ANNUAL REPORT
2008/09

SINGAPORE AIRLINES

Singapore Airlines Group achieved a net profit attributable to equity holders of $1,062 million for the financial year 2008-09. The Company performed well in the first half of the financial year, but the second half saw demand for air travel impacted by the global economic downturn.

Despite these challenging times, the Airline continued to invest in its long-term future by providing customers with enhanced products and services. These include a new Business Class seat specially designed for regional and medium-haul routes, and the introduction of iPod connectivity on its Airbus A330-300 and A340-500 aircraft. Riyadh and Kuwait were added to the Singapore Airlines network.

To unlock shareholder value and maintain its focus on airline and aircraft maintenance, repair and overhaul businesses, the Company is proposing a dividend *in specie* of Singapore Airlines' entire shareholding in Singapore Airport Terminal Services.

Singapore Airlines Group will continue to build on the fundamentals that have served it well. This includes exercising cost discipline in the management of finances to ensure that the Company's balance sheet remains strong. It will also keep on investing in the training and development of its people, and in systems and infrastructure so as to uphold the highest customer service standards.

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MICA (P) 088/05/2009

Singapore Company Registration Number: 197200078R

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CONTENTS

STATISTICAL HIGHLIGHTS

Financial Statistics [R1]

	2008-09	2007-08	% Change	
The Group				
Financial Results ($ million)				
Total revenue	15,996.3	15,972.5	+ 0.1	
Total expenditure	15,092.7	13,848.0	+ 9.0	
Operating profit	903.6	2,124.5	− 57.5	
Profit before taxation	1,198.6	2,547.2	− 52.9	
Profit attributable to equity holders of the Company	1,061.5	2,049.4	− 48.2	
Financial Position ($ million)				
Share capital	1,684.8	1,682.0	+ 0.2	
Treasury shares	(44.4)	(33.2)	+ 33.7	
Capital reserve	86.3	95.6	− 9.7	
Foreign currency translation reserve	(137.9)	(130.7)	+ 5.5	
Share-based compensation reserve	187.3	136.4	+ 37.3	
Fair value reserve	(660.8)	443.4	n.m.	
General reserve	12,815.3	12,931.7	− 0.9	
Equity attributable to equity holders of the Company	13,930.6	15,125.2	− 7.9	
Return on equity holders' funds (%) [R2]	7.3	13.6	− 6.3	points
Total assets	24,818.5	26,515.2	− 6.4	
Total debt	1,692.5	1,656.7	+ 2.2	
Total debt equity ratio (times) [R3]	0.12	0.11	+ 0.01	times
Value added	5,570.8	7,082.1	− 21.3	
Per Share Data				
Earnings before tax (cents)	101.2	209.5	− 51.7	
Earnings after tax (cents) - basic [R4]	89.6	168.5	− 46.8	
Earnings after tax (cents) - diluted [R5]	89.1	166.1	− 46.4	
Net asset value ($) [R6]	11.78	12.77	− 7.8	
Dividends				
Interim dividend (cents per share)	20.0	20.0	−	
Proposed final dividend (cents per share)	20.0	80.0	− 60.0	cents
Dividend cover (times) [R7]	2.2	1.7	+ 0.5	times
The Company				
Financial Results ($ million)				
Total revenue	13,049.5	12,759.6	+ 2.3	
Total expenditure	12,226.6	11,115.6	+ 10.0	
Operating profit	822.9	1,644.0	− 49.9	
Profit before taxation	1,252.4	2,077.6	− 39.7	
Profit after taxation	1,218.7	1,758.8	− 30.7	
Value added	4,226.4	5,183.5	− 18.5	

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.*

Operating Statistics

	2008-09	2007-08	% Change	
Singapore Airlines				
Passengers carried (thousand)	18,293	19,120	− 4.3	
Revenue passenger-km (million)	90,128.1	91,485.2	− 1.5	
Available seat-km (million)	117,788.7	113,919.1	+ 3.4	
Passenger load factor (%)	76.5	80.3	− 3.8	points
Passenger yield (cents/pkm)	12.5	12.1	+ 3.3	
Passenger unit cost (cents/ask)	9.2	8.4	+ 9.5	
Passenger breakeven load factor (%)	73.6	69.4	+ 4.2	points
SIA Cargo				
Cargo and mail carried (million kg)	1,219.5	1,308.0	− 6.8	
Cargo load (million tonne-km)	7,299.3	7,959.2	− 8.3	
Gross capacity (million tonne-km)	12,292.5	12,787.8	− 3.9	
Cargo load factor (%)	59.4	62.2	− 2.8	points
Cargo yield (cents/ltk)	38.2	38.7	− 1.3	
Cargo unit cost (cents/ctk)	24.9	23.4	+ 6.4	
Cargo breakeven load factor (%)	65.2	60.5	+ 4.7	points
Singapore Airlines and SIA Cargo				
Overall load (million tonne-km)	15,876.9	16,659.2	− 4.7	
Overall capacity (million tonne-km)	23,946.0	24,052.1	− 0.4	
Overall load factor (%)	66.3	69.3	− 3.0	points
Overall yield (cents/ltk)	88.6	85.0	+ 4.2	
Overall unit cost (cents/ctk)	57.7	52.3	+ 10.3	
Overall breakeven load factor (%)	65.1	61.5	+ 3.6	points
Employee Productivity (Average) - The Company				
Average number of employees	14,343	14,071	+ 1.9	
Seat capacity per employee (seat-km)	8,212,278	8,096,020	+ 1.4	
Passenger load per employee (tonne-km) [R1]	598,047	618,295	− 3.3	
Revenue per employee ($)	909,817	906,801	+ 0.3	
Value added per employee ($)	294,666	368,382	− 20.0	
Employee Productivity (Average) - The Group				
Average number of employees	31,834	30,088	+ 5.8	
Revenue per employee ($)	502,491	530,859	− 5.3	
Value added per employee ($)	174,995	235,380	− 25.7	

[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

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 President of the Singapore National Employers Federation. Amongst several other directorships, Mr Lee is a director of Great Malaysia Textile Investments Pte Ltd, a member of the Advisory Panel of Temasek Holdings (Private) Limited and an alternate member of the Council of Presidential Advisers. He was Chairman of the Singapore Business Federation from 2002 to 2008 and International Enterprise Singapore from 1995 to 2002. Mr Lee was a Nominated Member of Parliament from 1994 to 1997. In 2006, Mr Lee was awarded the Distinguished Service Order for his contributions to both the public and private sectors. Age 62.

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 62.

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 70.

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 and Accounting Standards Council since 11 December 2007. She is also Advisor to the Singapore Institute of International Affairs. She was the Chairperson of International Enterprise Singapore from April 2005 to April 2008. Ms Goh held various senior management positions in Standard Chartered Bank before retiring as Chief Executive Officer, Singapore 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 54.

DAVID MICHAEL GONSKI
Director

Appointed Director on 9 May 2006. Mr Gonski is Chairman of several companies including the Australian Securities Exchange Ltd, Investec Bank (Australia) Limited and Coca Cola Amatil Ltd. Mr Gonski is also Consultant to

Morgan Stanley Australia Limited, Chancellor of the University of New South Wales and a director of the Westfield Group. Mr Gonski was awarded Australia's highest honour when he was made Companion of the Order of Australia (AC) in the Queen's Birthday 2007 awards. He also received the Centenary Medal in 2003. Mr Gonski is a lawyer by training. Age 55.

JAMES KOH CHER SIANG

Director

Appointed Director on 1 August 2005. Mr Koh is Chairman of Housing & Development Board, Singapore Deposit Insurance Corporation Limited and CapitaMall Trust Management 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 63.

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 & 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 61.

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 77.

LUCIEN WONG YUEN KUAI

Director

Appointed Director on 1 September 2007. He is the Managing Partner of Allen & Gledhill LLP and has over 30 years of experience in the practice of law, specialising in banking, corporate and financial services work. His other directorships include Director of Cerebos Pacific Limited and Director of Hap Seng Plantations Holdings Berhad. He is also Chairman of the Maritime and Port Authority of Singapore, a Board member of the Monetary Authority of Singapore as well as a Trustee of SingHealth Foundation and a Member of Board of Trustees of National University of Singapore. Age 55.

CHAIRMAN'S LETTER TO SHAREHOLDERS

As I reflect on the past year, I am left to wonder whether Charles Dickens, in his Tale of Two Cities, really could foresee how 2008-09 was going to be, when he wrote, "It was the best of times, it was the worst of times".

We started the year posting very good results for the preceding year. Demand remained strong throughout the first half of the year, despite continued high fuel prices.

Then, at the half-way point, the world was confronted by major shocks to the global financial system, causing the collapse of once-invincible institutions. Many leading, iconic corporations required government-assisted life support.

Demand fell sharply, across all cabin classes. So too did the price of jet fuel. This has led, and will lead, to some losses on our pre-purchased fuel hedges in the short term, but Singapore Airlines always adheres to a prudent – some even say conservative – strategy on fuel hedging. So what we lose on those hedges, we can offset with gains against our budget price for fuel that we did not hedge, as the price falls.

In the current climate, we can look at some fundamental principles to which the Company has adhered throughout its history, and know those commitments put us in a stronger position than almost all of our competitors.

First, our reliance on living within our means, not exposing ourselves to any meaningful level of debt, ensures we have sufficient reserves to help cushion the business at times like these.

Second, we have always resisted the temptation to opportunistically gamble heavily on fuel and currency hedges, preferring a consistent approach through good times and bad. This means our hedging losses in the short term, while there, will be much less than those of some of our more adventurous competitors.

Going into 2009-10, the Group will work hard to contain costs. With a reduction in flying capacity during the next year, we have already taken steps to reduce the size of the operating fleet, which will bring costs down quickly. There are difficult flow-on effects of these decisions: we are addressing our surplus staffing capacity through measures that spread the sacrifice across the many, and in doing so, ensuring retrenchment becomes a measure of last resort.

We are already aggressively pursuing business with more dynamic pricing, exceptional value-added packages and promotions designed to recognise our loyal customers.

Over the years, Singapore Airlines has invested heavily in our people. The relations wlth our unions mean there is a good understanding of the impact of the economic downturn, and an appreciation that sacrifice is needed to successfully navigate our way through it.

I want to recognise and thank our staff, and the leaders of our unions, for their understanding of the measures we are asking of them.

On the other side, our teams will work hard to boost demand in these weaker market conditions. We are well placed because we have a strong line of products that are appealing to customers. We have a young and modern fleet, led by the very popular Airbus A380, and boosted this past year by the delivery of the new Airbus A330s for medium-haul and regional routes. We are already aggressively pursuing business with more dynamic pricing, exceptional value-added packages and promotions designed to recognise our loyal customers. These offers will continue, so that we maximise the potential to fill seats. Our cargo teams are also working hard to establish a presence in new markets.

My key message to all shareholders this year is that Singapore Airlines is not immune from the impact of the global economic downturn. As an airline that serves many business customers, we will feel the contraction of corporate travel most acutely. However, it will not be business as usual: our management and staff have responded, and will continue to respond, to the changing business climate with disciplined cost management and aggressive sales techniques.

The Company is also well positioned to manage through these times. It is said that 'cash is king': never more so than now. The underlying strength of Singapore Airlines is the Company's solid foundations, highlighted by a very healthy balance sheet and no reliance on debt.

In closing, let me record my thanks to shareholders for sticking with us during these times. We appreciate your loyalty, and are committed to managing through these times prudently, so that we provide sustainable returns to you for the long term.

Also, to our customers, we appreciate you have a choice of airlines, and that you choose to fly with us. We are absolutely committed to continuing our quest to deliver you the world's best service in the air, and on the ground. As you will have seen with the introduction of the A330, and its new medium-haul cabin products this year, our commitment to product and service innovation will not diminish as a consequence of the difficult times.

To our staff, thank you for your commitment and your understanding of the measures required of you, both during the last year and this one coming. You are the key to delivering on our commitment to our customers.

Finally, I would like to thank my fellow directors for another solid contribution during this year. The direction and counsel provided serves our shareholders, customers and staff well.

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
James Koh Cher Siang
Christina Ong
Sir Brian Pitman
Lucien Wong Yuen Kuai

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

Chairperson
Euleen Goh Yiu Kiang

Members
Chia Pei-Yuan
David Michael Gonski
Lucien Wong Yuen Kuai

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
Lucien Wong Yuen Kuai

Members
Chia Pei-Yuan
Christina Ong

BOARD SAFETY & RISK COMMITTEE

Chairman
James Koh Cher Siang

Members
Stephen Lee Ching Yen
Sir Brian Pitman

COMPANY SECRETARY

Ethel Tan

SHARE REGISTRAR

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The Corporate Office
Singapore 068906

AUDITORS

Ernst & Young LLP
Public Accountants
and 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 Planning

Ng Chin Hwee
Executive Vice President Human Resources and Planning

Huang Cheng Eng
Executive Vice President Marketing and the Regions

Mak Swee Wah
Executive Vice President Operations and Services

Tan Pee Teck
Senior Vice President Cabin Crew

Tan Chik Quee
Senior Vice President Commercial Technology

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

Christopher Cheng Kian Hai
Acting Senior Vice President Human Resources
(from 1 February 2009)

Loh Meng See
Senior Vice President Human Resources
(until 31 January 2009)

Yap Kim Wah
Senior Vice President Product and Services

Thoeng Tjhoen Onn
Senior Vice President Sales Regions
(from 11 August 2008)

OVERSEAS REGIONS

Thoeng Tjhoen Onn
Senior Vice President Europe
(until 10 August 2008)

Paul Tan Wah Liang
Regional Vice President Europe
(from 28 July 2008)

Ng Kian Wah
Senior Vice President North Asia

Teh Ping Choon
Senior Vice President South East Asia
(until 26 August 2008)

Lim Wee Kok
Regional Vice President Americas

Subhas Menon
Regional Vice President South West Pacific
(from 7 July 2008)

Paul Tan Wah Liang
Regional Vice President South West Pacific
(until 27 July 2008)

Lee Lik Hsin
Regional Vice President West Asia and Africa
(from 23 June 2008)

Subhas Menon
Regional Vice President West Asia and Africa
(until 6 July 2008)

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

Goh Choon Phong
President Singapore Airlines Cargo Pte Ltd

Clement Woon Hin Yong
President and Chief Executive Officer Singapore Airport Terminal Services Limited

FINANCIAL CALENDAR

31 March 2009
Financial Year-End

14 May 2009
Announcement of 2008-09 Annual Results

25 June 2009
Despatch of Annual Report to Shareholders and Circular to Shareholders

30 July 2009
Announcement of 2009-10 First Quarter Results

31 July 2009
Annual General Meeting and Extraordinary General Meeting

28 August 2009
Payment of 2008-09 Final Dividend (subject to shareholders' approval at AGM)

10 November 2009
Announcement of 2009-10 Second Quarter and Half-Year Results

SIGNIFICANT EVENTS

2008

APRIL

- The Airline increases capacity on Asian and South West Pacific routes.
- Enhancements are made to the Airline's KrisWorld eX2 system, providing customers with more PC applications and games; Opera is added as a new entertainment category.
- The Airline takes delivery of its fourth Airbus A380 aircraft.

MAY

- The Airline launches the world's first all-Business Class service on the transpacific. The Singapore-New York service is operated by Airbus A340-500 aircraft, configured with 100 of the Airline's award-winning Business Class seats. The re-fitted aircraft is also the first in the world to offer iPod and iPhone connectivity through KrisWorld.
- Tokyo becomes the Airline's third A380 destination after Sydney and London.
- The Airline successfully implements e-ticketing with all interline partners, becoming one of the first carriers to achieve 100% interline e-ticketing.

JUNE

- The Group turns in a profit attributable to equity holders of $359 million in the first quarter of financial year 2008-09.
- Male cabin crew get a new look, thanks to a new uniform designed by French designer Christophe Gailbert.
- A fifth A380 and 18th Boeing 777-300ER aircraft join the fleet.
- An agreement to enhance cooperation and develop routes between Saudi Arabia and Singapore is signed with Saudi Arabian Airlines.

JULY

- Five Boeing 777s are sold to Pembroke Group Limited, and leased back to the Airline.
- A380 service on the Singapore-London route is increased from daily to 11 times per week.

AUGUST

- The Airline operates daily A380 services to the 2008 Olympic host city Beijing for a week leading up to the Games. KrisWorld offers key highlights of the Olympic Games on all flights over the duration of the competition.
- The Airline operates its 1000th A380 commercial flight.
- Renowned movie critic Leonard Maltin comes on board as a reviewer for KrisWorld Entertainment Guide.
- All-Business Class service on the A340-500 aircraft starts on the Singapore-Los Angeles route.
- The Airline becomes the first carrier in Changi Airport to offer Automated Document Check – a facility which quickly processes all visa and travel requirements without the need for manual verification.
- The Airline and the Indonesian Ministry of Culture and Tourism sign a Memorandum of Understanding to boost tourist arrivals to Indonesia.

SEPTEMBER

- A second daily service is launched on the Singapore-Delhi route, increasing the weekly frequency of flights between both cities from nine to 14.
- The Airline takes delivery of its sixth A380 aircraft, and starts a second daily superjumbo service to and from London.

OCTOBER

- Frequency of services to Istanbul via Dubai increases from four to six times a week.

- The Airline marks the one year anniversary of commercial A380 services. More than 700,000 customers were carried since Singapore Airlines became the first carrier to fly the aircraft.
- Network adjustments are made to rationalise capacity with demand.
- Preferred Seat Selection option is offered to Economy Class customers, who can now guarantee themselves a seat with greater legroom.

NOVEMBER

- The Group records a net profit attributable to equity holders of $682 million during the first half of financial year 2008-09.
- Fuel surcharges are applied differently according to class of travel, with Economy Class customers paying the least.

DECEMBER

- As capacity on the Singapore – Kuala Lumpur route is opened, Singapore Airlines and SilkAir operate four daily flights each to the Malaysian capital. Together with code-share partner Malaysia Airlines, customers enjoy 15 daily flights on the route.
- The Airline launches services to Riyadh, flying four times a week to the Saudi Arabian capital via Dubai.

2009

JANUARY

- The Airline announces Paris as its fourth A380 destination. Daily flights are to start in June 2009.
- The first of 19 new Airbus A330-300 aircraft is delivered. The aircraft is to replace the B777-200 utilised on medium-haul routes. The new aircraft has a two-class configuration, seating 30 customers in Business Class and 255 in Economy Class.
- Capacity for the Northern Winter period is reduced to meet weakening demand.

FEBRUARY

- The Group earns a net profit attributable to equity holders of $337 million for the third quarter of financial year 2008-09.
- Service to Amritsar is withdrawn.

MARCH

- An 11% reduction in overall capacity, starting from April 2009, is announced. The Airline engages the three staff unions in discussions on ways to best mitigate the impact of the global downturn.
- The Airline carries its one millionth A380 customer.
- SIA Holidays is launched in cooperation with the Singapore Tourism Board and the Civil Aviation Authority of Singapore. The global campaign aims to attract visitors to Singapore.
- Master of Wine, Jeannie Cho Lee, joins the Airline's panel of wine consultants.
- The Airline launches flights between Singapore and Kuwait, via Abu Dhabi.

OPERATING REVIEW

The year in review saw the introduction of the A330-300 aircraft, and enhancements to a variety of products and services.

THE YEAR IN REVIEW

Singapore Airlines Group achieved a net profit attributable to equity holders of $1,062 million for the financial year ended 31 March 2009.

The Group earned a profit of $682 million despite high fuel prices in the first half of financial year 2008-09. The second half saw lower profits compared to the same period the previous year, as demand for travel fell because of the global economic slowdown.

Adjustments to network capacity were made to better meet demand, and company-wide measures to reduce operational and staff costs were implemented.

New services to Kuwait and Riyadh were launched to tap into the markets' potential and strengthen the Airline's presence in the Middle East.

The year in review also saw the introduction of a new aircraft type, and enhancements to products and services to give greater value to customers.

The Airbus A330-300, a fuel-efficient aircraft configured in a two-class layout, joined the fleet to serve regional and medium-haul routes. The Airline also introduced the all-Business Class service on the Airbus A340-500 aircraft.

The A340-500 features seats with slight modifications on the award-winning Business Class seats unveiled in 2006, while the A330-300 boasts new incline lie-flat Business Class seats. Inflight entertainment options were further enhanced with the introduction of iPod connectivity features on KrisWorld.

More Airbus A380 services were added to London and Tokyo during the year in review, following delivery of three more superjumbos to the Airline.

The new A380 product remains popular with customers as London and Tokyo were added to Singapore Airlines' A380 network.

NETWORK

The year in review saw mixed development in Singapore Airlines' global network as demand changed course.

More capacity was added in the early part of the year to satisfy strong demand from Asia and South West Pacific. However, the later part of the year saw a sharp fall in demand, prompting capacity contraction.

Services to the Middle East grew significantly with more flights to Istanbul and Dubai, as well as the addition of Riyadh and Kuwait to the Singapore Airlines network. The Airline now offers four flights a week to both cities.

The new A380 product continues to enjoy strong support from customers as London and Tokyo joined Sydney as destinations served by the superjumbo. Paris will become the Airline's fourth A380 destination in the next financial year.

The Singapore-Kuala Lumpur route was liberalised during the year in review. Despite the entry of budget carriers into the market, demand continues to hold up for the Airline. Together with SilkAir and codeshare partner Malaysia Airlines, the route is served 15 times a day, thereby providing customers greater choice, convenience and flexibility.

In the later months of the financial year, the Airline had to manage the effects of the global economic downturn worldwide. Services to Amritsar were suspended, and the Airline announced an 11% reduction in capacity across its network to take effect from the beginning of the new financial year.

Demand patterns will continue to be closely monitored, and changes to the Airline's network made if and when necessary.

OPERATING REVIEW

FLEET

A new aircraft for use on regional and medium-haul routes joined the Airline's operating fleet. Four new Airbus A330-300s, the first of 19 being acquired on operating leases, were delivered during the year in review.

The A330-300 was introduced onto the Singapore-Brisbane route at the end of the year in review, but will be progressively introduced to Perth, Adelaide, Nagoya and Osaka during the next financial year.

Powered by two Rolls-Royce Trent 700 engines, the wide-body aircraft is configured in a two-class layout, with 30 new Business Class seats and 255 Economy Class seats.

Three more Airbus A380 aircraft were also delivered, allowing the Airline to operate daily flights to Tokyo as well as two flights a day to London.

This is in addition to the daily A380 flights to Sydney, which commenced in October 2007.

In addition, five new Boeing 777-300ER aircraft were delivered. These raised the number of Boeing 777 aircraft in the operating fleet to 76, reaffirming Singapore Airlines' position as the world's largest operator of the B777 family.

Six Boeing 747-400s left the operating fleet during the year in review. One was sold, while five were returned to lessors as planned.

The Airline's five Airbus A340-500s were reconfigured from a two-class configuration to an all-Business Class service for the non-stop flights to Newark and Los Angeles.

The passenger fleet operated by the Airline, as at 31 March 2009, comprised 103 aircraft, with an average age of six years and two months.

The fleet of Singapore Airlines Cargo, as at 31 March 2009, comprised 12 B747-400 freighters, with an average age of eight years and six months.

SilkAir's fleet, as at 31 March 2009, comprised 10 Airbus A320s and six Airbus A319s, with an average age of five years and 10 months.

PRODUCTS AND SERVICES

NEW REGIONAL AND MEDIUM-HAUL BUSINESS CLASS PRODUCT

With the entry into service of the new Airbus A330-300 aircraft, customers were introduced to a new incline lie-flat Business Class seat specially designed for regional and medium-haul routes.

The Business Class cabin on the A330-300 consists of 30 seats, in a 2-2-2 configuration. Each seat is equipped with an advanced control panel and six-way adjustable headrest and lumbar support that allow customers to personalise their seating preference.

Offering privacy and functionality, each leather seat boasts a fixed back shell. Customers may also use the discrete personal screens between seats.

The new Business Class seat will be installed progressively onto other medium-haul aircraft, as part of the Airline's ongoing product enhancement efforts.

The introduction of the A330-300 aircraft heralds new product enhancements that leverage on the KrisWorld inflight entertainment system.

OPERATING REVIEW

KRISWORLD

The Airline scored another world first when it became the first carrier to offer iPod and iPhone connectivity. Customers can now play their personal video and audio content from their iPod or iPhone on the KrisWorld inflight entertainment system. This feature is currently available in both Economy and Business Class onboard the A330-300, as well as the A340-500.

The introduction of new PC applications allows customers to access their personal media files inflight. Using their USB flash drives, customers can view their holiday snapshots with the Photo Viewer function. They may also watch videos or listen to music on the Media Player or view documents via the PDF Reader.

KrisWorld also saw a series of enhancements including new and exciting games, and a whole new entertainment category – Opera. The Airline engaged respected film critic Leonard Maltin to review and recommend top movies available onboard. Customers looking for recommendations on where to eat or stay at their destinations can refer to the ZagatSurvey Restaurant and Hotel Guide.

KRISFLYER

The KrisFlyer programme celebrated its 10th Anniversary in February with special redemption promotions including 50% redemption discount and exclusive offers from partners.

KrisFlyer launched new redemption initiatives in September, including a reduction in the number of miles required for one-way award tickets and the introduction of a new award type – Full Award – to cater to demand for popular flights. New online services, such as redemption booking changes, were added to further facilitate member self-service.

Turkish Airlines and EgyptAir, new Star Alliance members, were added to the list of KrisFlyer partner airlines.

KrisFlyer members now have more ways to earn miles with the addition of Jumeirah Hotels & Resorts and the Preferred Hotel Group, as well as the launch of the American Express Singapore Airlines KrisFlyer Gold Credit Card in Malaysia and Taiwan, and the ICICI Bank Singapore Airlines Visa Platinum Credit Card in India.

Improvements were made to Singapore Airlines' ground services for customers, providing them with greater convenience at their fingertips.

INFLIGHT SERVICES

Singapore Airlines' commitment to serving high-quality wines onboard continues with the appointment of Jeannie Cho Lee to the Airline's panel of wine experts. Ms Lee is the first Asian Master of Wine. She has extensive experience as a wine judge, consultant, and educator.

GROUND SERVICES

Preferred Seat Selection

Economy Class customers now have more options when it comes to seat selection. They may choose to pay a fee of US$50 per sector to guarantee themselves an exit row seat with more legroom. Previously, Preferred Seats were only available on a request basis. This new service is available online, and customers can purchase a Preferred Seat anytime before check-in commences 48 hours before flight departure. Preferred Seat Selection is available on all flights except short-haul routes within Southeast Asia, and flights served by Boeing 777-200ER aircraft.

Interline e-tickets

The Airline successfully implemented electronic ticketing with all its interline partners. Interline electronic ticketing provides customers greater flexibility and convenience as it does away with the need for multiple electronic tickets or a combined paper ticket.

Customers who book online at *singaporeair.com* can also log on to change their itineraries or select their seats.

Automated Document Check Facility

Customers can now have greater peace of mind when travelling to multiple destinations on a single journey. The Airline makes use of the Automated Document Check facility, which simplifies the task of checking travel document requirements. Jointly developed by experts from 11 Star Alliance member carriers, the Automated Document Check facility processes all visa, travel and immigration requirements of the countries in the trip itinerary, and verifies if the customer has all the required documents, thereby eliminating time-consuming manual verification by check-in staff.

The Airline remains committed to the continual training and development of staff.

