02 include cargo operations for the first three months only (April to June 2001).*

[R2] *Source: Avsoft Information Systems, Ruby, England.*

THE GROUP FLEET PROFILE

As at 31 March 2008, Singapore Airlines Group operating fleet consisted of 126 aircraft – 112 passenger aircraft and 14 freighters. 98 and 14 of the passenger aircraft were operated by Singapore Airlines and SilkAir respectively.

Aircraft type	Owned	Finance Lease	Operating Lease	Total	Seats in standard configuration	Average age in years (y) and months (m)	Expiry of operating lease 2008-09	Expiry of operating lease 2009-10	On firm order	On option
Singapore Airlines:										
B747-400	8		10	18	375	11y 4m	5	3		
B777-200	13		1	14	288	7y 10m				
B777-200A	17			17	323	6y 11m				
B777-200ER	13		2	15	285	5y 10m				
B777-300	6		6	12	332	6y 5m				
B777-300ER	14			14	278	0y 11m			5	13
A340-500	5			5	181	4y 1m				
A380-800			3	3	471	0y 3m			16	6
A330-300 [R1]									19	
B787-9 [R1]									20	20
A350-900 XWB [R1]									20	20
Sub-total	76		22	98	N.A	6y 5m	5	3	80	59
SIA Cargo:										
B747-400F	5	4	5	14	N.A.	7y 4m			3 [R2]	
SilkAir:										
A319-100	4		2	6	118	5y 8m			4	
A320-200	4		4	8	142	5y 7m			8	9
Sub-total	8		6	14	N.A.	5y 8m			12	9
Total	**89**	**4**	**33**	**126**	**N.A.**	**6y 5m**	**5**	**3**	**95**	**68**

N.A. not applicable

[R1] *The standard seat configuration will be finalised at a later date.*

[R2] *Order for three B747-400 passenger-to-freighter conversion from Singapore Airlines to SIA Cargo.*

GROUP CORPORATE STRUCTURE

At 31 March 2008

Singapore Airlines Limited

- 80.8% Singapore Airport Terminal Services Limited
- 81% SIA Engineering Company Limited
- 100% SilkAir (Singapore) Private Limited
  - 100% Tradewinds Tours & Travel Private Limited
  - 5% Abacus Travel Systems Pte Ltd
- 56% Abacus Travel Systems Pte Ltd
- 100% Singapore Aviation and General Insurance Company (Pte) Limited
- 100% SIA Properties (Pte) Ltd
  - 20% PT Purosani Sri Persada
- 100% Singapore Flying College Pte Ltd
- 100% Sing-Bi Funds Private Limited
- 100% Singapore Airlines Cargo Private Limited
  - 51% Cargo Community Network Pte Ltd
    - 100% Cargo Community (Shanghai) Co. Ltd
  - 25% Great Wall Airlines Company Limited
- 100% SIA (Mauritius) Ltd
- 76% Singapore Airport Duty-Free Emporium (Private) Limited
- 50% Service Quality (SQ) Centre Pte Ltd
- 49% Virgin Atlantic Limited
- 49% Tiger Aviation Pte Ltd
- 20% Ritz-Carlton, Millenia Singapore Properties Private Limited

Note

Only subsidiary and associated companies, in which equity interest is at least 20%, are listed.