PEOPLE DEVELOPMENT

The Airline implemented various voluntary measures to address excess staffing levels resulting from cuts in flight capacity brought about by the economic downturn. Such measures include Voluntary No-Pay Leave Scheme for all staff, and Voluntary Early Departure Schemes for technical and cabin crew on contract.

To further address excess staffing, the Airline introduced Shorter Work Month (SWM), with its senior management staff (Vice-Presidents and above) taking the lead from 1 April 2009. All managers will also work a SWM from 1 May 2009, while all other employees will go on SWM once agreement has been reached with all three unions.

Despite these challenging times, the Airline's commitment towards training and development of staff remains strong. It worked closely with relevant agencies to leverage on the Skills Programme for Upgrading and Resilience (SPUR) scheme offered by the Government. Since January 2009, SPUR courses to improve efficiency at the workplace were made available to ground staff. More than 500 cabin crew also underwent customer service and tourism-related courses.

In addition to structured classroom training, the Airline continues to leverage on SKIES, the learning management system, to introduce other learning approaches for staff, including stand-alone e-learning, blended learning solutions, use of online forums and virtual classroom learning events.

Building on the National Trades Union Congress' Labour Movement 2011 vision of a more inclusive workplace that takes care of all workers, the Airline, in a collaborative effort with the Singapore Airlines Staff Union, finalised two staff-centric programmes to be launched in the next financial year.

The first programme is aimed at preparing the skills of our cabin crew and equipping them to effectively transit into a second career beyond their flying careers with the Airline. The other aims to equip general staff with the skills and knowledge to prepare them for alternative employment opportunities after their retirement from the Airline, through their participation in certificate-based programmes in a variety of industry sectors such as retail, tourism, community and health services.

Improvements were also made to the workplace environment under the Office Management System Project. Several departments moved into newly renovated offices, which boast more ergonomic workstations equipped with new furniture. The open-concept layout also makes use of space efficiently and facilitates better communication and teamwork opportunities.

The Airline's efforts in promoting career opportunities with the Company received recognition by JobsFactory, a campus recruitment specialist in Singapore. The Airline was voted top private employer of choice in 2008 in a survey of fresh local university graduates.

As at 31 March 2009, the staff strength of SIA Group was 30,666, an increase of 0.7% over the previous year. 14,515 (47.3%) were employed by the Airline, with 7,433 cabin crew and 2,369 pilots.

Staff strength, as of the end of the financial year, stands at more than 30,000.

Mitigating the effects of global warming is a shared responsibility, and while the Airline is more than happy to take the lead, we recognise that measures should not burden airlines unfairly.

ENVIRONMENT

While the global economic crisis dominates headlines around the world, there is still a focus on future challenges posed by global warming. Governments and businesses have not lost interest in measures to combat climate change. The Singapore Airlines Group has not reduced its focus on long-term environmental improvements in its operations, and continues to make its case for any regulated scheme to reduce emissions to be global and consistent.

The European Union is going ahead with a plan to include aviation in its Emissions Trading Scheme from 2012. This would put further financial burden onto the industry in respect of European operations, disproportionately affecting airlines serving Europe, and making it more expensive for customers to fly to or from Europe.

Mitigating the effects of global warming is a shared responsibility, which should not burden airlines unfairly. Despite significant strides by air transport over the last three decades to improve fuel efficiency by 70%, the industry remains under tremendous pressure to reduce its carbon footprint and is expected to accomplish more.

The Airline strives to lead by example, by showing that business can be competitive, yet act in an environmentally responsible manner. It continues to engage engine-makers and other suppliers to make their products cleaner, greener and quieter.

During the year in review, Singapore Airlines took delivery of 12 new aircraft – three A380s, five B777-300ERs and four A330-300s. These new aircraft are quieter, boast substantially lower fuel burn per-seat-kilometre, and have lower carbon emissions.

The Airline also retired six Boeing 747-400s, which were comparatively less fuel-efficient and, therefore, produce higher emissions.

During the year, environmentally-friendly initiatives both in the air and on the ground were introduced. These include:

- partnering with airport authorities to develop shorter and more direct flight routings;
- selecting alternate airports that are closer to destination cities, thereby reducing fuel uplift, aircraft weight and fuel burn;
- setting optimum speeds for climb, cruise and descent of the flight;
- enhancing engine wash to improve fuel efficiency;
- better managing water uplift to reduce aircraft weight and fuel uplift;
- introducing lightweight meal carts and serviceware;
- using more energy efficient lightings, reflectors and motion sensors at the workplace to reduce energy use;
- adopting zonal control to turn off lightings;
- using more energy efficient variable speed motors for Air Handling Units;
- using environmentally-friendly refrigerant for air-conditioning chiller plants, and emulsion paints with less VOC emissions; and
- using recycled materials for new ceiling boards and partitions for offices.

These initiatives would lead to an estimated reduction of 550,000 tonnes of carbon emissions. Further details on the Airline's environmental efforts are available online at *singaporeair.com*.

SUPPORTING OUR COMMUNITIES

A total of over $1 million in cash, and offers of free and rebated tickets were committed to various charities, educational, sports and arts programmes.

Singapore Airlines is proud to have been part of the Singapore Community Chest's 25th Anniversary Celebrations, as a Major Partner. Proceeds from this event contributed to the various local beneficiaries of Community Chest, including helping people with disabilities lead independent lives, nurturing children (for example, Early Intervention Programme for Infants & Children), dignifying the lives of the elderly with Eldercare Programmes and keeping families together through the Family Service Centre.

In addition to local initiatives, the Airline contributed to overseas projects such as offering air travel for eye surgeons to Dhaka, as well as a Medical Mission to perform cleft lip and palate surgery for children in developing countries. The Airline's staff also continued to support various communities through donations and community work, including contributions to MINDS, and visits to orphanages and aged care centres.

Helping to promote appreciation of the Arts, the Airline continued to support art groups such as Singapore Symphonic Orchestra (SSO), Singapore Chinese Orchestra (SCO), Singapore Dance Theatre (SDT) and Singapore Lyric Opera (SLO). This enabled performances such as SSO's "Birds of Paradise", "Nutcracker" by SDT and "Turandot" brought by SLO, to name a few.

Singapore Airlines, together with SIA Cargo, also sponsored two exhibitions at the National Museum of Singapore, namely Voom Portraits by Robert Wilson which was exhibited in Asia for the first time and Doubleness: Photography of Chang Chien-Chi.

SUBSIDIARIES

SINGAPORE AIRPORT TERMINAL SERVICES LIMITED

During the year in review, Singapore Airport Terminal Services' (SATS) operating revenue crossed the billion-dollar mark for the first time to $1.06 billion. The 10.9% increase was due to a two-month revenue contribution of $110.2 million from Singapore Food Industries (SFI), which became a subsidiary on 20 January 2009.

SATS saw the full-year impact of additional costs from the change in operations with Terminal 3 opening at Singapore Changi Airport in January 2008. The annual cost increase was $20 million compared to $5 million in the last financial year. SATS introduced several cost management measures that helped limit the decline in operating profit to 2% at $170.9 million. The jobs credit scheme benefit of $12.3 million, part of the one-off resilience package from the Singapore Government, also helped mitigate the impact of declining aviation revenue in Singapore.

The year in review had been a key milestone in the history of SATS. It embarked on the acquisition of SFI which provides immediate scale to SATS' Food Solutions business and access to wider customer segments while mitigating SATS' exposure to the aviation industry.

SATS also launched its low-cost ground handling and inflight catering services to cater to the growing low-cost carrier segment of the airline market. It now has an enhanced value proposition and an end-to-end integrated service platform to meet the differentiated needs of this airline segment.

SATS continued to grow its presence outside of Singapore. In October 2008, it acquired a 100% equity stake in ground handler Menzies Aviation (Hong Kong) which was subsequently renamed SATS HK. This acquisition is in line with SATS' plan to focus on its customers and increase its presence in locations that will create new service opportunities with them.

In India, SATS' 50-50 joint venture (JV) with Air India for ground handling received the approval from the Government of India. This approval allows SATS to initiate discussion on the JV terms. Upon successful completion, this potential JV will substantially increase SATS' presence in India. SATS and Air India are already collaborating in two greenfield metro airports in Hyderabad and Bangalore, with the provision of ground handling services.

At Singapore Changi Airport, SATS continues to handle about 80% of the total scheduled flights. It served 30.91 million passengers, handled 88,155 flights and 1.46 million tonnes of cargo, and produced 25.19 million meals during the year in review. SATS also won a number of new contracts and renewed several existing contracts with airline customers such as China Southern Airlines, Philippine Airlines, TNT, Cargolux, Tiger Airways, Jet Airways, Lion Air, Best Air and Cardig Air – a testament to its consistent delivery of high quality service with compelling value.

OPERATING REVIEW

SIA ENGINEERING COMPANY

SIA Engineering Company (SIAEC) earned a profit attributable to equity holders of $260.6 million in the financial year ended 31 March 2009.

During the year in review, SIAEC secured several major contracts, including a $90 million Fleet Management Programme (FMP) contract with V Australia to maintain its fleet of seven Boeing 777-300ER aircraft, as well as a five-year support package with Airbus to provide maintenance services for Singapore Airlines' fleet of 19 Airbus A330-300 aircraft. The FMP contract with V Australia is SIAEC's first foray into the Boeing 777 FMP market.

Underscoring the growing economic and strategic links between Singapore and the Middle East, SIAEC also signed a FMP contract with Gulf Air to maintain the carrier's Airbus fleet over a three-year period. Together with the earlier three-year heavy maintenance contract signed in February 2008, the total value of the contracts with Gulf Air amounted to US$135 million.

SIAEC also successfully completed its first VIP aircraft cabin configuration. The extensive project involved the conversion of a Boeing 747-400 into a Combi aircraft, incorporating a VIP lounge, customised passenger accommodation, a state-of-the-art entertainment system and satellite communication capability into the aircraft.

On the overseas front, SIAEC ventured into the Philippines and Vietnam. A joint venture agreement (JVA) with Cebu Pacific Air was signed to set up an aircraft heavy maintenance facility at Clark International Airport in the Philippines. SIAEC has a 65% stake in the new venture, SIA Engineering (Philippines) Corporation, while Cebu Pacific Air holds the remaining 35% share.

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 maintenance, repair and overhaul market.

SIAEC also signed a JVA with Saigon Ground Services (SAGS), a division of the Southern Airport Corporation, to set up a line maintenance joint venture at Tan Son Nhat International Airport in Ho Chi Minh City, Vietnam. SIAEC holds 49% equity shareholding in the joint venture, with the remaining 51% owned by SAGS. Subject to economic conditions and business viability, the joint venture may expand its presence to other airports in Vietnam and widen its service offerings at a later stage to include maintenance checks and component overhaul services.

During the year in review, the company clinched new third-party contracts amounting to $121 million for its airframe maintenance and component overhaul business. For line maintenance at Changi Airport, 17 new contracts were secured or renewed. As of 31 March 2009, its Fleet Management contracts cover a total of 175 aircraft, comprising 111 in service and the remaining awaiting deliveries to customer airlines.

SINGAPORE AIRLINES CARGO

SIA Cargo reported a $245 million operating loss in the year in review.

The financial year proved to be a challenging one for the air freight industry, with volatile fuel prices and currency exchange rates, and the onset of the global economic downturn.

SIA Cargo continued with its variable frequency approach to its freighter network to better match capacity with cargo demand. On a planned basis, services were reduced during lull periods and additional services were scheduled during periods of stronger demand. The company also embarked on network restructuring initiatives to rationalise freighter routes for improved network connectivity, and to create new sales opportunities. Charters were mounted to new points such as Santiago (Chile), Quito (Ecuador), Bogota (Colombia), Dar es Salaam (Tanzania), Abuja (Nigeria) and Buenos Aires (Argentina).

Despite the economic downturn, SIA Cargo remained steadfast in delivering quality service and reliable standards to customers. As a testament of its quality commitment, it was consistently ranked among the leaders in the Cargo 2000 industry service benchmark during the year.

The company strived to foster closer cooperation with its customers to create more mutual benefits. During the year in review, nine business partners pledged their support by renewing participation in the Global Partnership Programme. SIA Cargo also received support from shippers of various industries, including motor sports, electronics and horseracing.

SIA Cargo was one of seven pioneer airlines involved in launching the IATA e-freight initiative in November 2007. During 2008, the company implemented e-freight capability at eight new locations (Auckland, Sydney, Dubai, Seoul, Paris, Copenhagen, Frankfurt and Zurich), giving it a total of 12 e-freight enabled stations in its network. Four more locations – Tokyo, Kuala Lumpur, Beijing and Brussels – are planned by the end of 2009.

In the face of the challenging and uncertain business environment, SIA Cargo will remain nimble and disciplined in the deployment of its resources, and continue to be vigilant on cost management.

OPERATING REVIEW

SILKAIR

Amid the slowdown of the global economy and increasing competition on some of its routes, SilkAir turned in a commendable performance for the financial year in review. The airline boosted capacity by 0.4% and in October 2008, added Kuala Lumpur to its network of regional destinations. SilkAir also started operating twice weekly charters to Dili, Timor Leste in August 2008. However, the airline suspended flights to Kaohsiung, Taiwan in February 2009 due to weak demand.

SilkAir closed the year with profit attributable to equity holders of $30.9 million. Despite the economic situation, SilkAir recorded a passenger load factor of 72.5%, while achieving respectable growth in yield. SilkAir carried almost 2 million passengers during the year, up 7.7% from the previous financial year.

In keeping with its policy to maintain a young and modern fleet, SilkAir received two new Airbus A320s during the year in review. Equipped with a new cabin design in a warm and welcoming colour scheme, the aircraft features comfortable and luxuriously wide leather-upholstered seats in Business Class and ergonomically-designed seats in Economy Class. The airline's dedication to product and service excellence continues to garner international recognition. It was voted 'Best Regional Airline' for the ninth time in the 19th TTG Asia Travel Awards 2008. SilkAir also received the top award in the 'Foreign Route' airline category in Condé Nast Traveler's Annual Readers' Choice Awards 2008, for the second time.

In conjunction with its 20th anniversary celebrations in February 2009, SilkAir officially adopted Friends-International, a Phnom Penh-based Non-Governmental Organisation which focuses on reducing the number of street children across Asia and beyond, as its charity for the next three years.

LIST OF AWARDS

2008

APRIL

Capital Magazine (Germany)
- *Intercontinental Airline of the Year (8th consecutive year)*

TTG China Travel Awards
- *Best International Airline serving China*

MAY

Flug Revue Award (Germany)
- *Top Brand 2008 – International Airlines*

Telegraph 'Ultras' Travel Awards (UK)
- *Best Asian Airline (2nd year)*

TravelAge West (USA)
- *Best Airline in the World*
- *Best Airline in Southeast Asia*

Business Traveller Middle East Award
- *Best Asian Airline Serving the Middle East (7th consecutive year)*
- *Airline with Best First Class*

JUNE

The BrandLaureate Awards (Malaysia)
- *Corporate Branding – Best Brands in Airlines - Singapore*

Which? Award 2008 (UK)
- *Best Airline*

Changi Airline Awards 2008
- *Top 10 Airlines by Passenger Carriage 2008*

FinanceAsia magazine (Hong Kong)
Financeasia.com
- *2008 Business Travel Poll Best Managed Company*

ExecutiveTravel Magazine (USA)
Executive Travel Leading Edge Awards
- *Best International Airline*
- *Best International Airline for First Class Service*
- *Best Airline for Flights to Eastern and Southeastern Asia*
- *Best Airline Customer Service - Asia*

OAG Airline Industry Awards (UK)
- *OAG Airline of the Year (6th time)*
- *Best Airline based in Asia*
- *Best International First Class*

BILANZ survey (Switzerland)
- *Best Worldwide Business Airline (4th consecutive year)*
  Rated top for food, service and seat comfort

JULY

AB Road (Japan)
Airline Ranking
- *Overall Best Airline*
- *Best Cabin Service*

Pacific Asia Travel Association
- *Grand Award in Marketing for "First to Fly the A380" Campaign*

TravelWeekly Asia Industry Awards (China)
- *Best Airline*
- *Best First Class – A380*
- *Best Business Class*
- *Best Airline Lounge*
- *Airline Chief of the Year – Mr Chew Choon Seng*

Airline Business (UK)
Airline Strategy Awards
- *Winner in Operations Category*

Travel & Leisure Magazine (USA)
- *World's Best International Airline (13th consecutive year)*

Reise & Preise Travel Magazine (Germany)
- *Best Entertainment on Board*

National Travel Industry Award for Excellence (Australia)
- *Best International Airline Online*

CNBC AWAAZ Travel Award (India)
- *Best International Airline*

2008 Survey by Singapore Business Review
- *Best Airline for Seating Space and Comfort*
- *Best Airline for Food Choice and Quality*
- *Best Business Lounge*
- *Best Amenities and Entertainment*
- *Best Crew Service*
- *Top Airline for Points Redemption*
- *Top Airline for Treatment of Lone Women Travellers*
- *Least Frequency of Delays*

AUGUST

Skytrax World Airline Awards (UK)
- *Airline of the Year (2nd consecutive year, and 3rd time in 10 years)*
- *World's Best Business Class (2nd consecutive year)*
- *Best Airline – Asia*
- *Best Airline – South East Asia*

Brand Finance (Singapore)
- *Singapore's "Most Valuable Brand"*
- *Singapore's "Most Highly Rated Brand"*

SEPTEMBER

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

Business Traveller (Asia Pacific)
- *Best Airline (17th consecutive year)*
- *Best Asia-Pacific Airline*
- *Best First Class*
- *Best Business Class*
- *Best Economy Class*

SmartTravelAsia.Com (Hong Kong)
Favourite Airline Poll Results, 2008
- *Best Airline Worldwide*
- *Best Business Class*
- *Best Cabin Service*

Asian Wall Street Journal Award
- *Singapore's Most Admired Company (since 1993)*
  Awarded also for Long-Term Vision, Quality and Corporate Reputation

OCTOBER

Centre for Asia Pacific Aviation (Australia)
- *Airline of the Year 2008*

Travel Inside Magazine (Switzerland)
- *Gold Award - Swiss Travel Star Award (15th consecutive year)*

Condé Nast Traveler (USA)
2008 Readers' Choice Awards
- *Best International Route Airline (20 out of 21 years)*

Condé Nast Traveler (USA)
2008 Business Travel Awards
- *Best Transpacific Carrier*

Condé Nast Traveller (UK)
- *Best Long-Haul Leisure Carrier*

Guardian/Observer Travel Awards (UK)
- *Best Long-Haul Airline (5th consecutive year)*

Commonwealth Magazine (Taiwan)
The Most Admired Company Awards
- *Winner - Airline Industry Category (11 out of 14 years)*

Danish Travel Awards (Denmark)
- *Best International Airline (2nd year)*

Securities Investors Association (Singapore)
- *SIAS 9th Investors' Choice Awards 2008*
  Transport/Storage/Communications Category
  Most Transparent Company Award 2008 (4th consecutive year)

TTG Annual Travel Awards (Asia Pacific)
- *Travel Hall of Fame (6th consecutive year)*

NOVEMBER

Monocle's "Travel Top Fifty 2008/9" (London)
- *Best Lounge at Terminal 3*
- *Best Colour Scheme for First Class*

Capital CEO (Hong Kong)
- *Supreme Service Award*

Telegraph Travel Awards (UK)
(Daily Telegraph & Sunday Telegraph Newspapers)
- *Best Scheduled Airline*

DECEMBER

Catalunya Tourism Awards (Spain)
- *Diploma of Tourism*

2009

JANUARY

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

Business Traveller Germany
Travel Awards 2008
- *Overall Best Airline on Routes to North/South America*
  - *Safety & Condition of Aircraft*
  - *Service On Board, Cabin Crew*
  - *Service On The Ground, Lounges*
  - *Cabin Comfort, Seat Pitch*
  - *Catering, Food & Beverage*
- *Overall Best Airline on Routes to the Far East and Australia*
  - *Safety & Condition of Aircraft*
  - *Service On Board, Cabin Crew*
  - *Service On The Ground, Lounges*
  - *Cabin Comfort, Seat Pitch*

Global Traveler (USA)
- *Best Airline in the World 2008 (5th consecutive year)*

ABS-CBN News Channel (Philippines)
Executive Class Top 10 List in Travel 2008
- *Best International Airline*

Chikyu no Arukikata Airline Ranking 2009 (Japan)
- *Overall Best Airline (2nd consecutive year)*
  - *Safety and Credibility*
  - *Inflight Service*
  - *Aircraft and Equipment/Product*
  - *Inflight Meals*
  - *Inflight Entertainment*
- *Best Airline in Economy Class*
  - *Safety and Credibility*
  - *Inflight Service*
  - *Aircraft and Equipment/Product*
  - *Inflight Entertainment*

Clever Reisen (Germany)
- *Most Popular Airline by online portal t-online.de*
- *Best Inflight Entertainment and Outstanding Seat Comfort in Economy Class*

FEBRUARY

Reise Blick (Switzerland)
- *Best Airline 2008 for long-haul flights (2nd year)*

MARCH

Frost & Sullivan Asia Pacific Aerospace & Defense Awards
- *Voice of Customer Airline of the Year*

Reise & Preise Travel Magazine (Germany)
- *Best Business Class*

Fortune Magazine (USA)
- *Top 50 World's Most Admired Companies (ranked 33rd)*

Go Asia (Germany)
- *Best Asian Airline (6th consecutive year)*

www.travel.ru (Russia)
- *Star Award for Best Scheduled Carrier to Southeast Asia, Australia and Oceania (2nd year)*

STATEMENT ON RISK MANAGEMENT

1. SIA GROUP RISK MANAGEMENT FRAMEWORK

Since 2002, a formalized Risk Management Framework has been implemented across SIA Group under which risks are identified, evaluated and controlled on a coordinated and integrated basis. All business units are involved in identifying and evaluating risks from the bottom up, and these risks are then reviewed by Risk Management Committees at Company and Group level to provide a top down perspective as well. Under the Framework, the risks are then prioritized and business units use both preventive and mitigation controls to manage risk exposures within prescribed tolerance limits.

2. STANDARDIZED PROCESS AND REVIEWS FOR EFFECTIVENESS

Within the Framework, a standardized 5-step process is applied across the Group to Identify, Evaluate, Prioritize, Reduce and Review risks. The Framework incorporates and integrates various disciplines including safety management, crisis management, business continuity management, disaster recovery and scenario planning. Annually, strategic and top non-strategic risks are surfaced to the Board Safety & Risk Committee, which also reviews specific top risks and the corresponding controls. The Framework includes a self-assessment element whereby the effectiveness of the Framework is reviewed annually. Controls for risks are required to be tested/simulated for effectiveness and such tests are independently verified.

3. RISK MANAGEMENT ACTIVITIES UNDER THE FRAMEWORK

In the year under review, the Framework was enhanced by improving the Risk Matrix to allow better risk reporting/prioritization and to align with international formats. The Annual Risk Review was carried out by business units Group-wide to ensure that risks and controls are up-to-date. The key risks and corresponding controls were reported and reviewed at various levels of risk committees. A review of the business continuity practices was also carried out to ensure compliance with the newly published Singapore Standard on Business Continuity Management. The Business Continuity Plans were tested/simulated for effectiveness and independently verified. Group-wide Crisis Management Scenario Exercises were also conducted to ensure planned responses are adequate and effective.

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.

CORPORATE GOVERNANCE REPORT

For the period 1 April 2008 to 31 March 2009

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 2009, 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	29 July 2008	Non-executive/ Independent
Euleen Goh Yiu Kiang	Director	1 September 2006	31 July 2007	Non-executive/ Independent
David Michael Gonski	Director	9 May 2006	29 July 2008	Non-executive/ Independent
James Koh Cher Siang	Director	1 August 2005	31 July 2007	Non-executive/ Independent
Sir Brian Pitman	Director	26 July 2003	29 July 2008	Non-executive/ Independent
Christina Ong	Director	1 September 2007	29 July 2008	Non-executive/ Independent
Lucien Wong Yuen Kuai	Director	1 September 2007	29 July 2008	Non-executive/ Independent

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 42 to 47.

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. 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 4 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 41.

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 Audit Committee (AC)

The Board Audit Committee (AC) comprised Ms Euleen Goh (Chairperson), Mr Chia Pei-Yuan, Mr David Michael Gonski and Mr Lucien Wong. All the AC members are independent Directors. The role and responsibilities of the AC are described in the section on "Board Audit Committee Activities (Principle 11)" below.

Board Safety and Risk Committee (SRC)

The members of the SRC were Mr James Koh (Chairman), Mr Stephen Lee and Sir Brian Pitman. 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 Lucien Wong (Chairman), Mr Chia Pei-Yuan, and Mrs Christina Ong. Mr Wong is not associated with a substantial shareholder.

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 pays attention to leadership development in the Company. Inspite of the business downturn, it ensures that the Company continues to nurture able talent, which will form the bench-strength for leadership succession.

The BCIRC also has oversight of industrial relations in the Company. The Committee seeks to establish the right direction for Management and Union to adopt, in ensuring that the workforce is responsive to the evolving challenges, and that the Company and staff remain competitive.

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
(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 was made in July 2008. The Company will continue to review options for compensation plans, which will incentivise employees in the longer term.

The PSP and RSP, which were approved by shareholders at the Extraordinary General Meeting of the Company held on 28 July 2005, were introduced in 2006 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 issued ordinary share capital of the Company on the day preceding the relevant date of award.

The maximum number of new ordinary shares which may be granted under the SIA PSP and the SIA RSP from this Annual General Meeting to the next Annual General Meeting shall not exceed 1.5 per cent of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company preceding the relevant date of grant.

Details of the Company's PSP, RSP and ESOP can be found on pages 68 to 78 of the Report by the Board of Directors.

Directors' Fees

The Directors' fees paid in financial year 2008-09 amounted to S$1,500,000 [financial year 2007-08: S$1,497,220] and were based on 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.

			Bonus				Performance and Restricted Shares granted during the year[2]
	Fee	Salary	Fixed	Variable[1]	Benefits	Total	Number
Directors	%	%	%	%	%	%	
Between $250,000 to $500,000							
Stephen Lee Ching Yen	93	-	-	-	7	100	-
Below $250,000							
Chia Pei-Yuan	99	-	-	-	1	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	-
Between $4,500,000 to $4,750,000							
Chew Choon Seng[3]	-	28	2	67	3	100	57,600 PSP 54,000 RSP

[1] *Includes EVA-based incentive payment and profit-sharing bonus paid in the financial year ended 31 March 2009.*

[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] *Director's fees were retained by the Company.*

No employee of the Group who is an immediate family member of a Director was paid a remuneration that exceeded S$150,000 during the financial year ended 31 March 2009.

Senior Management	Fee %	Salary %	Bonus Fixed %	Bonus Variable[1] %	Benefits %	Total %	Performance and Restricted Shares granted during the year[2] Number
Between $1,750,000 to $2,000,000							
Bey Soo Khiang	-	26	2	67	5	100	22,000 PSP 20,000 RSP
Between $1,500,000 to $1,750,000							
Huang Cheng Eng	-	28	2	65	5	100	15,000 PSP 17,000 RSP
Between $1,250,000 to $1,500,000							
Mak Swee Wah	-	29	3	59	9	100	15,000 PSP 17,000 RSP
Between $750,000 to $1,000,000							
Ng Chin Hwee	-	44	4	43	9	100	15,000 PSP 17,000 RSP

1 *Includes EVA-based incentive payment and profit-sharing bonus paid in the financial year ended 31 March 2009.*

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.*

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 Activities (Principle 11)

The AC's activities for financial year 2008/09, 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 auditor the audit plan, and the report on the audit of the year-end financial statements; reviewed the external auditor's management letter and Management's responses thereto; and reviewed the external auditor's objectivity and independence from Management and the Company. The appointment of the external auditor and the audit fee were considered, and recommendations made to the Board on the selection of the Company's external 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 independence and resource sufficiency 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 auditor's 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 2008-09, 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 29.