GROUP CORPORATE STRUCTURE

At 31 March 2008

100%	Aircraft Maintenance Services Australia Pty Ltd
100%	SIAEC Global Pte Ltd
65%	Singapore Jamco Private Limited
51%	Aerospace Component Engineering Services Pte Ltd
51%	Aviation Partnership (Philippines) Corporation
50%	International Engine Component Overhaul Pte Ltd
50%	Singapore Aero Engine Services Pte Ltd
49%	Combustor Airmotive Services Pte Ltd
49%	Eagle Services Asia Private Limited
49%	Fuel Accessory Services Technologies Pte Ltd
49%	Pratt & Whitney Airmotive International Ltd
49%	PT JAS Aero - Engineering Services
47.1%	Pan Asia Pacific Aviation Services Limited
45%	Jamco Aero Design & Engineering Private Limited
40%	Goodrich Aerostructures Service Center-Asia Pte Ltd
40%	Messier Services Asia Pte Ltd
39.2%	Asian Surface Technologies Pte Ltd
33.3%	International Aerospace Tubes Asia 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
70%	Aerolog Express Pte Ltd
66.7%	Country Foods Pte Ltd
49.8%	PT Jasa Angkasa Semesta Tbk
49%	Asia Airfreight Terminal Company Ltd
49%	Aviserv Ltd
49%	Servair-SATS Holding Company Pte Ltd
49%	Taj SATS Air Catering Ltd
40%	Beijing Airport Inflight Kitchen Limited
40%	Beijing Aviation Ground Services Company Ltd
35%	Maldives Inflight Catering Pte Limited
30%	Taj Madras Flight Kitchen Private Limited
30%	Tan Son Nhat Cargo Services Ltd
25%	Evergreen Air Cargo Services Corporation
24%	Singapore Airport Duty-Free Emporium (Private) Limited
20%	Evergreen Airline Services Corporation
20%	MacroAsia-Eurest Catering Services Inc.

70%	Country Foods Macau Limited

INFORMATION ON SHAREHOLDINGS

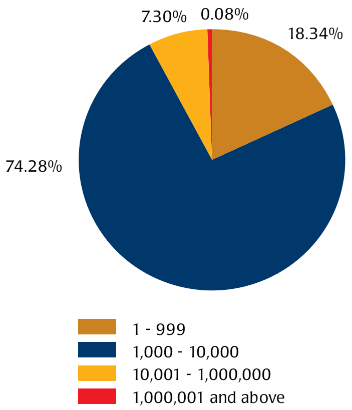
As at 27 May 2008

No. of Issued Shares	1,186,547,791
No. of Issued Shares (excluding Treasury Shares)	1,183,686,752
No./Percentage of Treasury Shares	2,861,039 (0.24%)
Class of Shares	Ordinary shares One Special share held by the Minister of Finance (Incorporated)
Voting Rights (excluding Treasury shares)	1 vote per share

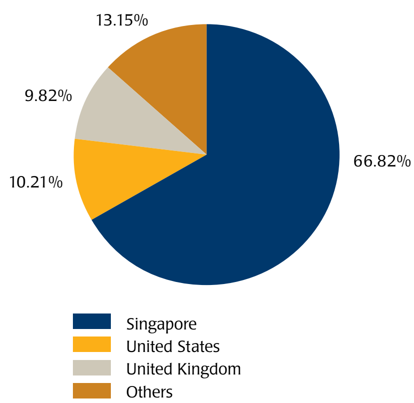
Range of shareholdings	Number of shareholders	%*	Number of shares	%*
1 - 999	4,104	18.34	2,105,059	0.18
1,000 - 10,000	16,621	74.28	43,847,289	3.70
10,001 - 1,000,000	1,633	7.30	62,605,628	5.29
1,000,001 and above	19	0.08	1,075,128,776	90.83
Total	**22,377**	**100.00**	**1,183,686,752**	**100.00**

Location of accounts	Number of shares	%*	Number of accounts	%*
Singapore	790,944,556	66.82	23,614	92.00
United States	120,869,098	10.21	219	0.85
United Kingdom	116,211,355	9.82	177	0.69
Others	155,661,743	13.15	1,658	6.46
Total	**1,183,686,752**	**100.00**	**25,668**	**100.00**