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. Full transcripts of the proceedings are made available on SGXNET and our Company website at www.singaporeair.com/investor.

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 investor conferences and roadshows, as well as ad-hoc meetings and teleconferences in office.

The Company was recognized as the "Most Transparent Company – Transport Storage Communication Category" by the Securities Investors Association of Singapore ("SIAS") in 2008, the seventh time since the inception of SIAS Investors' Choice Award in 2000. The Company also received the Best Managed Board Award (Silver) and Best Investor Relations Award (Silver) from the organizers of the Singapore Corporate Awards 2009.

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 COMMITEE MEMBERS

For the period 1 April 2008 to 31 March 2009

Name of Directors	Board		Board Executive Committee		Board Audit Committee		Board Compensation and Industrial Relations Committee		Board Safety and Risk Committee		Board Nominating Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No.of meetings attended
Stephen Lee Ching Yen	4	4	5	5	-	-	4	4	4	4	-	-
Chew Choon Seng	4	4	5	5	-	-	-	-	-	-	-	-
Chia Pei-Yuan	4	4	-	-	4	4	-	-	-	-	2	2
Euleen Goh Yiu Kiang	4	4	5	5	4	4	-	-	-	-	-	-
David Michael Gonski	4	4	-	-	4	4	4	4	-	-	-	-
James Koh Cher Siang	4	4	5	5	-	-	4	4	4	4	-	-
Christina Ong	4	4	-	-	-	-	-	-	-	-	2	2
Sir Brian Pitman	4	4	-	-	-	-	4	4	4	4	-	-
Lucien Wong Yuen Kuai	4	4	-	-	4	4	-	-	-	-	2	2

FURTHER INFORMATION ON BOARD OF DIRECTORS

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 National Employers Federation	President
3.	Shanghai Commercial & Savings Bank Ltd, TWN	Managing Director
4.	Great Malaysia Textile Investments Pte Ltd	Director
5.	Baosteel Group Corporation, China	Director
6.	G2000 Apparel (S) Pte Ltd	Director
7.	Kidney Dialysis Foundation	Director
8.	Singapore Labour Foundation	Director
9.	Shanghai Commercial Bank Ltd, Hong Kong	Director
10.	Chinese Development Assistant Council	Board Member
11.	Dr Goh Keng Swee Scholarship Fund	Board Member
12.	National Wages Council	Member

Directorships for the past 3 years

	Company	Title
1.	Singapore Business Federation	Chairman
2.	Fraser & Neave Ltd	Director

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.	Government of Singapore Investment Corporation Pte Ltd	Director
3.	Singapore Exchange Ltd	Director
4.	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 Airport Terminal Services Limited	Deputy Chairman
4.	Singapore International Foundation	Member, Board of Governors

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

FURTHER INFORMATION ON BOARD OF DIRECTORS

Current Directorships

	Company	*Title*
1.	Accounting Standards Council	Chairperson
2.	Singapore International Foundation	Chairperson, Board of Governors
3.	Northlight School	Chairperson, Board of Governors
4.	Aviva plc	Director
5.	DBS Bank Ltd	Director
6.	DBS Group Holdings Ltd	Director
7.	MediaCorp Pte Ltd	Director
8.	Singapore Chinese Girls' School	Director
9.	Singapore Exchange Limited	Director

Directorships for the past 3 years

	Company	*Title*
1.	Financial Industry Competency Standards Committee	Chairperson
2.	International Enterprise Singapore	Chairperson
3.	CapitaLand Financial Limited	Deputy Chairman
4.	MOH Holdings Pte Ltd	Director
5.	Standard Chartered Bank (Thai) pcl	Director
6.	Standard Chartered Bank Malaysia Berhad	Director
7.	The Institute of Banking and Finance	Council 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.	Australian Securities Exchange Ltd	Chairman
2.	Coca-Cola Amatil Limited	Chairman
3.	Investec Bank (Australia) Limited	Chairman
4.	Investec Wentworth Pty Limited	Chairman
5.	National E-Health Transition Authority	Chairman
6.	UNSW Foundation Limited	Chairman
7.	Sydney Grammar School	President/Chairman, Board of Trustees
8.	The Westfield Group	Director
9.	The University of New South Wales (UNSW)	Chancellor

Directorships for the past 3 years

	Company	Title
1.	HPM Industries Pty Limited	Chairman
2.	Art Gallery of New South Wales Trust	President
3.	ANZ Banking Group Limited	Director
4	ING Australia Limited	Director
5.	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.	CapitaMall Trust Management Limited	Chairman
2.	Housing & Development Board	Chairman
3.	Singapore Deposit Insurance Corporation Limited	Chairman
4.	CapitaLand Limited	Director
5.	CapitaLand Hope Foundation	Director
6.	Hotel Plaza Limited	Director
7.	Singapore Cooperation Enterprise	Director
8.	UOL Group Limited	Director
9.	Presidential Council for Religious Harmony	Member

Directorships for the past 3 years

	Company	Title
1.	National Kidney Foundation	Deputy Chairman

FURTHER INFORMATION ON BOARD OF DIRECTORS

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.	AX 21 Holdings Pte Ltd	Managing Director
3.	Club 21 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
17.	Viva Foundation for Children with Cancer	Director
18.	Y.S. Fu Holdings (2002) Pte Ltd	Director

SIR BRIAN PITMAN

Academic and Professional Qualifications:

- Fellow of the Chartered Institute of Bankers, UK

Current Directorships

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

Directorships for the past 3 years

	Company	*Title*
1.	ITV plc	Director
2.	Tomkins plc	Director

LUCIEN WONG YUEN KUAI

Academic and Professional Qualifications:

- Bachelor of Laws (Honours)
  University of Singapore

Current Directorships

	Company	*Title*
1.	Maritime and Port Authority of Singapore	Chairman
2.	Altitute Trust Management Pte Ltd	Director
3.	Cerebos Pacific Limited	Director
4.	DLF Trust Management Pte Ltd	Director
5.	Eastern Development Private Limited	Director
6.	Hap Seng Plantations Holdings Berhad	Director
7.	Linklaters Allen & Gledhill Pte Ltd	Director
8.	Mapletree Commercial Trust Management Ltd	Director
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.	Mabanaft Singapore Pte Ltd	Director
2.	Singapore Technologies Engineering Ltd	Director

FINANCIALS

FINANCIAL REVIEW

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

- Total revenue $15,996 million (+0.1 per cent)
- Total expenditure $15,092 million (+9.0 per cent)
- Operating profit $904 million (-57.5 per cent)
- Profit after taxation $1,147 million (-46.3 per cent)
- Profit attributable to equity holders of the Company $1,062 million (-48.2 per cent)
- Basic earnings per share 89.6 cents (-46.8 per cent)
- Equity attributable to equity holders of the Company $13,931 million (-7.9 per cent)
- Net asset value $11.78 per share (-7.8 per cent)
- Total debt equity ratio 0.12 times (+0.01 times)

FINANCIAL REVIEW

Performance of the Group

Group Earnings

The Group's performance in FY2008-09 was hit by high price of fuel in the first half of the year and a sharp decline in cargo and passenger traffic in the second half of the year. As a result, the Group reported an operating profit of $904 million, a year-on-year decline of $1,221 million (-57.5 per cent). This was principally on account of weaker performance by the Company and the wholly owned cargo company. All the five main operating companies in the Group posted weaker operating results, with the exception of SIA Engineering Group, which registered a year-on-year improvement. A summary of the Group's five main operating companies operating profit/(loss) is as follows:

• Singapore Airlines	Profit of $823 million (-49.9 per cent)
• Singapore Airport Terminal Services Group	Profit of $171 million (-2.0 per cent)
• SIA Engineering Group	Profit of $113 million (+9.4 per cent)
• SilkAir	Profit of $34 million (-16.0 per cent)
• Singapore Airlines Cargo	Loss of $245 million (Profit of $132 million previously)

Group revenue was up 0.1 per cent to $15,996 million, $24 million higher than the year before.

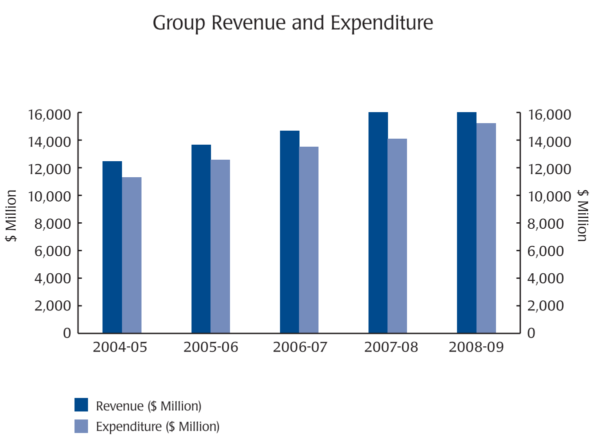
Group expenditure increased at a faster pace than revenue growth, rising $1,245 million (+9.0 per cent) to $15,092 million. The increase in expenditure was due mainly to higher fuel cost from increase in jet fuel price. The increase was partially offset by lower staff cost, due mainly to lower provision for profit-sharing bonus as a result of weaker operating performance.

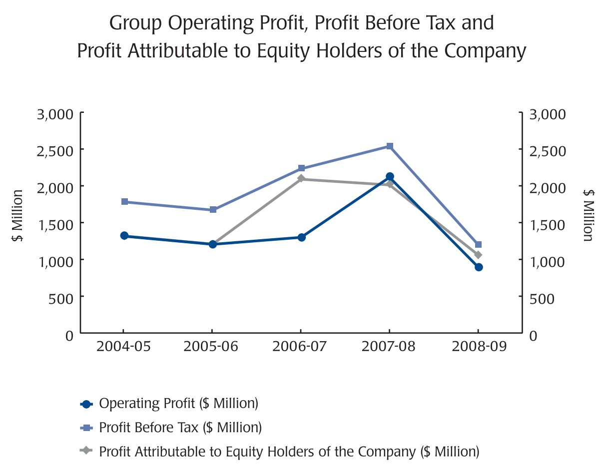
The Group earned a profit attributable to equity holders of $1,062 million for the financial year ended 31 March 2009, $988 million lower (-48.2 per cent) than the preceding year. This year's earnings included a one-off write-back of $138 million in prior years' deferred tax provision following a reduction in the Singapore corporate tax rate from 18 per cent to 17 per cent.

Earnings per share (basic) for the Group fell by 46.8 per cent to 89.6 cents, compared to last year's earnings per share of 168.5 cents.

Performance of the Group (continued)

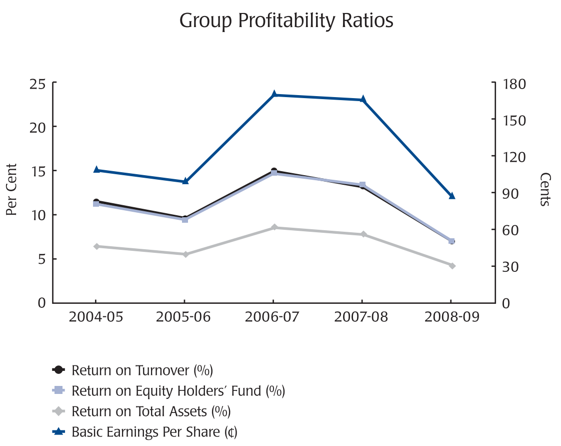
Group Earnings (continued)





Profitability ratios of the Group are as follows:

	2008-09 %	2007-08 %	Change % points
Return on turnover	7.2	13.4	– 6.2
Return on total assets	4.5	8.1	– 3.6
Return on equity holders' funds	7.3	13.6	– 6.3



FINANCIAL REVIEW

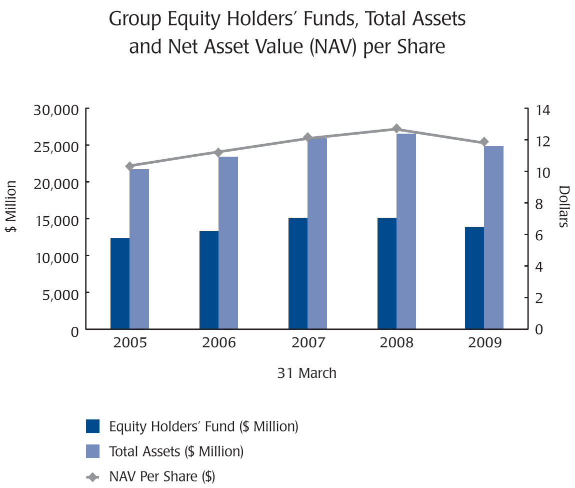
Performance of the Group (continued)

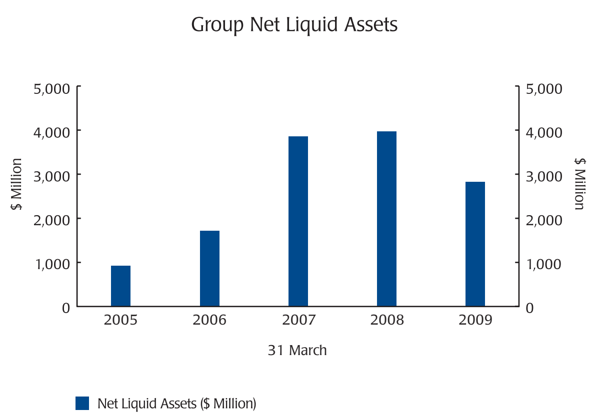
Financial Position of the Group

The Group's total assets stood at $24,819 million as at 31 March 2009, down 6.4 per cent from a year ago. Net asset value per share decreased 7.8 per cent to $11.78.

Equity holders' funds decreased 7.9 per cent to $13,931 million as at 31 March 2009, mainly arising from the payment of dividends during the year and decrease in fair value reserve. During the year, dividends paid included final dividend of 80 cents per share in respect of financial year 2007-08 and interim dividend of 20 cents per share in respect of financial year 2008-09.

The Group's net liquid assets[R1] position fell from $3,927 million a year ago to $2,802 million (-$1,125 million) as at 31 March 2009, as a result of payment of divdends and lower cash generated from operations. Total debt to equity ratio at 0.12 times was marginally higher by 0.01 times.



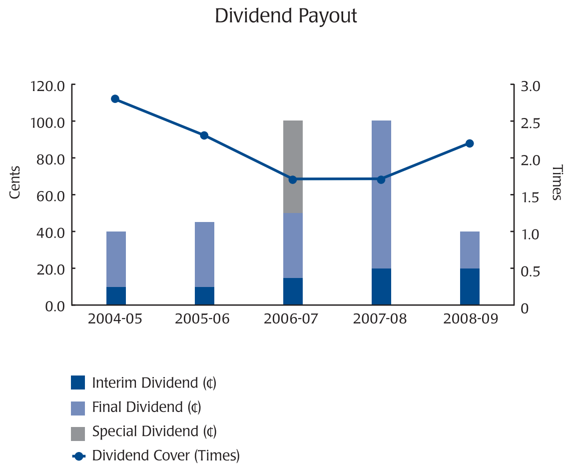


R1 *Net liquid assets is defined as the sum of cash and bank balances (net of bank overdrafts), investments, loans to third parties, and net of finance lease commitments, loans and fixed rate notes issued.*

Performance of the Group (continued)

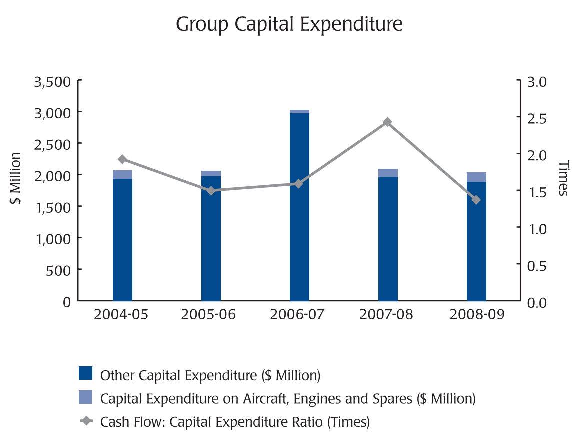
Financial Position of the Group (continued)

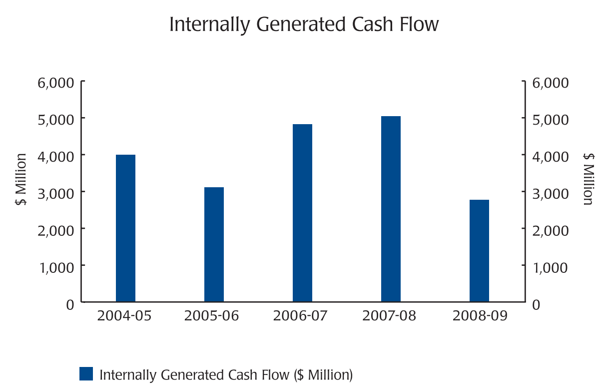
For the financial year ended 31 March 2009, the Board recommends a total distribution of 40 cents per share, comprising 20 cents interim dividend paid on 4 December 2008 and a recommended final dividend of 20 cents per share. The dividend cover is 2.2 times.



Capital Expenditure and Cash Flow of the Group

Capital expenditure was $2,031 million, 2.8 per cent lower than the year before. Internally generated cash flow of $2,773 million (-44.9 per cent) was 1.37 times capital expenditure. The decrease in internally generated cash flow was driven primarily by lower cash generated from operations, partially offset by higher proceeds from disposal of aircraft and other assets and dividends received from associated and joint venture companies. About 93 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)

	2008-09	2007-08	2006-07	2005-06	2004-05
Total revenue	15,996.3	15,972.5	14,494.4	13,341.1	12,012.9
Less: Purchase of goods and services	(10,810.2)	(9,413.3)	(9,078.6)	(8,352.2)	(7,030.7)
	5,186.1	6,559.2	5,415.8	4,988.9	4,982.2
Add: Interest income	96.0	181.2	181.8	96.7	52.7
Surplus on disposal of aircraft, spares and spare engines	60.6	49.1	237.9	115.7	215.2
Dividends from long-term investments, gross	23.7	34.8	38.8	24.6	8.0
Other non-operating items	29.4	96.8	77.9	12.3	9.8
Share of profits of joint venture companies	63.9	50.8	57.9	40.6	12.5
Share of profits of associated companies	111.1	110.2	79.0	255.2	203.7
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)
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
Total value added available for distribution	5,570.8	7,082.1	6,510.1	5,534.0	5,533.6
Applied as follows:					
To employees					
- Salaries and other staff costs	2,545.9	2,903.4	2,727.4	2,481.1	2,456.5
To government					
- Corporation taxes	190.0	410.3	328.9	352.6	387.3
To suppliers of capital					
- Interim and proposed dividends	473.6	1,184.4	1,245.2	550.5	487.4
- Finance charges	89.7	100.2	124.1	96.3	77.5
- Minority interests	85.3	87.5	73.6	68.8	51.3
Retained for future capital requirements					
- Depreciation and amortisation	1,736.6	1,531.3	1,374.0	1,294.5	1,208.6
- Retained profit [R1]	449.7	865.0	636.9	690.2	865.0
Total value added	5,570.8	7,082.1	6,510.1	5,534.0	5,533.6
Value added per $ revenue ($)	0.35	0.44	0.45	0.41	0.46
Value added per $ employment cost ($)	2.19	2.44	2.39	2.23	2.25
Value added per $ investment in property, plant and equipment	0.22	0.29	0.27	0.23	0.24

[R1] *Retained profit excludes tax write-back as a result of the reduction in corporate tax rate of $138.2 million and $246.7 million for 2008-09 and 2006-07 respectively. If tax write-back were included, retained profit for 2008-09 and 2006-07 would be $587.9 million and $883.6 million respectively.*

Performance of the Group (continued)

Statements of Value Added and its Distribution ($ million) (continued)

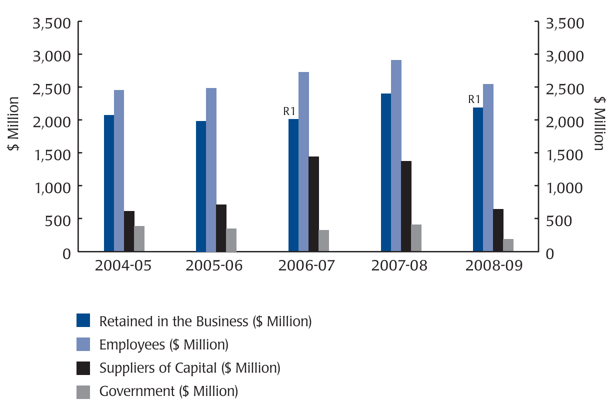
Value added is a measure of wealth created. The statement above shows the Group's value added from 2004-05 to 2008-09 and its distribution by way of payments to employees, government, and to those who have provided capital. It also indicates the portion retained in the business for future capital requirements.

Value Added

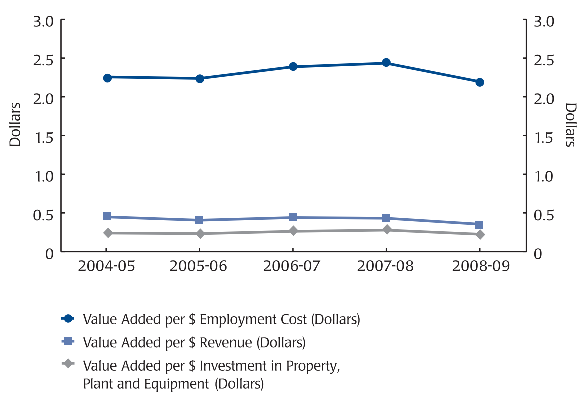
Total value added for 2008-09 fell 21.3 per cent (-$1,511 million) to $5,571 million. The decrease was mainly attributable to higher purchase of goods and services (-$1,397 million) and lower interest income (-$85 million).

Salaries and other staff cost accounted for 45.7 per cent of the value added, 4.7 percentage points higher than the previous year. $474 million (8.5 per cent) of the value added was for distribution to equity holders of the Company (-8.2 percentage points) and $2,186 million (39.2 per cent) was retained for future capital requirements (+5.4 percentage points).

Group Value Added Distribution



Group Value Added Productivity Ratios



R1 *Excludes write-back of prior years' tax liabilities of $246.7 million and $138.2 million for 2006-07 and 2008-09 respectively arising from reduction in corporate tax rate.*

Performance of the Group (continued)

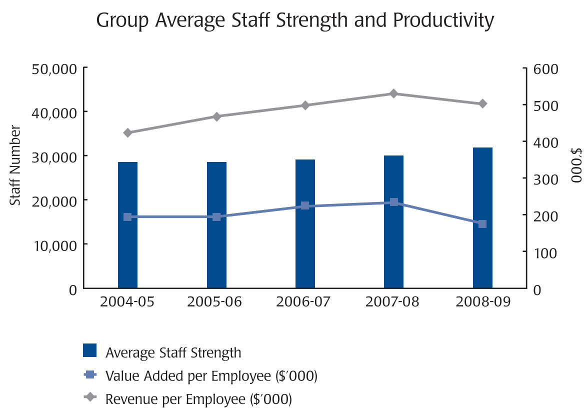
Group Average Staff Strength and Productivity

The Group's average staff strength increased by 1,746 to 31,834 employees. A breakdown is as follows:

	2008-09	2007-08	% Change
Singapore Airlines	14,343	14,071	+ 1.9
Singapore Airport Terminal Services Group	8,968	7,700	+ 16.5
SIA Engineering Group	6,259	6,116	+ 2.3
Singapore Airlines Cargo	1,085	1,096	− 1.0
SilkAir	876	798	+ 9.8
Others	303	307	− 1.3
	31,834	30,088	+ 5.8

Average staff productivity are as follows:

	2008-09	2007-08	% Change
Revenue per employee ($)	502,491	530,859	− 5.3
Value added per employee ($)	174,995	235,380	− 25.7



Performance of the Company

Operating Performance

	2008-09	2007-08	% Change
Passengers carried (thousand)	18,293	19,120	− 4.3
Available seat-km (million)	117,788.7	113,919.1	+ 3.4
Revenue passenger-km (million)	90,128.1	91,485.2	− 1.5
Passenger load factor (%)	76.5	80.3	− 3.8 points
Passenger yield (¢/pkm)	12.5	12.1	+ 3.3
Passenger unit cost (¢/ask)	9.2	8.4	+ 9.5
Passenger breakeven load factor (%)	73.6	69.4	+ 4.2 points

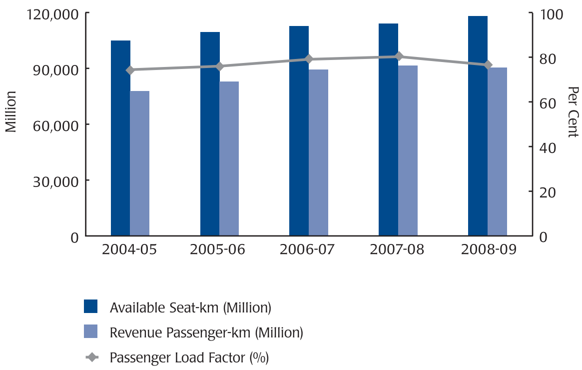
Performance of the Company (continued)

Operating Performance (continued)

The improvement in passenger yield was due mainly to higher local currency yields, partially offset by weaker revenue generating currencies.

The spread between passenger load factor and breakeven load factor dropped 8.0 percentage points to 2.9 percentage points in 2008-09.

Available Seat Capacity, Passenger Traffic and Load Factor



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

	By Route Region [R1] (2008-09 against 2007-08)		
	Passengers Carried Change (thousand)	Revenue Passenger KM % Change	Available Seat KM % Change
East Asia	− 896	− 9.9	− 5.2
Americas	− 193	− 12.4	− 6.8
Europe	+ 224	+ 11.2	+ 17.3
South West Pacific	+ 107	+ 3.6	+ 6.8
West Asia and Africa	− 69	+ 1.0	+ 7.8
Systemwide	− 827	− 1.5	+ 3.4

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, France, Germany, Greece, Italy, United Kingdom, 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, Kuwait, Maldives, Pakistan, Saudi Arabia, South Africa, Sri Lanka, Turkey and United Arab Emirates.*

Performance of the Company (continued)

Operating Performance (continued)

	Passenger Load Factor (%)		
	2008-09	2007-08	Change % points
East Asia	72.0	75.8	– 3.8
Americas	76.2	81.1	– 4.9
Europe	80.2	84.5	– 4.3
South West Pacific	82.6	85.2	– 2.6
West Asia and Africa	69.1	73.8	– 4.7
Systemwide	76.5	80.3	– 3.8

Earnings

	2008-09 $ million	2007-08 $ million	Change %
Revenue	13,049.5	12,759.6	+ 2.3
Expenditure	(12,226.6)	(11,115.6)	+ 10.0
Operating profit	822.9	1,644.0	– 49.9
Finance charges	(72.4)	(99.7)	– 27.4
Interest income	98.2	176.7	– 44.4
Surplus on disposal of aircraft, spares and spare engines	12.6	16.1	– 21.7
Dividends from subsidiary companies	340.3	249.8	+ 36.2
Dividends from long-term investments, gross	10.6	18.8	– 43.6
Other non-operating items	40.2	71.9	– 44.1
Profit before taxation	1,252.4	2,077.6	– 39.7
Taxation expense	(147.7)	(318.8)	– 53.7
Adjustment for reduction in Singapore corporate tax rate	114.0	-	n.m.
Profit after taxation	1,218.7	1,758.8	– 30.7

n.m. not meaningful

Performance of the Company (continued)

Revenue

The Company's revenue increased 2.3 per cent to $13,050 million as follows:

	2008-09 $ million	2007-08 $ million	Change %
Passenger revenue	9,492.8	9,797.9	− 3.1
Excess baggage revenue	30.5	28.2	+ 8.2
Non-scheduled services	8.9	6.4	+ 39.1
Bellyhold revenue from Singapore Airlines Cargo	1,347.2	1,206.4	+ 11.7
Direct operating revenue	10,879.4	11,038.9	− 1.4
Indirect operating revenue	2,170.1	1,720.7	+ 26.1
Total operating revenue	13,049.5	12,759.6	+ 2.3

The Company's passenger revenue decreased $305 million (-3.1 per cent) in 2008-09, as a result of:

	$ million	$ million
1.5% decrease in passenger traffic:		
3.4% increase in seat capacity	+ 334.1	
3.8% points decrease in passenger load factor	− 481.5	− 147.4
1.9% decrease in passenger yield (excluding fuel surcharge):		
Higher local currency yields	+ 359.8	
Change in passenger mix	− 72.4	
Foreign exchange	− 445.1	− 157.7
Decrease in passenger revenue		− 305.1

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	124.1
1.0% change in passenger yield, if passenger traffic remains constant	94.9

Performance of the Company (continued)

Revenue (continued)

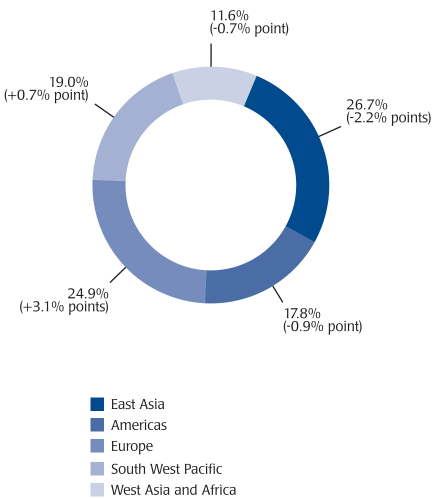
A breakdown of passenger revenue[R1] by route region and area of original sale is shown below:

	By Route Region ($ million)			By Area of Original Sale[R2] ($ million)		
	2008-09	2007-08	% Change	2008-09	2007-08	% Change
East Asia	2,546.4	2,838.1	− 10.3	4,362.4	4,626.9	− 5.7
Americas	1,697.6	1,840.9	− 7.8	740.1	881.5	− 16.0
Europe	2,364.3	2,139.9	+ 10.5	2,023.3	1,844.9	+ 9.7
South West Pacific	1,806.9	1,795.3	+ 0.6	1,749.9	1,716.9	+ 1.9
West Asia and Africa	1,108.1	1,211.9	− 8.6	647.6	755.9	− 14.3
Systemwide	9,523.3	9,826.1	− 3.1	9,523.3	9,826.1	− 3.1

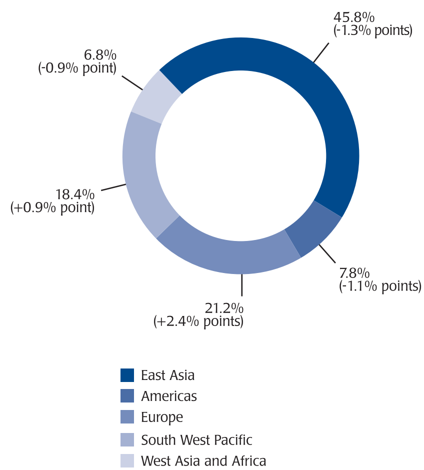
R1 *Includes excess baggage revenue.*

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



Performance of the Company (continued)

Expenditure

The Company's expenditure for 2008-09 increased 10.0 per cent from a year ago, to $12,227 million as follows:

	2008-09		2007-08		Change			
	$ million	%	$ million	%		$ million		%
Fuel costs	5,349.4	43.8	4,054.9	36.5	+	1,294.5	+	31.9
Staff costs	1,524.9	12.5	1,841.1	16.6	−	316.2	−	17.2
Depreciation [R1]	1,376.7	11.2	1,165.1	10.5	+	211.6	+	18.2
Handling charges	827.2	6.8	771.0	6.9	+	56.2	+	7.3
Sales costs [R2]	610.7	5.0	658.7	5.9	−	48.0	−	7.3
Inflight meals and other passenger costs	579.8	4.7	613.9	5.5	−	34.1	−	5.6
Airport and overflying charges	542.1	4.4	536.1	4.8	+	6.0	+	1.1
Aircraft maintenance and overhaul costs	486.7	4.0	538.8	4.9	−	52.1	−	9.7
Rentals on leased aircraft	412.5	3.4	304.2	2.7	+	108.3	+	35.6
Communication and information technology costs [R3]	101.8	0.8	104.6	0.9	−	2.8	−	2.7
Other costs [R4]	414.8	3.4	527.2	4.8	−	112.4	−	21.3
	12,226.6	100.0	11,115.6	100.0	+	1,111.0	+	10.0

[R1] *Depreciation included impairment of property, plant and equipment and amortisation of computer software.*

[R2] *Sales costs included commissions and incentives payable, frequent flyer programme cost, 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 cost, foreign exchange hedging and revaluation gain, comprehensive aviation insurance cost, airport lounge expenses, non-information technology contract and professional fees, expenses incurred to mount non-scheduled services, aircraft licence fees and recoveries.*

A breakdown by fuel cost is shown below:

	2008-09 $ million	2007-08 $ million		Change $ Million
Fuel cost (before hedging)	5,043	4,240	+	803
Fuel hedging loss/(gain)	306	(185)	+	491
Fuel cost (net)	5,349	4,055	+	1,294

Expenditure on fuel (before hedging) was $803 million higher because of:

		$ million
19.6% increase in weighted average fuel price from 99.2 USD/BBL to 118.6 USD/BBL	+	860
2.8% increase in volume uplifted from 29.2 M BBL to 30.0 M BBL	+	145
3.9% weakening of USD against SGD from US$1=S$1.473 to US$1=S$1.416	−	202
	+	803

Performance of the Company (continued)

Expenditure (continued)

Staff costs declined by $316 million mainly due to lower provision for profit-sharing bonus due to weaker operating performance.

Depreciation charges increased $212 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) and one A380 aircraft. The increase was partially offset by sale and leaseback of five B777 aircraft during the year.

Handling charges was $56 million higher, attributable to new A380 aircraft joining the fleet, increase in number of handlings and higher airport charges imposed by authorities in China.

Sales costs was $48 million lower than last year, due mainly to lower commissions and incentives, and computer reservation system booking fees.

Aircraft maintenance and overhaul costs decreased $52 million with lesser airframe activities for B747-400 fleet and 'C' checks for B777 aircraft fleet.

Rentals on leased aircraft increased $108 million primarily attributable to lease of five A380 aircraft and sale and leaseback of five B777 aircraft during the year, partially offset by the return of five B747-400 aircraft on expiry of lease.

Other costs decreased by $112 million, largely due to foreign exchange revaluation and hedging gain this year (against loss last year).

Fuel Productivity and Sensitivity Analysis

Fuel productivity as measured by load tonne-km per barrel (ltk/BBL) decreased by 2.9% over the previous year to 416 ltk/BBL. This was attributable to lower loads, partially mitigated by the addition of new A380-800 and B777-300ER aircraft.

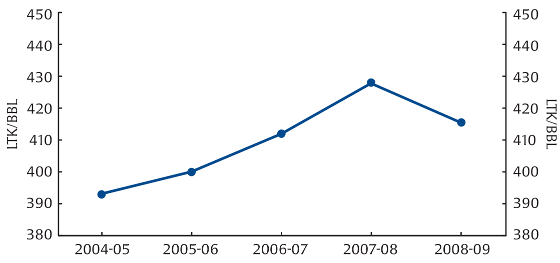
A change in fuel productivity (passenger aircraft) of 1.0 per cent would impact the Company's annual fuel cost by about $54 million, before accounting for changes in fuel price, USD exchange rate and flying operations.

Performance of the Company (continued)

Fuel Productivity and Sensitivity Analysis (continued)

A change in the price of fuel of one US dollar per barrel affects the Company's annual fuel cost by about $46 million, before accounting for USD exchange rate movements, and changes in volume of fuel consumed.

Fuel Productivity of Passenger Fleet



Finance Charges

Finance charges decreased 27.4 per cent mainly attributable to lower weighted average interest rate for interest-bearing financial liabilities.

Interest Income

Interest income was lower by 44.4 per cent due mainly to lower average interest rates on short-term deposits.

Dividends from Subsidiary Companies

Dividends from subsidiary companies increased by $91 million, mainly contributed by higher dividends received from SIA Engineering Company (+$78 million).

Taxation

There was a net tax charge of $34 million, comprising current tax of $165 million, deferred tax credit of $17 million and a write-back of $114 million in respect of prior years' deferred tax liabilities which arose from the 1 percentage point reduction in corporate tax rate.

As at 31 March 2009, the company's deferred taxation account stood at $1,816 million.

Performance of the Company (continued)

Average Staff Strength and Productivity

The Company's average staff strength was 14,343, an increase of 272 over last year. The distribution of employee strength by category and location is as follows:

	2008-09	2007-08	% Change
Category			
Senior staff (administrative and higher ranking officers)	1,327	1,325	+ 0.2
Technical crew	2,299	2,212	+ 3.9
Cabin crew	7,303	7,043	+ 3.7
Other ground staff	3,414	3,491	− 2.2
	14,343	14,071	+ 1.9
Location			
Singapore	12,206	11,885	+ 2.7
East Asia	898	936	− 4.1
Europe	407	404	+ 0.7
South West Pacific	328	350	− 6.3
West Asia and Africa	301	278	+ 8.3
Americas	203	218	− 6.9
	14,343	14,071	+ 1.9

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

	2008-09	2007-08	% Change
Seat capacity per employee (seat-km)	8,212,278	8,096,020	+ 1.4
Passenger load carried per employee (tonne-km)	598,047	618,295	− 3.3
Revenue per employee ($)	909,817	906,801	+ 0.3
Value added per employee ($)	294,666	368,382	− 20.0

Performance of Subsidiary Companies

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

	2008-09 $ million	2007-08 $ million	Change %
Total revenue	1,062.1	958.0	+ 10.9
Total expenditure	891.2	783.7	+ 13.7
Operating profit	170.9	174.3	– 2.0
Profit after taxation	148.4	195.2	– 24.0

SATS Group's revenue increased by $104 million to $1,062 million, mainly on account of revenue contribution from Singapore Food Industries, which was acquired in February 2009. SATS Group also started to consolidate results of Country Food Macau and SATS Hong Kong from 3rd quarter of the financial year.

Operating expenditure increased $108 million (+13.7 per cent) to $891 million primarily from consolidation of the new subsidiary companies. This financial year also saw the full impact of additional cost from dual terminal operations with the commencement of Terminal 3 operations at Changi Airport. This was partially offset by Jobs Credit from the Singapore Government introduced in response to the weakening operating environment.

As a consequence, SATS Group's operating profit declined $3 million (-2.0 per cent) to $171 million.

Profit contribution from overseas associated companies fell 50.3 per cent to $22 million for the financial year ended 31 March 2009, mainly due to weaker aviation industry.

Profit after taxation decreased $47 million (-24.0 per cent) to $148 million, due to lower operating profit, lower contribution from overseas associated companies and loss on disposal of short-term non-equity investments. In addition, last year's results included a one-off exceptional gain on the sale of Express Courier Centre 2 of $17 million.

As at 31 March 2009, equity holders' funds of the SATS Group were $1,398 million (+1.0 per cent). Net asset value per share of the Group as at 31 March 2009 remained at $1.29.

Return on equity holders' funds at 10.5 per cent, was 3.9 percentage points lower than the last financial year. Basic earnings per share decreased 4.6 cents (-25.3 per cent) to 13.6 cents.

Performance of Subsidiary Companies (continued)

SIA Engineering Group

	2008-09 $ million	2007-08 $ million	Change %
Total revenue	1,045.3	1,009.6	+ 3.5
Total expenditure	932.7	906.7	+ 2.9
Operating profit	112.6	102.9	+ 9.4
Profit after taxation	263.3	254.3	+ 3.5

Revenue rose $36 million (+3.5 per cent) to $1,045 million, mainly attributable to increase in flights handled, work in Line Maintenance, increase in fleet size of Fleet Management Programme and a turnkey project to redesign, retrofit and overhaul a B747-400 aircraft.

Expenditure grew $26 million (+2.9 per cent) to $933 million mainly due to increase in subcontract cost as a result of specialised services required for the turnkey project, partially offset by lower staff cost.

The resulting operating profit of $113 million was $10 million (+9.4 per cent) higher than last year.

Associated and joint venture companies turned in a good performance, with profits increasing by $15 million (+9.6 per cent) to $173 million. This represents a contribution of 57.5 percent to the Group's pre-tax profits.

SIA Engineering Group managed to achieve a profit after taxation of $263 million, an increase of $9 million (+3.5 per cent), driven mainly by higher contribution from associated and joint venture companies and higher operating profit.

As at 31 March 2009, equity attributable to equity holders of the Company amounted to $1,229 million, $104 million (+9.2 per cent) higher than last year. The increase was mainly attributable to profit for the financial year of $261 million, partially offset by dividend payments of $226 million. Net asset value per share increased to $1.14, $0.09 higher (+8.9 per cent) than at 31 March 2008.

Return on equity holders' funds at 22.1 per cent was 1.8 percentage points lower than the last financial year. Basic earnings per share rose 2.1 per cent to 24.2 cents.

Singapore Airlines Cargo

	2008-09 $ million	2007-08 $ million	Change %
Total revenue	2,974.0	3,322.2	− 10.5
Total expenditure	3,219.0	3,190.7	+ 0.9
Operating (loss)/profit	(245.0)	131.5	n.m.
(Loss)/profit after taxation	(153.9)	115.4	n.m.

Performance of Subsidiary Companies (continued)

Singapore Airlines Cargo (continued)

Revenue decreased by $348 million (-10.5 per cent) due mainly to significant drop in yields and load factor. Expenditure increased by $28 million (+0.9 per cent), mainly a result of higher jet fuel price.

Overall cargo traffic (in load tonne kilometres) fell at a faster pace of 8.3 per cent, as compared to capacity drop of 3.9 per cent. As a result, cargo load factor dropped by 2.8 percentage points to 59.4 per cent, below the breakeven load factor of 65.2 per cent. Cargo breakeven load factor worsened as yields decreased 1.3 per cent while unit cost increased 6.4 per cent.

As a result, SIA Cargo recorded an operating loss of $245 million in 2008-09, compared to an operating profit of $132 million in the previous financial year.

During the year, SIA Cargo sold one B747-400 freighter, which had been leased out to Air China Cargo. As at 31 March 2009, SIA Cargo's operating fleet stood at 12 B747-400 freighters.

As at 31 March 2009, SIA Cargo's equity attributable to equity holders of the Company was $1,754 million (-14.8 per cent).

SilkAir

	2008-09 $ million	2007-08 $ million	Change %
Total revenue	546.3	506.0	+ 8.0
Total expenditure	512.7	466.0	+ 10.0
Operating profit	33.6	40.0	− 16.0
Profit after taxation	30.9	34.8	− 11.2

SilkAir's revenue grew by $40 million (+8.0 per cent) to $546 million from improvements in load (+1.7 per cent) and yield (+6.1 per cent). The increase in expenditure of $47 million (+10.0 per cent) was primarily due to higher fuel cost, aircraft standing charges and staff cost. As a result, operating profit declined by $6 million (-16.0 per cent).

Overall load factor increased by 0.8 percentage points to 61.2 per cent, with traffic growth of 1.7 per cent as compared to capacity increase of 0.4 per cent. Yields improved by 6.1 per cent to 156.2 cents/ltk, compared to a 11.0 per cent increase in unit cost to 95.1 cents/ctk. Consequently, breakeven load factor deteriorated by 2.7 percentage points to 60.9 per cent.

Profit after taxation dropped 11.2 per cent to $31 million.

SilkAir's route network spanned 28 cities in 11 Asian countries. During the financial year, SilkAir launched new services to Kuala Lumpur (Malaysia) in October 2008 and terminated services to Kaohsiung (Taiwan) in February 2009.

As at 31 March 2009, equity attributable to equity holders of the Company stood at $438 million (-1.1 per cent).

REPORT BY THE BOARD OF DIRECTORS

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2009.

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)
Christina Ong (Independent)
Sir Brian Pitman (Independent)
Lucien Wong Yuen Kuai (Independent)

2 Arrangements to Enable Directors to Acquire Shares And Debentures

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

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	**1.4.2008**	**31.3.2009**	**1.4.2008**	**31.3.2009**
Interest in Singapore Airlines Limited				
Ordinary shares				
Stephen Lee Ching Yen	9,400	9,400	-	-
Chew Choon Seng	200,000	218,500	-	-
Euleen Goh Yiu Kiang	3,800	3,800	-	-
James Koh Cher Siang	3,800	3,800	-	-
Lucien Wong Yuen Kuai	-	-	58,000	58,000
Options to subscribe for ordinary shares				
Chew Choon Seng	1,194,000	1,194,000	-	-

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

Name of Director	Direct interest 1.4.2008	Direct interest 31.3.2009	Deemed interest 1.4.2008	Deemed interest 31.3.2009
Conditional award of restricted shares				
Chew Choon Seng	77,025	118,687	-	-
Conditional award of performance shares				
Chew Choon Seng	77,025	134,625	-	-
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	-	-	117,000	117,000
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	-	990
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	-	-
Lucien Wong Yuen Kuai	-	-	-	210,000
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	-	6,000
Interest in Mapletree Logistics Trust				
Units				
James Koh Cher Siang	100,000	177,250	-	-

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

	Direct interest		Deemed interest	
Name of Director	**1.4.2008**	**31.3.2009**	**1.4.2008**	**31.3.2009**
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	211,125	216,000	20,000	20,000
Options to subscribe for ordinary shares				
Lucien Wong Yuen Kuai	108,375	103,500	-	-

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2009.

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 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.

5 Options on Shares in the Company (continued)

(i) Employee Share Option Plan (continued)

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 12,836,062 unissued shares in the Company at an exercise price of $14.83 per share.

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 63,383,492 unissued shares in the Company were outstanding:

Date of grant	Balance at 1.4.2008 / date of grant	Cancelled	Exercised	Balance at 31.3.2009	Exercise price*	Exercisable period
	Number of options to subscribe for unissued ordinary shares					
28.3.2000	4,943,581	(459,000)	(147,250)	4,337,331	$14.84	28.3.2001 - 27.3.2010
3.7.2000	5,168,825	(552,780)	(10,600)	4,605,445	$16.15	3.7.2001 - 2.7.2010
2.7.2001	2,710,618	(217,600)	(176,600)	2,316,418	$11.46	2.7.2002 - 1.7.2011
1.7.2002	3,995,176	(239,050)	(350,015)	3,406,111	$12.32	1.7.2003 - 30.6.2012
1.7.2003	2,986,378	(119,225)	(342,777)	2,524,376	$ 9.84	1.7.2004 - 30.6.2013
1.7.2004	4,772,140	(66,025)	(486,428)	4,219,687	$10.20	1.7.2005 - 30.6.2014
1.7.2005	8,211,437	(116,404)	(653,369)	7,441,664	$10.78	1.7.2006 - 30.6.2015
3.7.2006	11,794,466	(193,321)	(1,464,437)	10,136,708	$12.10	3.7.2007 - 2.7.2016
2.7.2007	12,088,175	(335,255)	-	11,752,920	$18.22	2.7.2008 - 1.7.2017
1.7.2008	12,836,062	(193,230)	-	12,642,832	$14.83	1.7.2009 - 30.6.2018
	69,506,858	(2,491,890)	(3,631,476)	63,383,492		

* *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.

5 Options on Shares in the Company (continued)

(i) Employee Share Option Plan (continued)

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

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 13,517,300 unissued shares in SATS at an exercise price of $2.17 per share.

At the end of the financial year, options to take up 67,001,325 unissued shares in SATS were outstanding:

	Number of options to subscribe for unissued ordinary shares					
Date of grant	Balance at 1.4.2008 / date of grant	Cancelled	Exercised	Balance at 31.3.2009	Exercise price*	Exercisable period
28.3.2000	5,594,200	(515,500)	(54,800)	5,023,900	$2.15	28.3.2001 - 27.3.2010
3.7.2000	2,094,650	(225,300)	(36,000)	1,833,350	$1.75	3.7.2001 - 2.7.2010
2.7.2001	691,900	(176,950)	(13,700)	501,250	$1.19	2.7.2002 - 1.7.2011
1.7.2002	1,460,100	(223,650)	(8,500)	1,227,950	$1.55	1.7.2003 - 30.6.2012
1.7.2003	1,496,700	(57,300)	(47,900)	1,391,500	$1.42	1.7.2004 - 30.6.2013
1.7.2004	5,229,200	(83,300)	(36,000)	5,109,900	$2.04	1.7.2005 - 30.6.2014
1.7.2005	10,872,950	(176,700)	(31,200)	10,665,050	$2.22	1.7.2006 - 30.6.2015
3.7.2006	14,494,975	(242,050)	(129,600)	14,123,325	$2.05	3.7.2007 - 2.7.2016
2.7.2007	13,938,600	(220,600)	-	13,718,000	$3.01	2.7.2009 - 1.7.2017
1.7.2008	13,517,300	(110,200)	-	13,407,100	$2.17	1.7.2010 - 30.6.2018
	69,390,575	(2,031,550)	(357,700)	67,001,325		

* *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.*

5 Options on Shares in the Company (continued)

(i) Employee Share Option Plan (continued)

(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 13,592,000 unissued shares in SIAEC at an exercise price of $3.74 per share.

At the end of the financial year, options to take up 61,260,663 unissued shares in SIAEC were outstanding:

	Number of options to subscribe for unissued ordinary shares					
Date of grant	Balance at 1.4.2008 / date of grant	Cancelled	Exercised	Balance at 31.3.2009	Exercise price*	Exercisable period
28.3.2000	1,469,500	(90,400)	(262,100)	1,117,000	$1.65	28.3.2001 - 27.3.2010
3.7.2000	1,487,013	(63,200)	(218,600)	1,205,213	$1.55	3.7.2001 - 2.7.2010
2.7.2001	719,600	(50,800)	(152,700)	516,100	$1.01	2.7.2002 - 1.7.2011
1.7.2002	4,194,350	(90,400)	(407,150)	3,696,800	$1.98	1.7.2003 - 30.6.2012
1.7.2003	1,192,275	(11,600)	(231,525)	949,150	$1.35	1.7.2004 - 30.6.2013
1.7.2004	4,289,225	(17,200)	(474,550)	3,797,475	$1.69	1.7.2005 - 30.6.2014
1.7.2005	8,550,875	(17,200)	(876,150)	7,657,525	$2.25	1.7.2006 - 30.6.2015
3.7.2006	14,782,550	(112,000)	(964,100)	13,706,450	$3.44	3.7.2007 - 2.7.2016
2.7.2007	15,319,400	(220,800)	(1,250)	15,097,350	$4.67	2.7.2008 - 1.7.2017
1.7.2008	13,592,000	(74,400)	-	13,517,600	$3.74	1.7.2010 - 30.6.2018
	65,596,788	(748,000)	(3,588,125)	61,260,663		

* *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 SIAEC 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.*

5 Options on Shares in the Company (continued)

(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.

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

	Number of Restricted shares				
Date of grant	**Balance at 1.4.2008/date of grant**	**Adjustment***	**Vested**	**Cancelled**	**Balance at 31.3.2009**
RSP					
27.7.2006	260,505	41,226	(152,969)	(9,013)	139,749
1.8.2007	527,805	-	-	(30,963)	496,842
1.7.2008	676,424	-	-	(25,812)	650,612
	1,464,734	41,226	(152,969)	(65,788)	1,287,203

* *Adjustment at the end of two-year performance period upon meeting stated performance targets.*

5 Options on Shares in the Company (continued)

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

	Number of Performance shares		
Date of grant	Balance at 1.4.2008/date of grant	Cancelled	Balance at 31.3.2009
PSP			
27.7.2006	144,701	-	144,701
1.8.2007	157,952	-	157,952
1.7.2008	222,200	-	222,200
	524,853	-	524,853

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

	Conditional awards granted during financial year under review	Adjustment#	Aggregate adjusted awards granted since commencement of plans to end of financial year under review	Awards released during the financial year under review	Aggregate awards released 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	54,000	6,162	137,187	18,500	18,500	118,687
PSP						
Chew Choon Seng	57,600	-	134,625	-	-	134,625

Adjustment at the end of two-year performance period upon meeting stated performance targets.

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 1.4.2008 / date of grant	Vested	Cancelled	Balance at 31.3.2009
SATS RSP				
2.10.2006	176,926	(87,910)	(4,972)	84,044
27.7.2007	345,750	-	(23,400)	322,350
1.11.2007	41,000	-	-	41,000
28.7.2008	532,700	-	(21,100)	511,600
17.11.2008	50,000	-	-	50,000
	1,146,376	(87,910)	(49,472)	1,008,994

	Number of Performance shares		
Date of grant	Balance at 1.4.2008 / date of grant	Cancelled	Balance at 31.3.2009
SATS PSP			
2.10.2006	85,651	-	85,651
27.7.2007	98,200	-	98,200
1.11.2007	55,000	-	55,000
28.7.2008	92,000	-	92,000
	330,851	-	330,851

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 1.4.2008 / date of grant	Adjustment*	Vested	Cancelled	Balance at 31.3.2009
SIAEC RSP					
3.7.2006	194,900	31,184	(112,721)	(6,235)	107,128
2.7.2007	338,300	-	-	(10,700)	327,600
1.7.2008	877,300	-	-	(17,500)	859,800
	1,410,500	31,184	(112,721)	(34,435)	1,294,528

* *Adjustment at the end of two-year performance period upon meeting stated performance targets.*

	Number of Performance shares		
Date of grant	Balance at 1.4.2008 / date of grant	Cancelled	Balance at 31.3.2009
SIAEC PSP			
3.7.2006	31,100	-	31,100
2.7.2007	61,200	-	61,200
1.7.2008	128,500	-	128,500
	220,800	-	220,800

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 LLP, 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 14th day of May 2009

REPORT BY THE BOARD OF DIRECTORS

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 2009 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 14th day of May 2009

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 83 to 204, which comprise the balance sheets of the Group and the Company as at 31 March 2009, the statements of changes in equity of the Group and the Company and 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 account and balance sheet 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,

(i) 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 2009 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

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

ERNST & YOUNG LLP
Public Accountants and
Certified Public Accountants

Dated this 14th day of May 2009
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the financial year ended 31 March 2009 (in $ million)

	Notes	The Group 2008-09	The Group 2007-08
REVENUE		15,996.3	15,972.5
EXPENDITURE			
Staff costs	5	2,545.9	2,903.4
Fuel costs		6,408.4	5,025.6
Depreciation	19, 21	1,649.7	1,488.8
Impairment of property, plant and equipment	19	41.4	-
Amortisation of intangible assets	20	45.5	42.5
Aircraft maintenance and overhaul costs		381.6	430.9
Commission and incentives		394.5	434.4
Landing, parking and overflying charges		656.9	665.7
Handling charges		580.7	582.8
Rentals on leased aircraft		487.8	381.9
Material costs		385.3	322.1
Inflight meals		231.0	255.2
Advertising and sales costs		240.3	261.5
Insurance expenses		60.4	71.7
Company accommodation and utilities		187.2	175.3
Other passenger costs		146.7	137.8
Crew expenses		184.7	144.1
Other operating expenses		464.7	524.3
		15,092.7	13,848.0
OPERATING PROFIT	6	903.6	2,124.5
Finance charges	7	(89.7)	(100.2)
Interest income	8	96.0	181.2
Surplus on disposal of aircraft, spares and spare engines		60.6	49.1
Dividends from long-term investments, gross		23.7	34.8
Other non-operating items	9	29.4	96.8
Share of profits of joint venture companies		63.9	50.8
Share of profits of associated companies		111.1	110.2
PROFIT BEFORE TAXATION		1,198.6	2,547.2
TAXATION	10		
Taxation expense		(190.0)	(410.3)
Adjustment for reduction in Singapore statutory tax rate		138.2	-
		(51.8)	(410.3)
PROFIT FOR THE FINANCIAL YEAR		1,146.8	2,136.9
PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		1,061.5	2,049.4
MINORITY INTERESTS		85.3	87.5
		1,146.8	2,136.9
BASIC EARNINGS PER SHARE (CENTS)	11	89.6	168.5
DILUTED EARNINGS PER SHARE (CENTS)	11	89.1	166.1

The notes on pages 94 to 204 form an integral part of these financial statements.