Range of Shareholdings



Location of Accounts



INFORMATION ON SHAREHOLDINGS

As at 27 May 2008

	Major shareholders	Number of shares	%*
1	Temasek Holdings (Private) Limited	645,354,600	54.52
2	DBS Nominees Pte Ltd	177,583,203	15.00
3	Citibank Nominees Singapore Pte Ltd	74,522,129	6.30
4	HSBC (Singapore) Nominees Pte Ltd	60,074,076	5.07
5	DBSN Services Pte Ltd	39,142,731	3.31
6	United Overseas Bank Nominees Pte Ltd	30,764,105	2.60
7	Raffles Nominees Pte Ltd	20,520,122	1.73
8	DB Nominees (S) Pte Ltd	5,377,129	0.45
9	Chang Shyh Jin	3,892,940	0.33
10	Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,762,522	0.23
11	UOB Kay Hian Pte Ltd	2,192,080	0.18
12	Merrill Lynch (Singapore) Pte Ltd	2,013,658	0.17
13	Oversea-Chinese Bank Nominees Pte Ltd	1,880,230	0.16
14	Tan Leng Yeow	1,862,000	0.16
15	Western Properties Pte Ltd	1,631,600	0.14
16	ING Nominees (Singapore) Pte Ltd	1,604,507	0.14
17	OCBC Nominees Singapore Private Limited	1,386,264	0.12
18	Kim Eng Securities Pte Ltd	1,302,020	0.11
19	TM Asia Life Singapore Ltd-Par Fund	1,262,860	0.11
20	ABN AMRO Nominees Singapore Pte Ltd	914,980	0.08
	Total	**1,076,043,756**	**90.91**

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

Substantial shareholder	Number of shares	%*
Temasek Holdings (Private) Limited	647,081,549**	54.67

* *The percentage of issued shares is calculated based on the number of issued shares as at 27 May 2008, excluding any Treasury Shares held at that date.*

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

Shareholdings held by the public

Based on the information available to the Company as at 27 May 2008, 45.31 percent of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

SHARE PRICE AND TURNOVER

For the financial year ended 31 March 2008

Singapore Airlines Share Price and Turnover

	2007-08	2006-07
Share Price ($)		
Highest closing price	20.20	18.00
Lowest closing price	14.12	12.00
31 March closing price	15.60	16.60
Market Value Ratios [R1]		
Price/Earnings	9.26	9.62
Price/Book value	1.22	1.37
Price/Cash earnings [R2]	5.31	5.85

[R1] *Based on closing price on 31 March and Group numbers.*

[R2] *Cash earnings is defined as profit attributable to equity holders of the Company plus depreciation and amortisation.*

Singapore Airlines Limited

(Incorporated in the Republic of Singapore)
Company Registration No. 197200078R

Notice is hereby given that the Thirty-Sixth Annual General Meeting of Singapore Airlines Limited ("the Company") will be held at the Stamford Ballroom, 4th Floor, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882 on Tuesday, 29 July 2008 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 2008 and the Auditors' Report thereon.

2. To declare a final dividend of 80 cents per ordinary share for the year ended 31 March 2008.

3. To re-appoint Sir Brian Pitman, a Director who will retire under Section 153(6) of the Companies Act, Cap 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

4. To re-elect the following Directors who are retiring by rotation in accordance with Article 82 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (a) Mr Chia Pei-Yuan
   (b) Mr David Michael Gonski

5. To re-elect the following Directors, who are retiring in accordance with Article 89 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (a) Mrs Christina Ong
   (b) Mr Lucien Wong Yuen Kuai

6. To approve Directors' fees of $1,497,220 for the financial year ended 31 March 2008 (FY2006/2007: $1,319,304).

7. To approve Directors' fees of up to $1,650,000 for the financial year ending 31 March 2009.

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

Special Business

9. To consider and if thought fit, approve, with or without modification, the following resolutions as Ordinary Resolutions:

9.1 That pursuant to Section 161 of the Companies Act, Cap 50, authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

9.1 (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

9.2 That the Directors be and are hereby authorised to:

(a) offer and grant options in accordance with the provisions of the SIA Employee Share Option Plan ("Share Option Plan") and/or to grant awards in accordance with the provisions of the SIA Performance Share Plan ("Performance Share Plan") and/or the SIA Restricted Share Plan ("Restricted Share Plan") (the Share Option Plan, the Performance Share Plan and the Restricted Share Plan, together the "Share Plans"); and

(b) allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Share Option Plan and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Share Plan,

provided always that the aggregate number of ordinary shares to be issued pursuant to the Share Plans shall not exceed 13 per cent of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company from time to time.