BALANCE SHEETS

At 31 March 2009 (in $ million)

	Notes	The Group 2009	The Group 2008	The Company 2009	The Company 2008
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	13	1,684.8	1,682.0	1,684.8	1,682.0
Treasury shares	14	(44.4)	(33.2)	(44.4)	(33.2)
Capital reserve	15 (a)	86.3	95.6	(3.7)	-
Foreign currency translation reserve	15 (b)	(137.9)	(130.7)	-	-
Share-based compensation reserve	15 (c)	187.3	136.4	135.0	98.6
Fair value reserve	15 (d)	(660.8)	443.4	(496.0)	198.6
General reserve		12,815.3	12,931.7	11,623.3	11,589.7
		13,930.6	15,125.2	12,899.0	13,535.7
MINORITY INTERESTS		559.8	503.7	-	-
TOTAL EQUITY		14,490.4	15,628.9	12,899.0	13,535.7
DEFERRED ACCOUNT	16	673.9	787.3	582.3	660.0
DEFERRED TAXATION	17	2,222.0	2,542.1	1,815.9	2,101.9
LONG-TERM LIABILITIES	18	1,513.5	1,689.4	988.1	966.1
		18,899.8	20,647.7	16,285.3	17,263.7
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	19				
Aircraft, spares and spare engines		13,042.5	13,182.2	10,670.1	10,708.5
Land and buildings		732.6	729.3	119.0	132.2
Others		2,217.3	2,562.6	1,780.1	2,218.3
		15,992.4	16,474.1	12,569.2	13,059.0
INTANGIBLE ASSETS	20	553.0	106.6	64.9	79.0
INVESTMENT PROPERTIES	21	7.0	-	-	-
SUBSIDIARY COMPANIES	22	-	-	1,780.8	1,780.8
ASSOCIATED COMPANIES	23	855.3	1,121.0	1,719.8	1,722.2
JOINT VENTURE COMPANIES	24	127.5	95.1	-	-
LONG-TERM INVESTMENTS	25	43.2	43.3	18.8	18.9
OTHER NON-CURRENT ASSETS	26	403.6	361.8	391.6	353.6
CURRENT ASSETS					
Inventories	27	503.2	507.7	338.7	406.3
Trade debtors	28	1,485.5	2,043.8	994.9	1,433.4
Deposits and other debtors	29	241.9	73.1	207.6	37.7
Prepayments		101.9	104.9	77.8	90.2
Amounts owing by subsidiary companies	22	-	-	284.6	227.4
Amounts owing by associated companies	23	0.4	0.5	-	-
Investments	30	655.6	464.3	587.6	360.9
Cash and bank balances	31	3,848.0	5,119.0	3,458.0	4,216.7
		6,836.5	8,313.3	5,949.2	6,772.6

The notes on pages 94 to 204 form an integral part of these financial statements.

BALANCE SHEETS

At 31 March 2009 (in $ million)

	Notes	The Group 2009	The Group 2008	The Company 2009	The Company 2008
Less: **CURRENT LIABILITIES**					
Sales in advance of carriage		1,143.6	1,680.3	1,111.6	1,647.0
Deferred revenue		500.8	435.7	500.8	435.7
Current tax payable		348.0	415.1	272.6	282.7
Trade and other creditors	32	3,581.5	3,233.6	2,692.0	2,383.8
Amounts owing to subsidiary companies	22	-	-	1,597.8	1,729.1
Amounts owing to associated companies	23	0.6	1.2	-	-
Finance lease commitments	18	66.9	56.9	-	-
Loans	18	32.7	0.6	-	-
Notes payable	18	200.0	-	-	-
Other liabilities	18	35.3	44.1	26.7	44.1
Bank overdrafts	33	9.3	-	7.5	-
		5,918.7	5,867.5	6,209.0	6,522.4
NET CURRENT ASSETS / (LIABILITIES)		917.8	2,445.8	(259.8)	250.2
		18,899.8	20,647.7	16,285.3	17,263.7

The notes on pages 94 to 204 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2009 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2008		1,682.0	(33.2)	95.6
Currency translation differences		-	-	-
Net fair value changes on available-for-sale assets	15 (d)	-	-	-
Net fair value changes on cash flow hedges	15 (d)	-	-	-
Share of associated companies' fair value reserve	15 (d), 23	-	-	-
Share of associated companies' capital reserve	23	-	-	(5.6)
Surplus on dilution of interest in subsidiary companies due to share options exercised		-	-	-
Net income and expense not recognised in the profit and loss acccount		-	-	(5.6)
Profit for the financial year		-	-	-
Net income and expense recognised for the financial year		-	-	(5.6)
Issuance of share capital by subsidiary companies		-	-	-
Acquisition of shares in a subsidiary company	22	-	-	-
Acquisition of minority interests	22	-	-	-
Disposal of shares in a subsidiary company		-	-	-
Share-based compensation expense	13	-	-	-
Share options exercised	13	2.8	-	-
Share options lapsed		-	-	-
Purchase of treasury shares	14	-	(64.1)	-
Treasury shares reissued pursuant to equity compensation plans	14	-	52.9	(3.7)
Dividends	12	-	-	-
Balance at 31 March 2009		1,684.8	(44.4)	86.3

The notes on pages 94 to 204 form an integral part of these financial statements.

Attributable to Equity Holders of the Company						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Minority interests	Total equity
(130.7)	136.4	443.4	12,931.7	15,125.2	503.7	15,628.9
(7.2)	-	-	-	(7.2)	15.8	8.6
-	-	(5.9)	-	(5.9)	-	(5.9)
-	-	(855.6)	-	(855.6)	-	(855.6)
-	-	(242.7)	-	(242.7)	-	(242.7)
-	-	-	-	(5.6)	-	(5.6)
-	(6.4)	-	6.8	0.4	8.4	8.8
(7.2)	(6.4)	(1,104.2)	6.8	(1,116.6)	24.2	(1,092.4)
-	-	-	1,061.5	1,061.5	85.3	1,146.8
(7.2)	(6.4)	(1,104.2)	1,068.3	(55.1)	109.5	54.4
-	-	-	-	-	8.8	8.8
-	-	-	-	-	15.2	15.2
-	-	-	-	-	(3.3)	(3.3)
-	-	-	-	-	0.3	0.3
-	68.6	-	-	68.6	-	68.6
-	(0.2)	-	-	2.6	-	2.6
-	(1.1)	-	1.1	-	-	-
-	-	-	-	(64.1)	-	(64.1)
-	(10.0)	-	-	39.2	-	39.2
-	-	-	(1,185.8)	(1,185.8)	(74.4)	(1,260.2)
(137.9)	187.3	(660.8)	12,815.3	13,930.6	559.8	14,490.4

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2009 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2007		1,494.9	-	44.9
Currency translation differences		-	-	-
Net fair value changes on available-for-sale assets	15 (d)	-	-	-
Net fair value changes on cash flow hedges	15 (d)	-	-	-
Share of associated companies' fair value reserve	15 (d), 23	-	-	-
Share of associated companies' capital reserve	23	-	-	50.7
Surplus on dilution of interest in subsidiary companies due to share options exercised		-	-	-
Net income and expense not recognised in the profit and loss acccount		-	-	50.7
Profit for the financial year		-	-	-
Net income and expense recognised for the financial year		-	-	50.7
Issuance of share capital by subsidiary companies		-	-	-
Share-based compensation expense	13	-	-	-
Share options exercised	13	322.8	-	-
Share options lapsed		-	-	-
Capital reduction	13	(155.9)	-	-
Shares issued	13	20.2	-	-
Purchase of treasury shares	14	-	(33.2)	-
Dividends	12	-	-	-
Balance at 31 March 2008		1,682.0	(33.2)	95.6

The notes on pages 94 to 204 form an integral part of these financial statements.

Attributable to Equity Holders of the Company						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Minority interests	Total equity
(59.5)	97.3	(45.5)	13,567.9	15,100.0	443.3	15,543.3
(71.2)	-	-	-	(71.2)	(12.4)	(83.6)
-	-	(26.9)	-	(26.9)	-	(26.9)
-	-	291.6	-	291.6	-	291.6
-	-	224.2	-	224.2	-	224.2
-	-	-	-	50.7	-	50.7
-	(11.9)	-	27.0	15.1	40.6	55.7
(71.2)	(11.9)	488.9	27.0	483.5	28.2	511.7
-	-	-	2,049.4	2,049.4	87.5	2,136.9
(71.2)	(11.9)	488.9	2,076.4	2,532.9	115.7	2,648.6
-	-	-	-	-	1.1	1.1
-	73.9	-	-	73.9	-	73.9
-	(21.9)	-	-	300.9	-	300.9
-	(1.0)	-	1.0	-	-	-
-	-	-	(1,400.4)	(1,556.3)	-	(1,556.3)
-	-	-	-	20.2	-	20.2
-	-	-	-	(33.2)	-	(33.2)
-	-	-	(1,313.2)	(1,313.2)	(56.4)	(1,369.6)
(130.7)	136.4	443.4	12,931.7	15,125.2	503.7	15,628.9

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2009 (in $ million)

The Company

	Notes
Balance at 1 April 2008	
Net fair value changes on available-for-sale assets	15 (d)
Net fair value changes on cash flow hedges	15 (d)
Net expense not recognised in the profit and loss account	
Profit for the financial year	
Net income and expense recognised for the financial year	
Share-based compensation expense	
Share options exercised	13
Share options lapsed	
Purchase of treasury shares	14
Treasury shares reissued pursuant to equity compensation plans	14
Dividends	12
Balance at 31 March 2009	

The Company

	Notes
Balance at 1 April 2007	
Net fair value changes on available-for-sale assets	15 (d)
Net fair value changes on cash flow hedges	15 (d)
Net income not recognised in the profit and loss account	
Profit for the financial year	
Net income recognised for the financial year	
Share-based compensation expense	
Share options exercised	13
Share options lapsed	
Capital reduction	13
Shares issued	13
Purchase of treasury shares	14
Dividends	12
Balance at 31 March 2008	

The notes on pages 94 to 204 form an integral part of these financial statements.

Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
1,682.0	(33.2)	-	98.6	198.6	11,589.7	13,535.7
-	-	-	-	(1.5)	-	(1.5)
-	-	-	-	(693.1)	-	(693.1)
-	-	-	-	(694.6)	-	(694.6)
-	-	-	-	-	1,218.7	1,218.7
-	-	-	-	(694.6)	1,218.7	524.1
-	-	-	47.3	-	-	47.3
2.8	-	-	(0.2)	-	-	2.6
-	-	-	(0.7)	-	0.7	-
-	(64.1)	-	-	-	-	(64.1)
-	52.9	(3.7)	(10.0)	-	-	39.2
-	-	-	-	-	(1,185.8)	(1,185.8)
1,684.8	(44.4)	(3.7)	135.0	(496.0)	11,623.3	12,899.0

Share capital	Treasury shares	Share-based compensation reserve	Fair value reserve	General reserve	Total
1,494.9	-	71.2	(18.1)	12,544.1	14,092.1
-	-	-	(22.3)	-	(22.3)
-	-	-	239.0	-	239.0
-	-	-	216.7	-	216.7
-	-	-	-	1,758.8	1,758.8
-	-	-	216.7	1,758.8	1,975.5
-	-	49.7	-	-	49.7
322.8	-	(21.9)	-	-	300.9
-	-	(0.4)	-	0.4	-
(155.9)	-	-	-	(1,400.4)	(1,556.3)
20.2	-	-	-	-	20.2
-	(33.2)	-	-	-	(33.2)
-	-	-	-	(1,313.2)	(1,313.2)
1,682.0	(33.2)	98.6	198.6	11,589.7	13,535.7

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2009 (in $ million)

	Notes	The Group 2008-09	The Group 2007-08
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,198.6	2,547.2
Adjustments for:			
Depreciation		1,649.7	1,488.8
Impairment of property, plant and equipment		41.4	-
Amortisation of intangible assets		45.5	42.5
Impairment of trade debtors		12.3	2.9
Income from short-term investments		(1.7)	(1.7)
Share-based compensation expense		68.6	73.9
Exchange differences		(3.4)	(6.7)
Amortisation of deferred gain on sale and operating leaseback transactions		(86.1)	(102.7)
Finance charges		89.7	100.2
Interest income		(96.0)	(181.2)
Surplus on disposal of aircraft, spares and spare engines		(60.6)	(49.1)
Surplus on disposal of non-current assets		(2.1)	-
Dividends from long-term investments, gross		(23.7)	(34.8)
Other non-operating items		(29.4)	(96.8)
Share of profits of joint venture companies		(63.9)	(50.8)
Share of profits of associated companies		(111.1)	(110.2)
Operating profit before working capital changes		2,627.8	3,621.5
(Decrease)/Increase in trade and other creditors		(516.5)	203.3
(Increase)/Decrease in short-term investments		(221.6)	104.8
(Decrease)/Increase in sales in advance of carriage		(536.7)	287.4
Decrease in trade debtors		428.6	71.6
(Increase)/Decrease in deposits and other debtors		(160.3)	55.6
Decrease/(Increase) in prepayments		3.0	(18.8)
Decrease in inventories		56.5	26.4
Increase in deferred revenue		65.1	47.4
Decrease in amounts owing by associated companies		0.1	1.4
(Decrease)/Increase in amounts owing to associated companies		(0.6)	1.2
Cash generated from operations		1,745.4	4,401.8
Income taxes paid		(300.0)	(196.3)
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,445.4	4,205.5
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(2,031.1)	(2,088.6)
Purchase of intangible assets		(21.6)	(47.6)
Proceeds from disposal of aircraft and other property, plant and equipment		893.3	515.1

The notes on pages 94 to 204 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2009 (in $ million)

		The Group	
	Notes	2008-09	2007-08
Proceeds from sale of non-equity investments		13.6	-
Investments in associated companies		-	(7.6)
Investments in companies pending incorporation		(3.9)	(8.2)
Acquisition of minority interests	22	(0.6)	-
Acquisition of subsidiary companies, net of cash acquired	22	(457.8)	(1.5)
Repayment of loans by associated companies		2.8	0.8
Proceeds from disposal of shares in a subsidiary company		0.3	-
Proceeds from disposal of non-current assets		5.2	-
Dividends received from associated and joint venture companies		134.3	111.4
Dividends received from investments		24.5	35.6
Interest received from investments and deposits		84.6	177.0
Interest received on loans to associated companies		9.8	12.5
NET CASH USED IN INVESTING ACTIVITIES		(1,346.6)	(1,301.1)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(1,185.8)	(1,313.2)
Dividends paid by subsidiary companies to minority interests		(74.4)	(56.4)
Interest paid		(69.8)	(82.2)
Proceeds from borrowings		1.9	1.5
Repayment of borrowings		(15.2)	(114.0)
Repayment of long-term lease liabilities		(54.8)	(56.4)
Proceeds from issuance of share capital by subsidiary companies to minority interests		8.8	1.1
Proceeds from exercise of share options		50.6	356.6
Capital reduction		-	(1,556.3)
Proceeds from issuance of shares		-	20.2
Purchase of treasury shares		(64.1)	(33.2)
NET CASH USED IN FINANCING ACTIVITIES		(1,402.8)	(2,832.3)
NET CASH (OUTFLOW)/INFLOW		(1,304.0)	72.1
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		5,119.0	5,093.7
Effect of exchange rate changes		23.7	(46.8)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		3,838.7	5,119.0
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Fixed deposits	31	3,540.8	4,723.7
Cash and bank	31	307.2	395.3
Bank overdrafts	33	(9.3)	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		3,838.7	5,119.0

The notes on pages 94 to 204 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 listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is a subsidiary company of Temasek Holdings (Private) Limited, incorporated in the Republic of Singapore.

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

The principal activities of the Group consist of passenger and cargo air transportation, airport terminal and food operations, 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 2009 were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2009.

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 has adopted all of the new, 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 2008. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the financial statements reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRS, INT FRS and amendments to FRS were issued but not effective.

2 Accounting Policies (continued)

(b) New and revised standards (continued)

	Effective date (Annual periods beginning on or after)
Improvements to FRSs	1 January 2009 (unless otherwise stated)
Revised FRS 1 Presentation of Financial Statements	1 January 2009
FRS 108 Operating Segments	1 January 2009
Amendments to FRS 23 Borrowing Costs	1 January 2009
Amendments to FRS 32 and FRS 1 Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
Amendments to FRS 39 Eligible Hedged Items	1 July 2009
Amendments to FRS 101 and FRS 27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
Amendments to FRS 102 Vesting Conditions and Cancellations	1 January 2009
Amendments to FRS 107 Improving Disclosures about Financial Instruments	1 January 2009
Amendments to INT FRS 109 and FRS 39 Embedded Derivatives	1 July 2009
INT FRS 113 Customer Loyalty Programmes	1 July 2008
INT FRS 116 Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118 Transfer of Assets from Customers	1 July 2009

The management expects 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: Presentation of Financial Statements

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements.

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

FRS 108: Operating Segments

FRS 108 requires the disclosure of segment information based on the information reviewed by the Group's chief operating decision maker. As this is a disclosure standard, there will be no impact on the financial position or financial performance of the Group.

2 Accounting Policies (continued)

(b) New and revised standards (continued)

Amendments to FRS 107: Improving Disclosures about Financial Instruments
The amendments to FRS 107 introduce a three-level hierarchy for fair value measurement disclosures and require the Group to provide additional disclosures about the relative reliability of fair value measurements, thereby helping to improve comparability between entities about the effects of fair value measurements. Additionally, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk. This is aimed at ensuring that the information disclosed enables users of the Group's financial statements to evaluate the nature and extent of liquidity risk arising from financial instruments and how the Group manages that risk.

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 Company'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 Company 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 subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied 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 subsidiary companies 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 company's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet.

2 Accounting Policies (continued)

(c) Basis of consolidation (continued)

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 company'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.

Subsidiary companies 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 subsidiary companies 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. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal of minority interests is recognised directly in equity.

(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 accumulated 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.

2 Accounting Policies (continued)

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

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-generating 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.

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.

2 Accounting Policies (continued)

(e) Intangible assets (continued)

(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 method are reviewed at least annually.

(iii) Brands, customer relationships and licences

Brands, customer relationships and licences are acquired in a business combination. The useful lives of some of the brands acquired are estimated to be indefinite because based on the current market share of the brands, the management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group. Similarly, for some of the licences, the useful lives are estimated to be indefinite. For those brands and licenses with finite lives, they are measured at cost less accumulated amortisation and accumulated impairment losses. These intangible assets are amortised in the profit and loss account on a straight-line basis over their estimated useful lives as follows:

Brands:	17 years
Customer relationships:	5 years
Licences:	14 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.

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.

2 Accounting Policies (continued)

(f) Foreign currencies (continued)

For the purpose of the consolidated financial statements, the net assets of the foreign subsidiary, associated and joint venture companies are translated into SGD at the exchange rates ruling at the 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 into SGD 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.

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.

2 Accounting Policies (continued)

(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.

Freehold land, advance and progress payments are not depreciated.

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

(i) Aircraft, spares and spare engines

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

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

(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) Others

Plant and equipment, office and computer equipment are depreciated over 1 to 12 years to nil residual values.

2 Accounting Policies (continued)

(i) Investment properties

Investment properties are initially recorded at cost. Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided on a straight-line basis so as to write off the cost of the leasehold investment properties over its estimated useful lives according to the lease period or 30 years whichever is shorter.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss account in the year of retirement or disposal.

For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2(g) up to the date of change in use.

(j) 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).

(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.

2 Accounting Policies (continued)

(j) Leases (continued)

(ii) Operating lease – as lessee (continued)

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 remaining lease term period or the average expected life between major overhauls (estimated to be 4 to 10 years).

(iii) Operating lease – as lessor

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

(k) Inventories

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

Work-in-progress is stated at cost plus a proportion of estimated profit earned to-date, based on the percentage of completion of the projects. Cost comprises direct materials, direct labour and other direct overheads. Anticipated losses, if any, are provided for in full as and when they are determined.

(l) 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.

2 Accounting Policies (continued)

(l) Financial assets (continued)

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.

(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 whereby 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 accumulated impairment losses.

2 Accounting Policies (continued)

(m) 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(l).

(n) Trade debtors and other receivables

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

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

(o) Investments

Short-term investments held by the Group are classified as available-for-sale and are stated at fair values. Fair value is determined in the manner described in Note 2(l)(iii). For unquoted short-term investments where there is no active market and where fair value cannot be reliably measured, they are measured at cost less accumulated impairment losses. The accounting policy for this category of financial assets is stated in Note 2(l).

(p) Cash and cash equivalents

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

For the purpose of the consolidated 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(l), under loans and receivables.

(q) Impairment of non-financial assets

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

2 Accounting Policies (continued)

(q) Impairment of non-financial assets (continued)

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. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit and loss account except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

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

(r) Impairment of financial assets

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.

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

2 Accounting Policies (continued)

(r) Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

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 recognised 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.

(s) 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.

2 Accounting Policies (continued)

(s) Financial liabilities (continued)

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, unless they are designated as hedging derivatives.

(t) Loans, notes payable and borrowings

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

(u) Trade and other creditors

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

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

(v) Provisions

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

Provisions are reviewed at 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.

2 Accounting Policies (continued)

(v) Provisions (continued)

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

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

(w) 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.

(x) Treasury shares

When shares are reacquired by the Company, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued pursuant to equity compensation plans, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve.

(y) 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.

(z) 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 substantively 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.

2 Accounting Policies (continued)

(z) Taxation (continued)

(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:

- 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

- 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.

(aa) 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.

2 Accounting Policies (continued)

(aa) Revenue (continued)

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

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

Revenue from the provision of airport terminal services is recognised upon rendering of services. Revenue from manufacturing and exporting chilled and frozen processed foods is recognised upon delivery and acceptance of goods sold.

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.

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms.

(ab) 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.

(ac) 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.

2 Accounting Policies (continued)

(ac) Employee benefits (continued)

(i) Equity compensation plans (continued)

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.

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 senior executives and key senior management, when and after pre-determined performance or service conditions are accomplished.

Details of the plans are disclosed in Note 13 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 as share-based compensation expense, with a corresponding increase in the share-based compensation reserve, over the vesting period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At 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 vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

2 Accounting Policies (continued)

(ac) Employee benefits (continued)

(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 scheme. Certain of the Group's subsidiary companies and overseas stations outside Singapore make contributions to their respective countries' pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

(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 on accrual basis.

(ad) 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 overhaul costs covered by "power-by-hour" third-party maintenance agreements, a portion of the cost is expensed at a fixed rate per hour during the terms of the agreements.

(ae) Training and development costs

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

(af) Borrowing costs

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

2 Accounting Policies (continued)

(ag) 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.

(ah) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts, foreign currency option contracts, cross currency swap contracts, interest rate swap contracts, interest rate cap contracts, jet fuel option contracts, jet fuel swap contracts and 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 values of foreign currency option contracts, interest rate swap contracts and interest rate cap contracts are determined by reference to valuation reports provided by counterparties. The fair values of cross currency swap contracts and jet fuel swap contracts are 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 Jet Kerosene ("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 exchange gains and losses of the USD held would be recognised in the carrying value of the aircraft.

2 Accounting Policies (continued)

(ah) Derivative financial instruments and hedging (continued)

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

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

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value reserve (Note 15), 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.

(ai) 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 and food operations 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 and food operations 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 ongoing 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. Recoverable amount is defined as the higher of an aircraft's fair value less costs to sell and its value-in-use. In determining the recoverable amounts of the aircraft, certain estimates regarding the current fair market value of the aircraft are made. The current fair market value is determined based on desktop valuations from an independent appraisal for fleet with similar operational lives. When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on financial budgets approved by the management covering a specified period.

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

Aircraft are depreciated on a straight-line basis at rates which are calculated to write-down their cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of the fleet are made by the Group based on past experience and these are in line with the industry. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2009 was $12,448.2 million (2008: $12,545.9 million) and $10,212.6 million (2008: $10,193.7 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 as revenue at the end of two years. This is estimated based on historical trends and experiences of the Group whereby ticket uplift occurs mainly within the first two years. The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2009 was $1,143.6 million (2008: $1,680.3 million) and $1,111.6 million (2008: $1,647.0 million) respectively.

3 Significant Accounting Estimates (continued)

(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 2009 was $500.8 million (2008: $435.7 million).

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

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

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate as if the engine maintenance and overhaul costs are accounted for under the time and material basis. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2009 was $139.5 million (2008: $156.5 million) and $89.9 million (2008: $116.1 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to $77.8 million (2007-08: $71.2 milion) for the Group and $75.7 million (2007-08: $69.0 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 2009 and 2008 and certain assets and liabilities information of the business segments as at those dates.

	Airline operations		Airport terminal and food operations	
	2008-09	2007-08	2008-09	2007-08
TOTAL REVENUE				
External revenue	15,126.1	15,263.9	451.2	338.2
Inter-segment revenue	51.2	50.6	610.9	619.8
	15,177.3	15,314.5	1,062.1	958.0
RESULTS				
Segment result	610.6	1,845.3	170.9	174.3
Finance charges	(87.9)	(106.7)	(6.7)	(6.1)
Interest income	99.0	178.2	6.9	15.7
Surplus on disposal of aircraft, spares and spare engines	65.5	34.2	-	-
Dividends from subsidiary companies, gross	313.5	253.6	-	-
Dividends from long-term investments, gross	11.5	20.4	1.1	1.1
Other non-operating items	40.2	72.0	(10.9)	19.0
Share of profits of joint venture companies	-	-	-	-
Share of (losses)/profits of associated companies	(30.0)	(54.0)	22.2	44.7
Taxation	13.7	(322.9)	(35.1)	(53.5)
Profit for the financial year	1,036.1	1,920.1	148.4	195.2

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 2008-09	Engineering services 2007-08	Others 2008-09	Others 2007-08	Total of segments 2008-09	Total of segments 2007-08	Elimination* 2008-09	Elimination* 2007-08	Consolidated 2008-09	Consolidated 2007-08
358.5	289.7	60.5	80.7	15,996.3	15,972.5	-	-	15,996.3	15,972.5
686.8	719.9	133.4	126.6	1,482.3	1,516.9	(1,482.3)	(1,516.9)	-	-
1,045.3	1,009.6	193.9	207.3	17,478.6	17,489.4	(1,482.3)	(1,516.9)	15,996.3	15,972.5
112.6	102.9	10.8	25.1	904.9	2,147.6	(1.3)	(23.1)	903.6	2,124.5
-	-	-	-	(94.6)	(112.8)	4.9	12.6	(89.7)	(100.2)
3.9	9.8	0.9	2.6	110.7	206.3	(14.7)	(25.1)	96.0	181.2
-	-	-	-	65.5	34.2	(4.9)	14.9	60.6	49.1
-	-	0.1	-	313.6	253.6	(313.6)	(253.6)	-	-
11.1	13.7	-	-	23.7	35.2	-	(0.4)	23.7	34.8
0.1	1.3	(5.8)	-	23.6	92.3	5.8	4.5	29.4	96.8
63.9	50.8	-	-	63.9	50.8	-	-	63.9	50.8
109.1	107.0	-	-	101.3	97.7	9.8	12.5	111.1	110.2
(37.4)	(31.2)	(2.6)	(4.7)	(61.4)	(412.3)	9.6	2.0	(51.8)	(410.3)
263.3	254.3	3.4	23.0	1,451.2	2,392.6	(304.4)	(255.7)	1,146.8	2,136.9
								1,061.5	2,049.4
								85.3	87.5
								1,146.8	2,136.9

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations		Airport terminal and food operations	
	2009	2008	2009	2008
OTHER INFORMATION AT 31 MARCH				
Segment assets	21,289.8	22,873.0	1,459.6	1,505.5
Investments in and loans to associated and joint venture companies	116.5	430.4	335.2	334.5
Goodwill on consolidation	-	-	242.3	1.3
Long-term investments	20.7	21.0	7.9	7.9
Amounts owing by associated companies	-	-	0.2	0.4
Accrued interest receivable	5.8	13.5	-	-
Total assets	21,432.8	23,337.9	2,045.2	1,849.6
Segment liabilities	5,901.1	6,116.6	226.6	149.0
Long-term liabilities	1,496.6	1,482.1	20.9	207.3
Note payable, loans and finance lease commitments	66.0	56.6	232.7	0.8
Amounts owing to associated companies	0.6	1.2	-	-
Accrued interest payable	12.9	13.2	0.5	0.5
Tax liabilities	2,374.3	2,804.5	148.2	104.0
Total liabilities	9,851.5	10,474.2	628.9	461.6
Capital expenditure	1,927.7	2,012.6	25.3	15.1
Purchase of intangible assets	17.6	43.7	2.8	0.5
Depreciation	1,544.9	1,401.5	58.5	56.4
Impairment of property, plant and equipment	41.4	-	-	-
Impairment of investments	0.1	-	9.7	-
Amortisation of intangible assets	33.0	32.9	6.1	2.8
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	(50.8)	(101.4)	(7.7)	10.0

* *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 2009	Engineering services 2008	Others 2009	Others 2008	Total of segments 2009	Total of segments 2008	Elimination* 2009	Elimination* 2008	Consolidated 2009	Consolidated 2008
957.2	960.9	200.3	210.8	23,906.9	25,550.2	(363.2)	(310.1)	23,543.7	25,240.1
530.4	438.0	0.7	13.2	982.8	1,216.1	-	-	982.8	1,216.1
-	-	-	-	242.3	1.3	-	-	242.3	1.3
14.6	14.6	-	-	43.2	43.5	-	(0.2)	43.2	43.3
-	-	-	-	0.2	0.4	0.2	0.1	0.4	0.5
-	-	0.3	0.4	6.1	13.9	-	-	6.1	13.9
1,502.2	1,413.5	201.3	224.4	25,181.5	26,825.4	(363.0)	(310.2)	24,818.5	26,515.2
202.1	231.2	49.5	56.5	6,379.3	6,553.3	(448.3)	(386.0)	5,931.0	6,167.3
-	-	-	-	1,517.5	1,689.4	(4.0)	-	1,513.5	1,689.4
0.9	0.1	-	-	299.6	57.5	-	-	299.6	57.5
-	-	-	-	0.6	1.2	-	-	0.6	1.2
-	-	-	-	13.4	13.7	-	-	13.4	13.7
43.8	42.1	3.5	7.1	2,569.8	2,957.7	0.2	(0.5)	2,570.0	2,957.2
246.8	273.4	53.0	63.6	10,780.2	11,272.8	(452.1)	(386.5)	10,328.1	10,886.3
73.1	58.5	5.0	2.4	2,031.1	2,088.6	-	-	2,031.1	2,088.6
0.9	1.4	0.3	2.0	21.6	47.6	-	-	21.6	47.6
36.6	33.1	9.0	8.1	1,649.0	1,499.1	0.7	(10.3)	1,649.7	1,488.8
-	-	-	-	41.4	-	-	-	41.4	-
-	-	-	-	9.8	-	-	-	9.8	-
5.9	6.4	0.5	0.4	45.5	42.5	-	-	45.5	42.5
(5.2)	(13.8)	(3.0)	(0.4)	(66.7)	(105.6)	-	-	(66.7)	(105.6)

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 2009 and 2008.

	By area of original sale	
	2008-09	2007-08
East Asia	5,814.8	6,444.3
Europe	2,319.9	2,158.8
South West Pacific	1,937.7	1,906.3
Americas	901.0	1,030.2
West Asia and Africa	856.5	989.4
Systemwide	11,829.9	12,529.0
Non-scheduled services and incidental revenue	3,347.4	2,785.5
	15,177.3	15,314.5

5 Staff Costs (in $ million)

	The Group	
	2008-09	2007-08
Staff costs (including executive directors)		
Salary, bonuses and other costs	2,356.7	2,675.6
CPF and other defined contributions	120.6	153.9
Share-based compensation expense	68.6	73.9
	2,545.9	2,903.4

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 $14.7 million for 2008-09 and $18.5 million for 2007-08. As these are not material to the total staff costs of the Group for 2008-09 and 2007-08, additional disclosures of these defined benefit plans are not shown. Disclosures relating to share-based compensation expense are in Note 13.

6 Operating Profit (in $ million)

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

	The Group	
	2008-09	2007-08
Interest income from short-term investments	(0.9)	(0.9)
Dividend income from short-term investments	(0.8)	(0.8)
Loss/(Surplus) on disposal of short-term investments	4.7	(36.7)
Income from operating lease of aircraft	(10.5)	(36.8)
Amortisation of deferred gain on sale and operating leaseback transactions	(86.1)	(102.7)
Bad debts written off	2.4	1.1
Impairment of trade debtors	12.3	2.9
Surplus on disposal of non-current assets	(2.1)	-
Professional fees paid to a firm of which a director is a member	0.1	*
Remuneration for auditors of the Company		
Audit fees	1.7	1.8
Non-audit fees	1.4	0.9
Exchange (gain)/loss, net	(65.3)	117.7
Fuel hedging loss/(gain) recognised in "Fuel costs"	348.3	(232.2)
Ineffectiveness of fuel hedging contracts recognised in "Fuel costs"	4.0	(2.5)

** Amount less than $0.1 million.*

7 Finance Charges (in $ million)

	The Group	
	2008-09	2007-08
Interest expenses:		
- notes payable	43.4	43.5
- loans	0.7	0.1
- finance lease commitments	19.4	35.3
- other receivables measured at amortised cost	20.0	16.7
- realised loss/(gain) on interest rate swap contracts accounted as cash flow hedges	3.9	(1.5)
- fair value loss on interest rate swap contracts accounted as fair value through profit and loss	2.2	5.8
	89.6	99.9
Commitment fees	0.1	0.3
	89.7	100.2

8 Interest Income (in $ million)

	The Group	
	2008-09	2007-08
Fixed deposits	70.8	139.8
Amortised interest income from other receivables	21.3	8.4
Others	3.9	33.0
	96.0	181.2

9 Other Non-operating Items (in $ million)

	The Group	
	2008-09	2007-08
Recognition of liquidated damages	39.0	55.2
Surplus on disposal of other property, plant and equipment	1.8	40.2
Amortisation of deferred (loss)/gain on sale and finance leaseback transactions	(0.5)	1.4
Impairment of investments	(9.8)	-
Loss on disposal of non-equity investments	(1.1)	-
	29.4	96.8

10 Taxation (in $ million)

	The Group	
	2008-09	2007-08
Current taxation		
Provision for the year	226.0	369.1
Overprovision in respect of prior years	(0.7)	(28.9)
Share of joint venture companies' taxation	0.6	0.1
Share of associated companies' taxation	11.9	3.0
	237.8	343.3
Deferred taxation		
Movement in temporary differences	(38.5)	81.8
Overprovision in respect of prior years	(9.3)	(14.8)
	(47.8)	67.0
	190.0	410.3
Adjustment to deferred tax for reduction in Singapore statutory corporate tax rate	(138.2)	-
	51.8	410.3

10 Taxation (in $ million) (continued)

On 22 January 2009, the Government announced a 1% point reduction in statutory corporate tax rate from Year of Assessment 2010. The financial effect of the reduction in tax rate was reflected in the current financial year. The aggregate adjustment of the prior year's deferred tax assets and liabilities was $138.2 million for the Group.

The Group has tax losses of approximately $21.9 million (2008: $22.9 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	
	2008-09	**2007-08**
Profit before taxation	1,198.6	2,547.2
Taxation at statutory corporate tax rate of 17.0% (2007-08: 18.0%)	203.8	458.5
<u>Adjustments</u>		
Income not subject to tax	(54.5)	(61.5)
Expenses not deductible for tax purposes	33.3	45.0
Higher effective tax rates of other countries	16.7	10.6
Overprovision in respect of prior years, net	(10.0)	(43.7)
Adjustment to deferred tax for reduction in Singapore statutory corporate tax rate	(138.2)	-
Others	0.7	1.4
Taxation	51.8	410.3

11 Earnings Per Share

	The Group			
	2008-09		2007-08	
	Basic	Diluted	Basic	Diluted
Profit attributable to equity holders of the Company (in $ million)	1,061.5	1,061.5	2,049.4	2,049.4
Adjustment for dilutive potential ordinary shares of subsidiary companies (in $ million)	-	(1.1)	-	(5.1)
Adjusted net profit attributable to equity holders of the Company (in $ million)	1,061.5	1,060.4	2,049.4	2,044.3
Weighted average number of ordinary shares in issue (in million)	1,184.7	1,184.7	1,216.0	1,216.0
Adjustment for dilutive potential ordinary shares (in million)	-	5.2	-	14.9
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	1,184.7	1,189.9	1,216.0	1,230.9
Earnings per share (cents)	89.6	89.1	168.5	166.1

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company 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.

34.0 million (2007-08: 12.2 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.

12 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	2008-09	2007-08
Dividends paid:		
Special dividend of 50.0 cents per share tax exempt (one-tier) in respect of 2006-07	-	633.0
Final dividend of 80.0 cents per share tax exempt (one-tier) in respect of 2007-08 (2007-08: 35.0 cents per share tax exempt [one-tier] in respect of 2006-07)	948.7	443.0
Interim dividend of 20.0 cents per share tax exempt (one-tier) in respect of 2008-09 (2007-08: 20.0 cents per share tax exempt [one-tier] in respect of 2007-08)	237.1	237.2
	1,185.8	1,313.2

The directors propose that a final tax exempt (one-tier) dividend of 20.0 cents per share (2007-08: final tax exempt [one-tier] dividend of 80.0 cents per share) amounting to $236.5 million (2007-08: $948.7 million) be paid for the financial year ended 31 March 2009.

13 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2009	2008	2009	2008
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April	1,186,334,147	1,246,833,370	1,682.0	1,494.9
Share options exercised during the year	213,643	22,717,093	2.8	322.8
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	1,186,547,790	1,186,334,147	1,684.8	1,682.0
Special share				
Balance at 1 April and 31 March	1	1	#	#

The value is $0.50

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

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

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

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

13 Share Capital (in $ million) (continued)

During the financial year, the Company issued 213,643 shares (2007-08: 22,717,093) upon exercise of options granted under the Employee Share Option Plan.

In the previous financial year, the Company cancelled 84,309,846 shares at the price of $18.46 per share pursuant to a capital reduction exercise under Section 78G of the Singapore Companies Act. In addition, 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.

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.

13 Share Capital (in $ million) (continued)

Share option plans (continued)

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

SIA ESOP

	2008-09		2007-08	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	56,670,796	$13.53	68,338,907	$12.96
Granted	12,836,062	$14.83	12,324,345	$18.22
Cancelled	(2,491,890)	$14.28	(1,275,363)	$13.95
Exercised	(3,631,476)	$11.51	(22,717,093)	$13.25
Balance at 31 March	63,383,492	$13.88	56,670,796	$13.53
Exercisable at 31 March	36,174,505	$12.57	29,277,185	$12.59

The range of exercise prices for options outstanding at the end of the year is $9.84 to $18.22 (2007-08: $9.84 to $18.22).

The weighted average fair value of options granted during the year was $1.95 (2007-08: $4.56). The weighted average share price for options exercised during the year was $13.23 (2007-08: $17.85). The weighted average remaining contractual life for these options is 6.21 years (2007-08: 6.38 years).

SATS ESOP

	2008-09		2007-08	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	55,873,275	$2.28	57,508,655	$2.04
Granted	13,517,300	$2.17	14,093,000	$3.01
Cancelled	(2,031,550)	$2.02	(1,018,320)	$2.11
Exercised	(357,700)	$1.92	(14,710,060)	$2.04
Balance at 31 March	67,001,325	$2.27	55,873,275	$2.28
Exercisable at 31 March	39,201,075	$2.04	26,550,137	$2.03

The range of exercise prices for options outstanding at the end of the year is $1.19 to $3.01 (2007-08: $1.19 to $3.01).

The weighted average fair value of options granted during the year was $0.36 (2007-09: $0.72). The weighted average share price for options exercised during the year was $2.17 (2007-08: $3.09). The weighted average remaining contractual life for these options is 6.74 years (2007-08: 7.02 years).

13 Share Capital (in $ million) (continued)

Share option plans (continued)

SIAEC ESOP

	2008-09		2007-08	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	52,004,788	$3.16	49,731,288	$2.40
Granted	13,592,000	$3.74	15,483,000	$4.67
Cancelled	(748,000)	$3.02	(785,575)	$2.92
Exercised	(3,588,125)	$2.27	(12,423,925)	$2.01
Balance at 31 March	61,260,663	$3.34	52,004,788	$3.16
Exercisable at 31 March	31,471,838	$2.57	20,424,138	$1.92

The range of exercise prices for options outstanding at the end of the year is $1.01 to $4.67 (2007-08: $1.01 to $4.67).

The weighted average fair value of options granted during the year was $0.55 (2007-08: $0.93). The weighted average share price for options exercised during the year was $2.74 (2007-08: $4.47). The weighted average remaining contractual life for these options is 7.13 years (2007-08: 7.41 years).

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 2008 and July 2007 grants:

	July 2008 Grant	July 2007 Grant
SIA ESOP		
Expected dividend yield (%)	Management's forecast in line with dividend policy	
Expected volatility (%)	22.58 – 28.24	23.47 – 28.80
Risk-free interest rate (%)	2.66 – 3.12	2.64 – 2.81
Expected life of options (years)	5.5 – 7.0	5.5 – 7.0
Exercise price ($)	14.83	18.22*
Share price at date of grant ($)	14.60	18.70

* *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.*

13 Share Capital (in $ million) (continued)

Share option plans (continued)

Fair values of SIA, SATS and SIAEC ESOP (continued)

	July 2008 Grant	July 2007 Grant
SATS ESOP		
Expected dividend yield (%)	Management's forecast in line with dividend policy	
Expected volatility (%)	25.1	27.9
Risk-free interest rate (%)	2.89	2.65
Expected life of options (years)	6.0	6.0
Exercise price ($)	2.17	3.01#
Share price at date of grant ($)	2.21	3.10
SIAEC ESOP		
Expected dividend yield (%)	Management's forecast in line with dividend policy	
Expected volatility (%)	23.28	23.13 – 24.83
Risk-free interest rate (%)	2.89	2.60 – 2.76
Expected life of options (years)	6.0	5.5 – 7.0
Exercise price ($)	3.74	4.67
Share price at date of grant ($)	3.72	4.64

\# *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.*

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.

13 Share Capital (in $ million) (continued)

Share option plans (continued)

Terms of share options outstanding as at 31 March 2009:

SIA ESOP

Exercisable period	Exercise price	Number outstanding	Number exercisable
28.3.2001 - 27.3.2010	$14.84	391,201	391,201
28.3.2002 - 27.3.2010	$14.84	3,168,480	3,168,480
28.3.2003 - 27.3.2010	$14.84	387,525	387,525
28.3.2004 - 27.3.2010	$14.84	390,125	390,125
3.7.2001 - 2.7.2010	$16.15	541,934	541,934
3.7.2002 - 2.7.2010	$16.15	2,935,821	2,935,821
3.7.2003 - 2.7.2010	$16.15	560,123	560,123
3.7.2004 - 2.7.2010	$16.15	567,567	567,567
2.7.2002 - 1.7.2011	$11.46	319,389	319,389
2.7.2003 - 1.7.2011	$11.46	1,298,185	1,298,185
2.7.2004 - 1.7.2011	$11.46	347,546	347,546
2.7.2005 - 1.7.2011	$11.46	351,298	351,298
1.7.2003 - 30.6.2012	$12.32	482,415	482,415
1.7.2004 - 30.6.2012	$12.32	1,859,714	1,859,714
1.7.2005 - 30.6.2012	$12.32	518,633	518,633
1.7.2006 - 30.6.2012	$12.32	545,349	545,349
1.7.2004 - 30.6.2013	$ 9.84	329,736	329,736
1.7.2005 - 30.6.2013	$ 9.84	1,024,371	1,024,371
1.7.2006 - 30.6.2013	$ 9.84	388,595	388,595
1.7.2007 - 30.6.2013	$ 9.84	781,674	781,674
1.7.2005 - 30.6.2014	$10.20	482,501	482,501
1.7.2006 - 30.6.2014	$10.20	1,625,051	1,625,051
1.7.2007 - 30.6.2014	$10.20	895,967	895,967
1.7.2008 - 30.6.2014	$10.20	1,216,168	1,216,168
1.7.2006 - 30.6.2015	$10.78	733,099	733,099
1.7.2007 - 30.6.2015	$10.78	3,772,328	3,772,328
1.7.2008 - 30.6.2015	$10.78	1,386,970	1,386,970
1.7.2009 - 30.6.2015	$10.78	1,549,267	-
3.7.2007 - 2.7.2016	$12.10	968,237	968,237
3.7.2008 - 2.7.2016	$12.10	6,451,223	6,451,223
3.7.2009 - 2.7.2016	$12.10	1,358,465	-
3.7.2010 - 2.7.2016	$12.10	1,358,783	-
2.7.2008 - 1.7.2017	$18.22	1,382,410	1,382,410
2.7.2009 - 1.7.2017	$18.22	7,806,833	-
2.7.2010 - 1.7.2017	$18.22	1,281,653	-

13 Share Capital (in $ million) (continued)

Share option plans (continued)

SIA ESOP (continued)

Exercisable period	Exercise price	Number outstanding	Number exercisable
2.7.2011 - 1.7.2017	$18.22	1,282,024	-
1.7.2009 - 30.6.2018	$14.83	1,520,272	70,870
1.7.2010 - 30.6.2018	$14.83	8,347,039	-
1.7.2011 - 30.6.2018	$14.83	1,387,576	-
1.7.2012 - 30.6.2018	$14.83	1,387,945	-
Total number of options outstanding		63,383,492@	36,174,505

@ *The total number of options outstanding includes:*

(a) *5,630,522 (2008: 5,867,606) 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) *377,259 (2008: 216,078) 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.*

SATS ESOP

Exercisable period	Exercise price	Number outstanding	Number exercisable
28.3.2001 - 27.3.2010	$2.15	154,300	154,300
28.3.2002 - 27.3.2010	$2.15	4,555,400	4,555,400
28.3.2003 - 27.3.2010	$2.15	156,750	156,750
28.3.2004 - 27.3.2010	$2.15	157,450	157,450
3.7.2001 - 2.7.2010	$1.75	135,500	135,500
3.7.2002 - 2.7.2010	$1.75	1,329,050	1,329,050
3.7.2003 - 2.7.2010	$1.75	184,400	184,400
3.7.2004 - 2.7.2010	$1.75	184,400	184,400
2.7.2002 - 1.7.2011	$1.19	7,500	7,500
2.7.2003 - 1.7.2011	$1.19	436,700	436,700
2.7.2004 - 1.7.2011	$1.19	7,600	7,600
2.7.2005 - 1.7.2011	$1.19	49,450	49,450
1.7.2003 - 30.6.2012	$1.55	21,800	21,800
1.7.2004 - 30.6.2012	$1.55	888,200	888,200
1.7.2005 - 30.6.2012	$1.55	153,300	153,300

13 Share Capital (in $ million) (continued)

Share option plans (continued)

SATS ESOP (continued)

Exercisable period	Exercise price	Number outstanding	Number exercisable
1.7.2006 - 30.6.2012	$1.55	164,650	164,650
1.7.2004 - 30.6.2013	$1.42	31,625	31,625
1.7.2005 - 30.6.2013	$1.42	1,138,425	1,138,425
1.7.2006 - 30.6.2013	$1.42	101,925	101,925
1.7.2007 - 30.6.2013	$1.42	119,525	119,525
1.7.2005 - 30.6.2014	$2.04	258,700	258,700
1.7.2006 - 30.6.2014	$2.04	4,250,300	4,250,300
1.7.2007 - 30.6.2014	$2.04	284,200	284,200
1.7.2008 - 30.6.2014	$2.04	316,700	316,700
1.7.2006 - 30.6.2015	$2.22	324,425	324,425
1.7.2007 - 30.6.2015	$2.22	9,650,075	9,650,075
1.7.2008 - 30.6.2015	$2.22	345,275	345,275
1.7.2009 - 30.6.2015	$2.22	345,275	-
3.7.2007 - 2.7.2016	$2.05	156,812	156,812
3.7.2008 - 2.7.2016	$2.05	13,636,638	13,636,638
3.7.2009 - 2.7.2016	$2.05	164,937	-
3.7.2010 - 2.7.2016	$2.05	164,938	-
2.7.2009 - 1.7.2017	$3.01	13,718,000	-
1.7.2010 - 30.6.2018	$2.17	13,407,100	-
Total number of options outstanding		67,001,325@	39,201,075

@ *The total number of options outstanding includes 7,272,850 (2008: 6,699,050) 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.*

SIAEC ESOP

Exercisable period	Exercise price	Number outstanding	Number exercisable
28.3.2001 - 27.3.2010	$1.65	26,325	26,325
28.3.2002 - 27.3.2010	$1.65	1,010,525	1,010,525
28.3.2003 - 27.3.2010	$1.65	36,950	36,950
28.3.2004 - 27.3.2010	$1.65	43,200	43,200
3.7.2001 - 2.7.2010	$1.55	75,649	75,649
3.7.2002 - 2.7.2010	$1.55	847,651	847,651
3.7.2003 - 2.7.2010	$1.55	140,955	140,955
3.7.2004 - 2.7.2010	$1.55	140,958	140,958

13 Share Capital (in $ million) (continued)

Share option plans (continued)

SIAEC ESOP (continued)

Exercisable period	Exercise price	Number outstanding	Number exercisable
2.7.2002 - 1.7.2011	$1.01	20,750	20,750
2.7.2003 - 1.7.2011	$1.01	395,350	395,350
2.7.2004 - 1.7.2011	$1.01	50,000	50,000
2.7.2005 - 1.7.2011	$1.01	50,000	50,000
1.7.2003 - 30.6.2012	$1.98	281,425	281,425
1.7.2004 - 30.6.2012	$1.98	2,601,825	2,601,825
1.7.2005 - 30.6.2012	$1.98	406,400	406,400
1.7.2006 - 30.6.2012	$1.98	407,150	407,150
1.7.2004 - 30.6.2013	$1.35	64,375	64,375
1.7.2005 - 30.6.2013	$1.35	677,275	677,275
1.7.2006 - 30.6.2013	$1.35	94,500	94,500
1.7.2007 - 30.6.2013	$1.35	113,000	113,000
1.7.2005 - 30.6.2014	$1.69	302,250	302,250
1.7.2006 - 30.6.2014	$1.69	2,675,100	2,675,100
1.7.2007 - 30.6.2014	$1.69	379,000	379,000
1.7.2008 - 30.6.2014	$1.69	441,125	441,125
1.7.2006 - 30.6.2015	$2.25	406,875	406,875
1.7.2007 - 30.6.2015	$2.25	6,102,650	6,102,650
1.7.2008 - 30.6.2015	$2.25	506,875	506,875
1.7.2009 - 30.6.2015	$2.25	641,125	-
3.7.2007 - 2.7.2016	$3.44	342,775	342,775
3.7.2008 - 2.7.2016	$3.44	12,520,825	12,520,825
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	310,100	310,100
2.7.2009 - 1.7.2017	$4.67	14,164,550	-
2.7.2010 - 1.7.2017	$4.67	311,350	-
2.7.2011 - 1.7.2017	$4.67	311,350	-
1.7.2010 - 30.6.2018	$3.74	13,517,600	-
Total number of options outstanding		61,260,663@	31,471,838

@ *The total number of options outstanding includes 4,888,225 (2008: 3,849,875) 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.*

13 Share Capital (in $ million) (continued)

Share option plans (continued)

Share-based incentive plans

The Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans for senior executives and key senior management, which were approved by the shareholders of the Company on 28 July 2005. 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 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

\# *EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Rent*

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

13 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

	RSP	PSP
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		
SIA and SATS	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.
SIAEC	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 200% depending on the achievement of pre-set performance targets over the performance period.

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 key inputs to the model used for the July 2008 and August 2007 awards:

	July 2008 Award		August 2007 Award	
	RSP	PSP	RSP	PSP
SIA				
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	20.20 – 22.15	21.08	18.30 – 19.46	18.30
Risk-free interest rate (%)	1.30 – 2.35	1.76	2.41 – 2.61	2.48
Expected term (years)	2.0 – 4.0	3.0	1.9 – 3.9	2.9
Share price at date of grant ($)	14.60	14.60	18.90	18.90

13 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SIA RSP and PSP (continued)

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 1.4.2008 / date of grant	Adjustment *	Vested	Cancelled	Balance at 31.3.2009
RSP					
27.7.2006	260,505	41,226	(152,969)	(9,013)	139,749
1.8.2007	527,805	-	-	(30,963)	496,842
1.7.2008	676,424	-	-	(25,812)	650,612
	1,464,734	41,226	(152,969)	(65,788)	1,287,203

* *Adjustment at the end of two-year performance period upon meeting stated performance targets.*

	Number of Performance shares		
Date of grant	Balance at 1.4.2008 / date of grant	Cancelled	Balance at 31.3.2009
PSP			
27.7.2006	144,701	-	144,701
1.8.2007	157,952	-	157,952
1.7.2008	222,200	-	222,200
	524,853	-	524,853

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from $11.21 to $12.72 (2007-08: $17.24 to $18.04) and the estimated fair value at date of grant for each share granted under the PSP is $9.62 (2007-08: $15.53).