10. To transact any other business.

Closure of Books

Notice is hereby given that, subject to the approval of shareholders to the final dividend being obtained at the Thirty-Sixth Annual General Meeting to be held on 29 July 2008, the Transfer Books and the Register of Members of the Company will be closed on 5 August 2008 for the preparation of dividend warrants.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 up to 5.00 p.m. on 4 August 2008 will be registered to determine shareholders' entitlements to the final dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 4 August 2008 will be entitled to the final dividend.

The final dividend, if so approved by shareholders, will be paid on 15 August 2008.

By Order of the Board

Ethel Tan (Mrs)
Company Secretary
23 June 2008
Singapore

Explanatory notes

1. In relation to Ordinary Resolution No. 3, Sir Brian Pitman will, upon re-appointment, continue to serve as a member of the Board Compensation & Industrial Relations Committee and Board Safety & Risk Committee. Sir Brian Pitman is considered an independent Director. Please refer to the sections on Board of Directors and Corporate Governance in the Annual Report for further details on Sir Brian Pitman.

2. In relation to Ordinary Resolution No. 4, Mr Chia Pei-Yuan will, upon re-election, continue to serve as a member of the Board Audit Committee and Board Nominating Committee. Mr David Michael Gonski will, upon re-election, continue to serve as a member of the Board Audit Committee and Board Compensation and Industrial Relations Committee. Mr Chia and Mr Gonski are considered independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the Annual Report for further details on Mr Chia and Mr Gonski.

3. In relation to Ordinary Resolution No. 5, Article 89 of the Company's Articles of Association permits the Directors to appoint any person approved in writing by the Special Member to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election. Mrs Christina Ong and Mr Lucien Wong Yuen Kuai were appointed on 1 September 2007 and are seeking re-election at the forthcoming Thirty-Sixth Annual General Meeting. Mrs Ong will, upon re-election, continue to serve as a member of the Board Nominating Committee. Mr Wong will, upon re-election, continue to serve as Chairman of the Board Nominating Committee and as a member of the Board Audit Committee. Mrs Ong and Mr Wong are considered independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the Annual Report for further details on Mrs Ong and Mr Wong.

4. In relation to Ordinary Resolution No. 6, the framework for the proposed Directors' fees for financial year 2007-08 is set out in the Corporate Governance Report of the Annual Report.

5. Ordinary Resolution No. 7, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during financial year 2008-09. The amount of the Directors' fees is computed based on the anticipated number of Board and Committee meetings for financial year 2008-09, assuming full attendance by all of the current nine Directors, at the fee rates shown in the Annual Report. The amount also includes an additional 10 per cent to cater to unforeseen circumstances, for example, the appointment of an additional Director, additional unscheduled Board meetings and/or the formation of additional Board Committees.

6. Ordinary Resolution No. 9.1, if passed, will empower Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, from the date of the above Meeting until the date of the next Annual General Meeting. The number of shares which the Directors may issue under this Resolution will not exceed 50 per cent of the issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 10 per cent for issues other than on a *pro rata* basis. The 10 per cent sub-limit for non-*pro rata* issues is lower than the 20 per cent sub-limit allowed under the Listing Manual of the Singapore Exchange Securities Trading Limited and the Articles of Association of the Company. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed and (b) any subsequent bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares.

7. Ordinary Resolution No. 9.2, if passed, will empower the Directors to offer and grant options and/or awards and to allot and issue ordinary shares in the capital of the Company pursuant to the SIA Employee Share Option Plan, the SIA Performance Share Plan and the SIA Restricted Share Plan. The SIA Employee Share Option Plan was adopted at the Extraordinary General Meeting of the Company held on 8 March 2000 and modified at the Extraordinary General Meetings of the Company held on 14 July 2001 and 26 July 2003, respectively. The SIA Performance Share Plan and the SIA Restricted Share Plan were adopted at the Extraordinary General Meeting of the Company held on 28 July 2005.

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 instead of him. A proxy need not be a member of the Company.*

2. *The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 not less than 48 hours before the time fixed for holding the Meeting.*

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