13 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SIA RSP and PSP (continued)

When estimating the fair value of the compensation cost, market-based performance conditions shall be taken into account. Therefore, for performance share grants with market-based performance conditions, the compensation cost shall be charged to the profit and loss account on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the remaining service period from date of grant to which the performance period relates, irrespective of whether this performance condition is satisfied.

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the profit and loss account and share-based compensation reserve.

Under the PSP, eligible key senior management are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2009, were 1,287,203 (2008: 788,310) and 524,853 (2008: 302,653) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 1,516,694 (2008: 945,972) and 787,280 (2008: 453,980) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

SATS RSP and SATS PSP

	November 2008 Award	July 2008 Award	
	RSP	RSP	PSP
SATS			
Expected dividend yield (%)	Management's forecast in line with dividend policy		
Expected volatility (%)	22.00 – 25.40	22.00 – 25.40	24.10
Risk-free interest rate (%)	1.10 – 1.90	1.10 – 1.90	1.44
Expected term (years)	1.9 – 3.9	1.9 – 3.9	2.9
Share price at date of grant ($)	1.50	2.09	2.09

13 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SATS RSP and SATS PSP (continued)

	November 2007 Award		July 2007 Award	
	RSP	PSP	RSP	PSP
SATS				
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	23.40 – 27.30	23.40	21.70 – 25.60	21.70
Risk-free interest rate (%)	2.10 – 2.40	2.17	2.45 – 2.59	2.47
Expected term (years)	1.7 – 3.7	2.7	1.9 – 3.9	2.9
Share price at date of grant ($)	2.93	2.93	3.04	3.04

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 1.4.2008 / date of grant	Vested	Cancelled	Balance at 31.3.2009
SATS RSP				
2.10.2006	176,926	(87,910)	(4,972)	84,044
27.7.2007	345,750	-	(23,400)	322,350
1.11.2007	41,000	-	-	41,000
28.7.2008	532,700	-	(21,100)	511,600
17.11.2008	50,000	-	-	50,000
	1,146,376	(87,910)	(49,472)	1,008,994

	Number of Performance shares		
Date of grant	Balance at 1.4.2008 / date of grant	Cancelled	Balance at 31.3.2009
SATS PSP			
2.10.2006	85,651	-	85,651
27.7.2007	98,200	-	98,200
1.11.2007	55,000	-	55,000
28.7.2008	92,000	-	92,000
	330,851	-	330,851

13 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SATS RSP and SATS PSP (continued)

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 $1.65 to $1.86 (2007-08: $2.70 to $2.85) and the estimated fair value at date of grant for each share granted under the SATS PSP is $1.62 (2007-08: $2.57).

The number of contingent shares granted but not released as at 31 March 2009, were 1,008,994 (2008: 563,676) and 330,851 (2008: 238,851) 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 1,193,984 (2008: 676,411) and 496,277 (2008: 358,277) fully-paid ordinary shares of SATS, for SATS RSP and SATS PSP respectively.

SIAEC RSP and SIAEC PSP

	July 2008 Award		July 2007 Award	
	RSP	PSP	RSP	PSP
SIAEC				
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	21.59 – 24.82	23.15	19.05 – 20.43	19.16
Risk-free interest rate (%)	1.30 – 2.35	1.76	2.39 – 2.54	2.48
Expected term (years)	2.0 – 4.0	3.0	2.0 – 4.0	3.0
Share price at date of grant ($)	3.72	3.72	4.64	4.64

The details of the shares awarded under SIAEC RSP and SIAEC PSP during the year since commencement of the plans are as follows:

	Number of Restricted shares				
Date of grant	Balance at 1.4.2008 / date of grant	Adjustment *	Vested	Cancelled	Balance at 31.3.2009
SIAEC RSP					
3.7.2006	194,900	31,184	(112,721)	(6,235)	107,128
2.7.2007	338,300	-	-	(10,700)	327,600
1.7.2008	877,300	-	-	(17,500)	859,800
	1,410,500	31,184	(112,721)	(34,435)	1,294,528

** Adjustment at the end of two-year performance period upon meeting stated performance targets.*

13 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 1.4.2008 / date of grant	Cancelled	Balance at 31.3.2009
SIAEC PSP			
3.7.2006	31,100	-	31,100
2.7.2007	61,200	-	61,200
1.7.2008	128,500	-	128,500
	220,800	-	220,800

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 $3.05 to $3.38 (2007-08: $4.19 to $4.38) and the estimated fair value at date of grant for each share granted under the SIAEC PSP is $2.88 (2007-08: $3.53).

The number of contingent shares granted but not released as at 31 March 2009, were 1,294,528 (2008: 533,200) and 220,800 (2008: 92,300) 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 1,789,948 (2008: 639,840) and 395,450 (2008: 138,450) fully-paid ordinary shares of SIAEC, for SIAEC RSP and SIAEC PSP respectively.

Share-based compensation expense

For the current financial year, the Group has recorded $10.6 million (2007-08: $6.5 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	
	2008-09	2007-08
Share-based compensation expense		
- Employee share option plan	58.0	67.4
- Restricted share plan	8.6	5.4
- Performance share plan	2.0	1.1
	68.6	73.9

14 Treasury Shares (in $ million)

	The Group and the Company 31 March 2009	2008
Balance at 1 April	(33.2)	-
Purchase of treasury shares	(64.1)	(33.2)
Treasury shares reissued pursuant to equity compensation plans:		
- For cash on exercise of employee share options	39.2	-
- Transferred from share-based compensation reserve	10.0	-
- Loss on reissuance of treasury shares	3.7	-
	52.9	-
Balance at 31 March	(44.4)	(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 5,177,000 (2008: 2,301,000) of its ordinary shares by way of on-market purchases at share prices ranging from $9.48 to $16.07 (2007-08: $13.92 to $15.24). The total amount paid to purchase the shares was $64.1 million (2008: $33.2 million) and this is presented as a component within equity attributable to equity holders of the Company.

The Company reissued 3,417,833 (2008: nil) treasury shares pursuant to its employee share option plans at a weighted average exercise price of $11.49 (2008: nil) each. In addition, 152,969 (2008: nil) shares were transferred to the Company's employees upon vesting of the share awards under the RSP. The number of treasury shares as at 31 March 2009 was 3,907,198 (2008: 2,301,000).

Where the consideration paid by the Company for the purchase or acquisition of treasury shares is made out of revenue reserves, such consideration will correspondingly reduce the amount available for the distribution of cash dividend by the Company. This amounted to $44.4 million (2008: $33.2 million) as at 31 March 2009.

15 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 and the gains or losses on the reissuance of treasury shares.

15 Other Reserves (in $ million) (continued)

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share options and awards granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and awards.

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of available-for-sale financial assets and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

Fair value changes of available-for-sale financial assets:

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Balance at 1 April	0.9	27.8	(0.4)	21.9
Net loss on fair value changes	(5.9)	(26.9)	(1.5)	(22.3)
Balance at 31 March	(5.0)	0.9	(1.9)	(0.4)
Net loss on fair value changes	(4.7)	(5.0)	(1.9)	(0.4)
Recognised in the profit and loss account on disposal of available-for-sale investments	(1.2)	(21.9)	0.4	(21.9)
	(5.9)	(26.9)	(1.5)	(22.3)

15 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

Fair value changes of derivative financial instruments designated as hedging instruments in cash flow hedges:

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Balance at 1 April	442.5	(73.3)	199.0	(40.0)
Net (loss)/gain on fair value changes	(1,098.3)	515.8	(693.1)	239.0
Balance at 31 March	(655.8)	442.5	(494.1)	199.0
Net (loss)/gain on fair value changes	(1,099.1)	385.0	(904.3)	309.1
Share of associated companies' net (loss)/gain on fair value reserve	(242.7)	224.2	-	-
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	20.6	11.2	20.6	11.2
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in "Fuel costs"	289.1	(190.4)	251.5	(150.3)
Foreign currency contracts recognised in "Other operating expenses"	(69.4)	87.0	(60.9)	69.0
Interest rate swap contracts recognised in "Finance charges"	3.2	(1.2)	-	-
	(1,098.3)	515.8	(693.1)	239.0
Total fair value reserve	(660.8)	443.4	(496.0)	198.6

16 Deferred Account (in $ million)

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Deferred gain on sale and leaseback transactions				
- operating leases	164.3	272.2	113.5	190.0
- finance leases	40.8	45.1	-	-
	205.1	317.3	113.5	190.0
Deferred credit	468.8	470.0	468.8	470.0
	673.9	787.3	582.3	660.0

17 Deferred Taxation (in $ million)

	The Group				The Company	
	Consolidated balance sheet 31 March		Consolidated profit and loss		Balance sheet 31 March	
	2009	2008	2008-09	2007-08	2009	2008
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	2,412.5	2,551.0	(138.5)	173.9	1,996.4	2,101.2
Revaluation of fuel hedging contracts to fair value	-	75.9	59.2	-	-	61.4
Revaluation of currency hedging contracts to fair value	26.5	-	-	-	22.1	-
Revaluation of available-for-sale financial assets to fair value	-	0.4	-	-	-	-
Identified intangible assets	56.5	-	(0.7)	-	-	-
Other temporary differences	77.1	87.4	(64.7)	(3.1)	71.1	81.1
Gross deferred tax liabilities	2,572.6	2,714.7	(144.7)	170.8	2,089.6	2,243.7
Deferred tax assets						
Unabsorbed capital allowances and tax losses	(31.1)	(8.7)	(22.4)	0.2	-	-
Revaluation of fuel hedging contracts to fair value	(152.7)	-	-	(41.8)	(125.3)	-
Revaluation of currency hedging contracts to fair value	-	(14.1)	(14.2)	19.1	-	(11.1)
Revaluation of interest rate swap contracts to fair value	(2.5)	(2.7)	0.7	(0.3)	-	-
Revaluation of interest rate cap contracts to fair value	(1.3)	-	-	-	(1.3)	-
Revaluation of available-for-sale financial assets to fair value	(1.0)	(0.1)	-	-	(0.4)	(0.1)
Other deferred tax assets	(162.0)	(147.0)	(5.4)	(81.0)	(146.7)	(130.6)
Gross deferred tax assets	(350.6)	(172.6)	(41.3)	(103.8)	(273.7)	(141.8)
Net deferred tax liabilities	2,222.0	2,542.1			1,815.9	2,101.9
Deferred tax (credited)/charged to profit and loss			(186.0)	67.0		
Deferred tax (credited)/charged to equity	(134.1)	64.2			185.2	54.2

18 Long-Term Liabilities (in $ million)

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Notes payable	1,100.0	1,100.0	900.0	900.0
Current	(200.0)	-	-	-
Non-current	900.0	1,100.0	900.0	900.0
Loans	44.0	4.0	-	-
Current	(32.7)	(0.6)	-	-
Non-current	11.3	3.4	-	-
Finance lease commitments	548.5	552.7	-	-
Current	(66.9)	(56.9)	-	-
Non-current	481.6	495.8	-	-
Other liabilities	155.9	134.3	114.8	110.2
Current	(35.3)	(44.1)	(26.7)	(44.1)
Non-current	120.6	90.2	88.1	66.1
Total long-term liabilities	1,513.5	1,689.4	988.1	966.1

Notes payable

Notes payable at 31 March 2009 comprise unsecured long-term notes issued by the Company, which bear fixed interest at 4.15% (2007-08: 4.15%) per annum and are repayable on 19 December 2011, and unsecured medium-term notes issued by SATS, which bear fixed interest at 3.00% (2007-08: 3.00%) per annum and are repayable on 2 September 2009. The fair value of notes payable amounted to $1,109.3 million (2008: $1,149.2 million) for the Group and $909.0 million (2008: $947.0 million) for the Company.

Loans

Of the Group's $44.0 million (2008: $4.0 million) loans, $17.8 million (2008: $0.1 million) is secured over property, plant and equipment and other assets of certain subsidiary companies with a total carrying value of $141.2 million at 31 March 2009. Interest on these loans ranged from 1.50% to 10.20% (2007-08: 2.20%) per annum.

As at 31 March 2009, two of the unsecured term loans amounting to $3.4 million, which commenced on 10 April 2003 and 26 February 2008, are repayable in 240 and 60 instalments respectively. Interest on the unsecured term loans are charged at the bank's prevailing prime rate on monthly rest. The effective interest rates ranged from 4.20% to 4.50% (2008: 4.20% to 4.50%) per annum.

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

Loans (continued)

Another unsecured loan of $0.8 million (2008: nil) is a revolving credit facility denominated in USD taken by a subsidiary company bearing interest of 1.20% per annum over the bank prevailing Singapore Interbank Offered Rate ("SIBOR"). This loan is repayable within a year.

The rest of the unsecured loans comprise revolving bank loans which commenced between 10 June 2008 to 16 March 2009 and are due between 13 April 2009 to 31 August 2009. Interest is charged based on monthly floating rates and the effective interest rates ranged from 1.95% to 3.85% (2007-08: nil) per annum.

	The Group 31 March	
	2009	2008
Not later than one year	32.7	0.6
Later than one year but not later than five years	9.2	1.6
Later than five years	2.1	1.8
	44.0	4.0

Finance leases

Singapore Airlines Cargo Pte Ltd ("SIA Cargo") holds four B747-400 freighters under finance leases, which will mature between 2014 and 2018, without any options for renewal. Three leases have options for SIA Cargo to purchase the aircraft at the end of the lease period of 12 years. The fourth lease has an option for SIA Cargo to purchase the aircraft at the end of the 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 leases 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.

Interest rates on three of SIA Cargo's finance lease commitments are charged at a margin above the London Interbank Offered Rate ("LIBOR"). These ranged from 2.20% to 3.78% (2007-08: 5.01% to 6.20%) per annum. The interest rate on the remaining SIA Cargo's finance lease commitment is fixed at 5.81% per annum.

SIA Cargo continues to remain the primary obligor under the lease agreements and as such, there are unpaid lease commitments of $95.4 million (2008: $86.6 million) as at 31 March 2009. Out of this, $60.8 million (2008: $52.2 million) are covered by funds placed with financial institutions under defeasance to provide for payments due at time of exercise of purchase option at the end of the 12th year or 15th year of the lease period. The funds placed with financial institutions are expected to generate interest in order to meet the obligation at time of maturity. These arrangements have not been included in the financial statements.

The SIAEC Group has finance leases for certain equipment and vehicles which will mature between 2010 and 2011.

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

Finance leases (continued)

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 5.10% (2007-08: 5.10%) 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			
	2009		2008	
	Minimum Payments	Repayment of Principal	Minimum Payments	Repayment of Principal
Not later than one year	85.3	66.9	78.4	56.9
Later than one year but not later than five years	359.3	308.2	329.3	263.7
Later than five years	188.4	173.4	254.8	232.1
Total future lease payments	633.0	548.5	662.5	552.7
Amounts representing interest	(84.5)	-	(109.8)	-
Principal value of finance lease commitments	548.5	548.5	552.7	552.7

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

Other liabilities

Included in other liabilities is the provision for return costs for aircraft under sales and leaseback arrangement of $144.3 million (2008: $134.3 million) and $103.2 million (2008: $110.2 million) for the Group and the Company respectively. It is expected that these return costs will be incurred by the end of the lease terms.

An analysis of provision for return costs for aircraft is as follows:

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Balance at 1 April	134.3	101.0	110.2	90.5
Provision during the year	63.5	49.2	46.5	35.6
Provision utilised during the year	(53.5)	(15.9)	(53.5)	(15.9)
Balance at 31 March	144.3	134.3	103.2	110.2
Current	35.3	44.1	26.7	44.1
Non-current	109.0	90.2	76.5	66.1
	144.3	134.3	103.2	110.2

19 Property, Plant and Equipment (in $ million)

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2007	17,414.9	846.0	405.1
Additions	1,853.5	71.8	97.3
Disposals / Transfers	(1,088.3)	(72.2)	(32.9)
At 31 March 2008	18,180.1	845.6	469.5
Additions	2,257.2	56.8	15.3
Acquisition of subsidiary companies	-	-	-
Transfer to investment properties	-	-	-
Disposals / Transfers	(1,730.3)	(152.8)	(47.7)
Exchange differences	-	-	-
At 31 March 2009	18,707.0	749.6	437.1
Accumulated depreciation and impairment loss			
At 1 April 2007	5,033.2	525.8	162.7
Depreciation	1,289.3	27.2	37.0
Disposals	(688.3)	(44.6)	(29.3)
At 31 March 2008	5,634.2	508.4	170.4
Depreciation	1,427.1	30.3	43.7
Impairment loss	41.4	-	-
Acquisition of subsidiary companies	-	-	-
Transfer to investment properties	-	-	-
Disposals	(843.9)	(122.8)	(37.6)
Exchange differences	-	-	-
At 31 March 2009	6,258.8	415.9	176.5
Net book value			
At 31 March 2008	12,545.9	337.2	299.1
At 31 March 2009	12,448.2	333.7	260.6

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	155.3	1,367.0	1,153.7	364.1	2,295.7	24,017.5
-	-	5.1	85.5	42.9	1,795.2	3,951.3
-	(4.2)	(43.0)	(23.3)	(15.8)	(1,849.9)	(3,129.6)
15.7	151.1	1,329.1	1,215.9	391.2	2,241.0	24,839.2
-	0.7	10.3	50.1	44.5	1,741.3	4,176.2
1.4	14.0	81.7	131.2	13.5	-	241.8
-	-	(16.3)	-	-	-	(16.3)
-	-	(11.3)	(17.1)	(44.3)	(2,109.3)	(4,112.8)
-	-	-	(0.2)	-	-	(0.2)
17.1	165.8	1,393.5	1,379.9	404.9	1,873.0	25,127.9
-	99.8	644.8	908.6	330.9	-	7,705.8
-	4.4	45.9	67.9	17.1	-	1,488.8
-	(5.9)	(22.4)	(23.0)	(16.0)	-	(829.5)
-	98.3	668.3	953.5	332.0	-	8,365.1
-	4.4	43.0	75.3	25.6	-	1,649.4
-	-	-	-	-	-	41.4
-	1.8	47.3	102.7	11.1		162.9
-	-	(9.0)	-	-	-	(9.0)
-	-	(11.5)	(16.3)	(44.0)	-	(1,076.1)
-	-	1.2	0.4	0.2	-	1.8
-	104.5	739.3	1,115.6	324.9	-	9,135.5
15.7	52.8	660.8	262.4	59.2	2,241.0	16,474.1
17.1	61.3	654.2	264.3	80.0	1,873.0	15,992.4

19 Property, Plant and Equipment (in $ million) (continued)

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2007	13,804.0	759.3	327.9
Additions	1,700.8	47.4	73.2
Disposals / Transfers	(652.4)	(67.5)	(25.9)
At 31 March 2008	14,852.4	739.2	375.2
Additions	2,071.2	25.8	0.2
Disposals / Transfers	(1,502.1)	(146.1)	(35.7)
At 31 March 2009	15,421.5	618.9	339.7
Accumulated depreciation and impairment loss			
At 1 April 2007	4,068.1	493.3	125.6
Depreciation	1,046.0	19.0	26.3
Disposals	(455.4)	(40.8)	(23.8)
At 31 March 2008	4,658.7	471.5	128.1
Depreciation	1,202.9	19.7	30.8
Impairment loss	41.4	-	-
Disposals	(694.1)	(118.9)	(30.1)
At 31 March 2009	5,208.9	372.3	128.8
Net book value			
At 31 March 2008	10,193.7	267.7	247.1
At 31 March 2009	10,212.6	246.6	210.9

	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
	15.7	159.1	357.5	364.4	285.7	2,188.3	18,261.9
	-	-	0.3	49.6	35.2	1,640.1	3,546.6
	-	(8.0)	(6.1)	(5.7)	(13.5)	(1,732.2)	(2,511.3)
	15.7	151.1	351.7	408.3	307.4	2,096.2	19,297.2
	-	-	-	18.4	40.8	1,513.8	3,670.2
	-	-	(10.0)	(3.1)	(40.2)	(1,971.6)	(3,708.8)
	15.7	151.1	341.7	423.6	308.0	1,638.4	19,258.6
	-	99.2	285.2	312.5	268.6	-	5,652.5
	-	4.4	9.1	21.1	10.2	-	1,136.1
	-	(5.3)	(6.3)	(5.3)	(13.5)	-	(550.4)
	-	98.3	288.0	328.3	265.3	-	6,238.2
	-	4.3	8.9	20.0	19.4	-	1,306.0
	-	-	-	-	-	-	41.4
	-	-	(10.0)	(3.1)	(40.0)	-	(896.2)
	-	102.6	286.9	345.2	244.7	-	6,689.4
	15.7	52.8	63.7	80.0	42.1	2,096.2	13,059.0
	15.7	48.5	54.8	78.4	63.3	1,638.4	12,569.2

19 Property, Plant and Equipment (in $ million) (continued)

	The Group 31 March 2009	2008
Net book value of property, plant and equipment acquired under finance leases:		
- aircraft	797.9	858.1
- plant and equipment	56.4	0.2
- leasehold buildings	-	67.1
	854.3	925.4

Advance and progress payments comprise mainly purchases of aircraft and related equipment.

Property, plant and equipment pledged as security

The following property, plant and equipment are mortgaged under bank loans:

	The Group 31 March 2009	2008
Net book value of:		
- plant and equipment	21.6	-
- freehold land	1.4	-
- freehold buildings	12.8	-
- leasehold buildings	10.2	-
	46.0	-

20 Intangible Assets (in $ million)

The Group

	Goodwill arising on consolidation	Computer software	Brands	Customer relationships	Licences	Total
Cost						
At 1 April 2007	1.5	355.4	-	-	-	356.9
Additions:						
- Internal development	-	47.6	-	-	-	47.6
- Acquisition of subsidiary companies	-	-	-	-	1.3	1.3
At 31 March 2008	1.5	403.0	-	-	1.3	405.8
Additions:						
- Internal development	-	21.6	-	-	-	21.6
- Acquisition of subsidiary companies	239.3	-	126.6	77.5	27.3	470.7
- Acquisition of minority interests	1.7	-	-	-	-	1.7
Disposals	-	(2.3)	-	-	-	(2.3)
Exchange differences	-	-	(1.6)	(0.4)	-	(2.0)
At 31 March 2009	242.5	422.3	125.0	77.1	28.6	895.5
Accumulated amortisation						
At 1 April 2007	0.2	256.5	-	-	-	256.7
Amortisation	-	42.5	-	-	-	42.5
At 31 March 2008	0.2	299.0	-	-	-	299.2
Amortisation	-	42.3	*	2.9	0.3	45.5
Disposals	-	(2.2)	-	-	-	(2.2)
At 31 March 2009	0.2	339.1	-	2.9	0.3	342.5
Net book value						
At 31 March 2008	1.3	104.0	-	-	1.3	106.6
At 31 March 2009	242.3	83.2	125.0	74.2	28.3	553.0

** Amount less than $0.1 million.*

Goodwill arising on consolidation

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, SATS acquired 100.0% equity interest in Singapore Food Industries Limited ("SFI"). Goodwill of $239.3 million arose from the acquisition and is attributable to the fair value of improved resilience to sector specific volatilities and significant synergies expected to arise after the acquisition.

20 Intangible Assets (in $ million) (continued)

The Group (continued)

Brands, customer relationships and licences

Upon acquisition of SFI, intangible assets relating to brands, customer relationships and licences were capitalised.

Brands relate to the "New Covent Garden", "Johnsons" and "Farmhouse Fare" brand names for SATS Group's food preparation, manufacturing and processing operations. The useful life of the first two brands is estimated to be indefinite while "Farmhouse Fare" brand name has an estimated useful life of 17 years.

The customer relationships relate to the economic benefits that are expected to derive from trading with the existing customers in the Singapore and United Kingdom ("UK") operations. The relationships include catering and supply contracts with customers as well as other non-contractual customer relationships which past transactions provide evidences that SATS Group is able to benefit from the future economic inflows from such relationships.

Licenses refer to the abattoir and hog auction licence granted by the Agri-Food and Veterinary Authority of Singapore and transferable fishing licence in Australia.

In 2007-08, SIAEC acquired 100.0% equity interest in Aircraft Maintenance Service Australia Pty Ltd. Upon acquisition, licenses to operate in Australia were capitalised.

Impairment testing of goodwill arising on consolidation and brands

No impairment testing was carried out as at 31 March 2009 as the acquisition was only completed in March 2009 and the fair values of the acquired assets and liabilities have been determined on a provisional basis and might be adjusted accordingly on a retrospective basis when the valuations are finalised.

20 Intangible Assets (in $ million) (continued)

The Company

	Computer software 31 March 2009	2008
Cost		
At 1 April	293.0	252.0
Additions:		
- Internal development	15.2	41.0
At 31 March	308.2	293.0
Accumulated amortisation		
At 1 April	214.0	185.0
Amortisation	29.3	29.0
At 31 March	243.3	214.0
Net book value	64.9	79.0

21 Investment Properties (in $ million)

	The Group 31 March 2009	2008
Balance at 1 April	-	-
Transfer from property, plant and equipment	7.3	-
Depreciation	(0.3)	-
Balance at 31 March	7.0	-
Cost	16.3	-
Accumulated depreciation	(9.3)	-
Net book value	7.0	-

The property rental income earned by the Group for the year ended 31 March 2009 from its investment properties which are leased out under operating leases, amounted to $2.1 million (2007-08: nil).

Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties amounted to $0.7 million (2007-08: nil).

The Group estimated the fair value of the investment properties as at 31 March 2009 to approximate the net book value (2008: nil).

22 Subsidiary Companies (in $ million)

	The Company 31 March	
	2009	2008
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
Loan to a subsidiary company	25.0	25.0
	1,780.8	1,780.8
Funds from subsidiary companies	(1,426.6)	(1,540.7)
Amounts owing to subsidiary companies	(171.2)	(188.4)
	(1,597.8)	(1,729.1)
Amounts owing by subsidiary companies	284.6	227.4
Market value of quoted equity investments	2,679.6	5,437.5

The value is $2.

During the financial year, SIAEC signed an agreement with Cebu Pacific Air to set up an aircraft heavy maintenance facility at Clark International Airport in the Philippines. SIAEC will own 65.0% of this subsidiary company, with Cebu Pacific Air holding the remaining 35.0%. SIAEC injected an initial investment of $15.4 million in SIA Engineering Philippines after its incorporation in July 2008.

The loan to a subsidiary company is unsecured and has repayment terms of remaining two years. Interest on the loan is computed using SGD Swap-Offer Rates, and applying agreed margins. The loan is denominated in SGD and interest rates range from 2.75% to 2.95% (2007-08: 2.69% to 4.34%) per annum. Net carrying amount of the loan approximates the fair value as interest rate implicit in the loan approximates market interest rate.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which range from 0.03% to 1.75% (2007-08: 0.27% to 3.34%) per annum for SGD funds, from 0.03% to 6.30% (2007-08: 2.37% to 5.39%) per annum for USD funds and from 3.05% to 7.45% (2007-08: 6.18% to 7.15%) per annum for AUD funds.

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 2009, the composition of funds from subsidiary companies held in foreign currencies by the Company is as follows: USD – 9.4% (2008: 6.2%) and AUD – 0.4% (2008: 0.4%).

22 Subsidiary Companies (in $ million) (continued)

Acquisition of subsidiary companies

SATS Hong Kong Limited ("SATS HK")

On 11 November 2008, SATS acquired 100.0% of Menzies Aviation (Hong Kong) Ltd ("MAHK") for a cash consideration of $5.2 million. The purchase consideration was based on the net asset value of MAHK, on a cash-free, debt-free basis. Upon the acquisition, MAHK became a wholly-owned subsidiary company of SATS Group and was renamed to SATS HK.

The fair values of the identifiable assets and liabilities of SATS HK as at the date of acquisition were:

	Recognised on date of acquisition	Carrying amount before combination
Property, plant and equipment	3.0	3.0
Other non-current assets	2.5	-
Trade and other debtors	2.6	2.6
Cash and cash equivalents	1.0	1.0
	9.1	6.6
Trade and other creditors	1.4	1.4
Net identifiable assets	7.7	5.2

Total cost of business combination

The total cost of the business combination for the consideration of 100.0% equity interest is paid fully in cash at $5.2 million.

The effect of acquisition on cash flows is as follows:

Consideration settled in cash	5.2
Less: Cash and cash equivalents of subsidiary company acquired	(1.0)
Net cash outflow on acquisition	4.2

Impact of acquisition on profit and loss account

From the date of acquisition, SATS HK has increased the Group's profit after tax by $0.4 million. If the combination had taken place at the beginning of the financial year, the Group's profit after tax would have been $1,147.4 million and total revenue would have been $16,004.9 million.

22 Subsidiary Companies (in $ million) (continued)

Acquisition of subsidiary companies (continued)

SATS Hong Kong Limited ("SATS HK") (continued)

Goodwill arising on acquisition

The excess of carrying values of the net identifiable assets over purchase consideration of $2.5 million arose from the acquisition of 100.0% equity interest in SATS HK as a result of recognition of deferred tax assets. The amount is recognised in the profit and loss account.

Singapore Food Industries Limited ("SFI")

On 2 December 2008, SATS announced that it has entered into a conditional sale and purchase agreement with Ambrosia Investment Pte Ltd relating to the sale and purchase of 359,731,154 ordinary shares in the capital of SFI, representing approximately 69.6% of all the issued shares in the capital of SFI, for a cash consideration of $0.93 per share. Upon obtaining the shareholders' approval in an extraordinary general meeting held on 20 January 2009, SATS completed the 69.6% acquisition on the same day and made a mandatory unconditional cash offer for all the remaining SFI shares. On 6 March 2009, SATS has acquired approximately 97.2% of all the shares in SFI and exercised its right to compulsorily acquire all the remaining shares in SFI. On 17 April 2009, SATS has completed the compulsory acquisition and SFI became a wholly-owned subsidiary company of SATS Group. SFI is delisted from SGX-ST with effect from 22 April 2009.

The fair values of the identifiable assets and liabilities of SFI as at the date of acquisition were:

	Recognised on date of acquisition	Carrying amount before combination
Property, plant and equipment	75.9	75.9
Identifiable intangible assets	231.4	58.6
Other non-current assets	4.6	4.6
Trade and other debtors	89.5	88.6
Inventories	52.0	48.6
Cash and cash equivalents	26.8	26.8
	480.2	303.1
Trade and other creditors	147.9	147.9
Deferred taxation	59.3	2.0
Current tax payable	9.9	9.9
Minority interest	15.2	10.5
	232.3	170.3
Net identifiable assets	247.9	132.8

22 Subsidiary Companies (in $ million) (continued)

Acquisition of subsidiary companies (continued)

Singapore Food Industries Limited ("SFI") (continued)

Total cost of business combination

The total cost of the business combination is as follows:

Consideration for 100.0% equity interest:	
- Cash paid	476.0
- Directly attributable professional fees	4.4
- Deferred cash settlement	6.8
	487.2

The effect of acquisition on cash flows is as follows:

Total consideration for 100.0% equity interest	487.2
Less: Deferred cash settlement	(6.8)
Consideration settled in cash	480.4
Less: Cash and cash equivalents of subsidiary company acquired	(26.8)
Net cash outflow on acquisition	453.6

Impact of acquisition on profit and loss account

From the date of acquisition, SFI has contributed $4.0 million to the Group's profit after tax. If the combination had taken place at the beginning of the financial year, the Group's profit after tax would have been $1,165.0 million and total revenue would have been $16,564.4 million.

Goodwill arising on acquisition

Goodwill of $239.3 million arose from the acquisition of 100.0% equity interest in SFI and is attributable to the fair value of improved resilience to sector specific volatilities and significant synergies expected to arise after the acquisition.

Provisional accounting of acquisition

SATS Group has engaged independent valuers to determine the fair values of the acquired assets and liabilities. As at 31 March 2009, the fair values of the assets and liabilities have been determined on a provisional basis as the final results of the independent valuations have not been received by the date the financial statements were authorised for issue. Goodwill arising from this acquisition, the carrying amount of the identifiable intangible assets and deferred tax liability might be adjusted accordingly on a retrospective basis when the valuations of the assets and liabilities are finalised in the next financial year.

22 Subsidiary Companies (in $ million) (continued)

Acquisition of minority interests

On 30 July 2008, SATS acquired the remaining stake in Country Foods Pte Ltd ("Country Food") from its minority interests for a purchase consideration of $5.0 million, satisfied partly by way of issuance of new shares and partly by cash. At the same time, Country Food disposed 19.0% of the total number of issued shares of Country Foods Macau Limited ("CF Macau") to one main minority shareholder and CEO of Country Food. Upon the completion of the transaction, Country Food became a wholly-owned subsidiary company of SATS Group and the effective percentage of equity held by SATS Group in CF Macau reduced to 51.0%. On the date of acquisition, the book value of the additional interest acquired was $3.3 million. The difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2009	2008
Singapore Airport Terminal Services Limited	Investment holding	Singapore	80.6	80.8
Aero Laundry & Linen Services Private Limited	Providing and selling laundry and linen services	- do -	80.6	80.8
Asia-Pacific Star Pte Ltd	Dormant	- do -	80.6	80.8
Country Foods Pte Ltd	Manufacturing of chilled, frozen and processed foods	- do -	80.6	53.9
Country Foods Macau Limited*	Processing and packaging of food & beverage products	Macau	41.1	37.7
SATS Airport Services Pte Ltd	Airport ground handling services	Singapore	80.6	80.8
SATS Catering Pte Ltd	Inflight catering services	- do -	80.6	80.8
SATS Hong Kong Limited*	Aircraft ramp handling and passenger services	Hong Kong	80.6	-
SATS Security Services Pte Ltd	Aviation security services	Singapore	80.6	80.8
Singapore Food Industries Limited#	Food distribution and processing of food	- do -	80.6	-
International Cuisine Limited and its subsidiary companies##	Production and marketing of chilled ready cooked food	United Kingdom	80.6	-
Cresset Limited##	Manufacture of food products and chilled ready cooked food	Republic of Ireland	80.6	-
Swissco Limited##	In liquidation	- do -	80.6	-
Swissco Manufacturing Limited##	Purchase of goods and services	- do -	80.6	-
Myanmar ST Food Industries Ltd##	Dormant	Myanmar	80.6	-
Primary Industries (Qld) Pty Ltd and its subsidiary companies##	Providing of land logistics support	Australia	80.6	-
Urangan Fisheries Pty Ltd##	Processing of seafood	- do -	41.1	-

22 Subsidiary Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2009	2008
S Daniels plc and its subsidiary companies##	Investment holding	United Kingdom	80.6	-
All Square Foods Limited##	Inactive	- do -	80.6	-
Bilash Foods Limited##	Inactive	- do -	80.6	-
Brash Brothers Limited##	Inactive	- do -	80.6	-
Daniels Chilled Food Limited##	Production and marketing of chilled soup, freshly squeezed juices, fresh salads and sandwich fillings	- do -	80.6	-
Daniels Foods Limited##	Inactive	- do -	80.6	-
Daniels Group Limited##	Inactive	- do -	80.6	-
Farmhouse Fare Limited##	Manufacture and sale of pudding	- do -	80.6	-
Get Fresh Limited##	Inactive	- do -	80.6	-
Johnsons Fresh Products Limited##	Inactive	- do -	80.6	-
Johnsons Freshly Squeezed Juice Limited##	Inactive	- do -	80.6	-
Juice Limited##	Inactive	- do -	80.6	-
New Covent Garden Food Company Limited##	Inactive	- do -	80.6	-
Sun-ripe Limited##	Inactive	- do -	80.6	-
The New Covent Garden Soup Company Limited##	Inactive	- do -	80.6	-
SFI Food Pte Ltd#	Providing technical and management services for agri-food business	Singapore	80.6	-
SFI Manufacturing Pte Ltd#	Supply of food product	- do -	80.6	-
Singapore Food Development Pte Ltd#	Investment holding	- do -	80.6	-
Singfood Pte Ltd#	Contract manufacturing of food products	- do -	80.6	-
Shanghai ST Food Industries Co., Ltd##	Manufacture and sale of frozen foodstuff	People's Republic of China	77.4	-
Primary Industries Pte Ltd and its subsidiary companies#	Providing abattoir services	Singapore	63.3	-
Farmers Abattoir Pte Ltd#	Abattoir related activities	- do -	63.3	-
Hog Auction Market Pte Ltd#	Auctioneers of pigs	- do -	63.3	-
Aerolog Express Pte Ltd	Airport cargo delivery management services	- do -	56.4	56.6

22 Subsidiary Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2009	2008
SIA Engineering Company Limited	Engineering services	Singapore	80.7	81.0
Aircraft Maintenance Services Australia Pty Ltd*	Providing aircraft maintenance services, including technical and non-technical handling at the airport	Australia	80.7	81.0
SIA Engineering (USA), Inc.@	Providing aircraft maintenance, services including technical and non-technical handling at the airport	United States of America	80.7	-
SIAEC Global Pte Ltd	Investment holding	Singapore	80.7	81.0
SIA Engineering (Philippines) Corporation@	Providing airframe maintenance and component overhaul services	Philippines	52.5	-
Singapore Jamco Pte Ltd	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	52.5	52.6
Aerospace Component Engineering Services Pte Ltd	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	- do -	41.2	41.3
Aviation Partnership (Philippines) Corporation*	Providing aircraft maintenance services, including technical and non-technical handling at the airport	Philippines	41.2	41.3
Singapore Airlines Cargo Pte Ltd	Air cargo transportation	Singapore	100.0	100.0
Cargo Community Network Pte Ltd	Providing and marketing of Cargo Community Systems	- do -	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	51.0	51.0
SilkAir (Singapore) Private Limited	Air transportation	Singapore	100.0	100.0
Tradewinds Tours & Travel Private Limited	Tour wholesaling	- do -	100.0	100.0
Singapore Aviation and General Insurance Company (Pte) Limited	Aviation insurance	- do -	100.0	100.0
SIA Properties (Pte) Ltd	Inactive	- do -	100.0	100.0
Singapore Flying College Pte Ltd	Training of pilots	- do -	100.0	100.0
Sing-Bi Funds Private Limited	Inactive	- do -	100.0	100.0
Singapore Airport Duty-Free Emporium (Private) Limited	Inactive	- do -	95.3	95.4
Abacus Travel Systems Pte Ltd	Marketing of Abacus Computer reservations systems	- do -	61.0	61.0

22 Subsidiary Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2009	2008
SIA (Mauritius) Ltd@@	Pilot recruitment	Mauritius	100.0	100.0

All the Singapore-incorporated subsidiary companies are audited by Ernst & Young LLP, Singapore

* *Audited by member firms of Ernst & Young*

** *Audited by Baker Tilly*

\# *Audited by KPMG LLP, Singapore*

\#\# *Audited by member firms of KPMG*

@ *Company newly incorporated and not audited during the financial year*

@@ *Not required to be audited in country of incorporation*

23 Associated Companies (in $ million)

	The Group 31 March 2009	2008	The Company 31 March 2009	2008
Share of net assets of associated companies at acquisition date	324.0	324.0	-	-
Goodwill on acquisition of associated companies	1,759.6	1,759.6	-	-
Unquoted investments at cost	2,083.6	2,083.6	1,592.1	1,592.1
Accumulated impairment loss	(18.5)	(18.5)	(9.4)	(9.4)
	2,065.1	2,065.1	1,582.7	1,582.7
Goodwill written-off to reserves	(1,613.0)	(1,613.0)	-	-
Accumulated amortisation of intangible assets	(43.2)	(36.7)	-	-
Foreign currency translation reserve	(122.7)	(118.9)	-	-
Share of post-acquisition reserves				
- general reserve	339.6	343.9	-	-
- fair value reserve	1.0	243.7	-	-
- capital reserve	90.0	95.6	-	-
	716.8	979.7	1,582.7	1,582.7
Loans to associated companies	143.0	145.9	137.1	139.5
Write-down of loans	(4.5)	(4.6)	-	-
	138.5	141.3	137.1	139.5
	855.3	1,121.0	1,719.8	1,722.2
Amounts owing by associated companies	0.4	0.5	-	-
Amounts owing to associated companies	(0.6)	(1.2)	-	-
Amounts owing to associated companies, net	(0.2)	(0.7)	-	-

23 Associated Companies (in $ million) (continued)

The customer-related intangible assets arose from the acquisition of associated companies and the Group had 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, the Company's associated company, RCMS Properties Private Limited, recorded a revaluation loss of $29.4 million (2007-08: revaluation gain of $253.4 million) from its annual revaluation exercise of its land and building. The Company's share of the revaluation loss of $5.9 million at 31 March 2009 (2008: revaluation gain of $50.7 million) is included under the Group's share of post-acquisition capital reserve.

The Group has not recognised losses relating to Tiger Aviation Pte Ltd where its share of losses exceeds the Group's interest in this associated company. The Group's cumulative share of losses at the balance sheet date was $45.2 million (2008: $31.3 million), of which $6.0 million (2007-08: nil) was the share of the current year's losses that have not been recognised. The Group has no obligation in respect of these unrecognised losses.

Loans to associated companies are unsecured and have no foreseeable terms of repayments. Accordingly, the fair values of the loans are 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 $1.4 million (2008: $2.6 million) and $133.0 million (2008: $133.0 million), which bear interest ranging from 3.43% to 6.05% and LIBOR plus 2.50% (2007-08: 4.70% to 7.36% and LIBOR plus 2.50%) 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 to/by associated companies are unsecured, trade-related, non-interest bearing and are repayable on demand.

23 Associated Companies (in $ million) (continued)

The associated companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2009	Percentage of equity held by the Group 2008
Service Quality (SQ) Centre Pte Ltd[@]	Quality service training	Singapore	50.0	50.0
Virgin Atlantic Limited[*+]	Air transportation	United Kingdom	49.0	49.0
Tiger Aviation Pte Ltd[@]	Investment holding	Singapore	49.0	49.0
RCMS Properties Private Limited[^++]	Hotel ownership and management	- do -	20.0	20.0
PT Jasa Angkasa Semesta Tbk[#++]	Ground and cargo handling services	Indonesia	40.1	40.2
Asia Airfreight Terminal Co Ltd[*]	Air cargo handling services	Hong Kong	39.5	39.6
Aviserv Ltd[**++]	Inflight catering services	Pakistan	39.5	39.6
Servair-SATS Holding Company Pte Ltd[##++]	Investment holding company	Singapore	39.5	39.6
Taj SATS Air Catering Limited[#]	Catering services	India	39.5	39.6
Beijing Airport Inflight Kitchen Ltd[***]	Inflight catering services	People's Republic of China	32.2	32.3
Beijing Aviation Ground Services Co., Ltd[***]	Airport ground handling services	- do -	32.2	32.3
Maldives Inflight Catering Private Limited[@@]	Inflight catering services	Maldives	28.2	28.3
Taj Madras Flight Kitchen Pvt Limited[#]	Inflight catering services	India	24.2	24.2
Tan Son Nhat Cargo Services Ltd[#++]	Air cargo handling services	Vietnam	24.2	24.2
Evergreen Air Cargo Services Corporation[^^++]	Air cargo handling services	Taiwan	20.2	20.2
Evergreen Airline Services Corporation[#++]	Airport ground handling services	- do -	16.1	16.2
MacroAsia Catering Services, Inc.[****]	Inflight catering services	Philippines	16.1	16.2
Combustor Airmotive Services Pte Ltd[^+++]	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	39.5	39.7
Eagle Services Asia Private Limited[^++]	Repair and overhaul of aircraft engines	- do -	39.5	39.7
PT JAS Aero-Engineering Services[#++]	Providing aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	39.5	39.7

23 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2009	2008
PWA International Limited^ ^+++	Repair, overhaul and re-manufacture of aircraft turbine engine cases, components and related parts	Republic of Ireland	39.5	39.7
Fuel Accessory Service Technologies Pte Ltd^+++	Repair and overhaul of engine fuel components and accessories	Singapore	39.5	39.7
Pan Asia Pacific Aviation Services Ltd@@@	Providing aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	38.0	38.1
Jamco Aero Design & Engineering Private Limited@	Providing turnkey solutions for aircraft interior modifications	Singapore	36.3	36.4
Messier Services Asia Private Limited##++	Repair and overhaul of Boeing and Airbus series landing gears	- do -	32.3	32.4
Goodrich Aerostructures Services Asia Pte Ltd@++	Repair and overhaul of aircraft nacelles, thrust reversers and pylons	- do -	32.3	32.4
Asian Surface Technologies Pte Ltd@@@@++	Repair and overhaul of aircraft engine fan blades	- do -	31.6	31.7
International Aerospace Tubes-Asia Pte Ltd^++	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	- do -	26.9	27.0
Asian Compressor Technology Services Co Ltd^ ^++	Repair and overhaul of aircraft engines high pressure compressor stators	Taiwan	19.8	19.8
Turbine Coating Services Private Ltd^+++	Repair and overhaul of aircraft engine turbine airfoils	Singapore	19.8	19.8
PT Purosani Sri Persada	Hotel ownership and management	Indonesia	20.0	20.0
Great Wall Airlines Company Limited#++	Air cargo transportation	People's Republic of China	25.0	25.0

@ *Audited by Ernst & Young LLP, Singapore*
@@ *Audited by member firms of Ernst & Young*
@@@ *Audited by BDO Limited, Hong Kong*
@@@@ *Audited by RSM Chio Lim, Singapore*
* *Audited by member firms of KPMG*
** *Audited by Messrs Riaz Ahmed, Saqib, Gohar and Co, Pakistan*
*** *Audited by Zhongrui Yuehua Certified Public Accountants Co., Ltd*
**** *Audited by Sycip Gorres Velayo & Co*
^ *Audited by Pricewaterhouse Coopers LLP, Singapore*
^ ^ *Audited by member firms of Pricewaterhouse Coopers*
\# *Audited by member firms of Deloitte Touche Tohmatsu*
\#\# *Audited by Deloitte and Touche LLP, Singapore*
\+ *Financial year end 28 February*
++ *Financial year end 31 December*
+++ *Financial year end 30 November*

23 Associated Companies (in $ million) (continued)

The summarised financial information of the associated companies, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	The Group 31 March	
	2009	2008
Assets and liabilities		
Current assets	3,833.7	4,500.2
Non-current assets	2,661.3	2,692.7
	6,495.0	7,192.9
Current liabilities	(3,976.4)	(3,176.0)
Non-current liabilities	(1,197.1)	(1,832.4)
	(5,173.5)	(5,008.4)
	2008-09	2007-08
Results		
Revenue	7,702.1	9,643.9
(Loss)/Profit for the period	(28.2)	368.7

24 Joint Venture Companies (in $ million)

	The Group 31 March	
	2009	2008
Investment in joint venture companies (unquoted, at cost)	56.9	56.6
Share of post-acquisition reserves		
- general reserve	74.7	54.2
- foreign currency translation reserve	(4.1)	(15.7)
	127.5	95.1

24 Joint Venture Companies (in $ million) (continued)

The Group's share of the consolidated assets and liabilities, and results of joint venture companies are as follows:

	The Group 31 March 2009	2008
Assets and liabilities		
Current assets	177.7	148.3
Non-current assets	63.8	47.6
	241.5	195.9
Current liabilities	(80.4)	(63.5)
Non-current liabilities	(33.6)	(37.3)
	(114.0)	(100.8)

	2008-09	2007-08
Results		
Revenue	654.6	542.6
Expenses	(590.7)	(491.8)
	63.9	50.8

The joint venture companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2009	2008
SembCorp Network Pte Ltd*+	Provision of logistics support and services	Singapore	40.3	-
International Engine Component Overhaul Pte Ltd**+	Repair and overhaul of aero engine components and parts	- do -	40.4	40.4
Singapore Aero Engine Services Private Limited**+	Repair and overhaul of aircraft engines	- do -	40.4	40.4

* *Audited by KPMG LLP, Singapore*
** *Audited by Ernst & Young LLP, Singapore*
\+ *Financial year end 31 December*

25 Long-Term Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Unquoted equity investments	52.4	52.4	28.0	28.0
Accumulated impairment loss	(9.2)	(9.1)	(9.2)	(9.1)
	43.2	43.3	18.8	18.9
Analysis of accumulated impairment loss:				
Balance at 1 April	9.1	9.1	9.1	9.1
Charged during the year	0.1	-	0.1	-
Balance at 31 March	9.2	9.1	9.2	9.1

During the financial year, the Group and the Company recorded an impairment loss in the profit and loss account of $0.1 million (2007-08: nil) pertaining to unquoted equity investments.

26 Other Non-Current Assets (in $ million)

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Other receivables	391.6	353.6	391.6	353.6
Investments in companies pending incorporation	12.0	8.2	-	-
	403.6	361.8	391.6	353.6

The Group's other receivables are stated at amortised cost and are expected to be received over a period of 2 to 10 years. As at 31 March 2009 and 31 March 2008, the entire balance of other receivables is denominated in USD.

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.

27 Inventories (in $ million)

	The Group 31 March 2009	2008	The Company 31 March 2009	2008
Technical stocks and stores	383.4	440.1	321.4	391.8
Catering and general stocks	70.8	24.6	17.3	14.5
Work-in-progress	49.0	43.0	-	-
Total inventories at lower of cost and net realisable value	503.2	507.7	338.7	406.3

During the financial year, the Group wrote down $22.7 million (2007-08: $22.0 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 2009	2008	The Company 31 March 2009	2008
Not past due and not impaired	1,330.5	1,835.0	961.2	1,363.7
Past due but not impaired	149.2	198.2	31.7	65.9
	1,479.7	2,033.2	992.9	1,429.6
Impaired trade debtors - collectively assessed	26.7	18.2	4.0	3.7
Less: Accumulated impairment losses	(21.3)	(10.2)	(3.0)	(2.2)
	5.4	8.0	1.0	1.5
Impaired trade debtors - individually assessed				
Customers in bankruptcy or other financial reorganisation	9.5	5.0	5.7	0.3
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	5.4	4.5	3.9	4.2
Less: Accumulated impairment losses	(14.5)	(6.9)	(8.6)	(2.2)
	0.4	2.6	1.0	2.3
Total trade debtors, net	1,485.5	2,043.8	994.9	1,433.4

28 Trade Debtors (in $ million) (continued)

Trade debtors are non-interest bearing. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless the Group writes off the amount ascertained to be uncollectible. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days aging of debtor balances) are considered indicators that the trade debtor is impaired. Individual trade debtor is written off when management deems the amount not to be collectible.

Trade debtors are stated after accumulated impairment losses. An analysis of the accumulated impairment losses is as follows:

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Balance at 1 April	17.1	14.4	4.4	4.3
Charged during the year	12.3	2.9	7.2	0.1
Written off during the year	(0.6)	(0.2)	-	-
Acquisition of a subsidiary company	7.0	-	-	-
Balance at 31 March	35.8	17.1	11.6	4.4
Bad debts written off directly to profit and loss account, net of debts recovered	2.4	1.1	1.2	0.2

As at 31 March 2009, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 46.4% (2008: 45.1%), AUD – 5.9% (2008: 5.7%), EUR – 7.3% (2008: 6.2%) and JPY – 3.4% (2008: 3.4%).

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 2009	2008	The Company 31 March 2009	2008
Deposits	203.3	18.5	194.3	11.3
Other debtors	38.6	54.6	13.3	26.4
	241.9	73.1	207.6	37.7

Included in the Group and the Company's deposits is $182.4 million (2008: nil) margin calls placed with a financial institution. This amount is denominated in USD.

30 Investments (in $ million)

	The Group 31 March 2009	2008	The Company 31 March 2009	2008
Available-for-sale investments				
Quoted investments				
Government securities	10.4	8.8	-	-
Equity investments	20.1	28.9	-	-
Non-equity investments	104.8	382.2	87.7	360.9
	135.3	419.9	87.7	360.9
Unquoted investments				
Government securities	499.9	-	499.9	-
Non-equity investments	20.4	44.4	-	-
	520.3	44.4	499.9	-
	655.6	464.3	587.6	360.9

The Group's non-equity investments comprise investments in money market funds, commercial papers and credit-linked notes. During the financial year, the Group recorded an impairment loss in the profit and loss account of $9.7 million (2007-08: nil) pertaining to unquoted non-equity investments.

The interest rates for quoted and unquoted government securities range from 1.63% to 4.63% (2008: 2.25% to 4.63%) per annum and 0.23% to 0.74% (2008: nil) per annum respectively. The interest rates for unquoted non-equity investments range from 1.81% to 4.00% (2008: 0.25% to 4.17%) per annum.

31 Cash and Bank Balances (in $ million)

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Fixed deposits	3,540.8	4,723.7	3,432.0	4,089.0
Cash and bank	307.2	395.3	26.0	127.7
	3,848.0	5,119.0	3,458.0	4,216.7

As at 31 March 2009, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 21.2% (2008: 18.4%), EUR – 1.5% (2008: 1.2%) and JPY – 0.5% (2008: 0.3%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.02% to 7.50% (2007-08: 1.03% to 7.23%) 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 1.14% (2007-08: 2.95%) per annum.

32 Trade and Other Creditors (in $ million)

Trade and other creditors are non-interest bearing. Included in trade and other creditors is the provision for warranty claims of $0.5 million (2008: $0.6 million) for the Group.

An analysis of provision for warranty claims is as follows:

	The Group 31 March	
	2009	2008
Balance at 1 April	0.6	1.6
Provision/(Writeback) during the year	0.2	(0.3)
Provision utilised during the year	(0.3)	(0.7)
Balance at 31 March	0.5	0.6

As at 31 March 2009, 33.9% (2008: 18.9%) of trade and other creditors were held in USD by the Group.

33 Bank Overdrafts (in $ million)

Included in the Group's bank overdrafts is a secured banking facility of $1.8 million (2008: nil) offered to certain subsidiary companies. It is secured on the property, plant and equipment and other assets of these subsidiary companies with a total carrying value of $141.2 million as at 31 March 2009 (2008: nil). The effective interest rate ranges from 2.00% to 3.00% (2007-08: nil) per annum.

The Company's bank overdrafts of $7.5 million (2008: nil) as at 31 March 2009 are unsecured. $1.3 million of the bank overdrafts bear interest at a rate of 5.00% (2007-08: nil) per annum.

As at 31 March 2009, the composition of bank overdrafts held in foreign currencies by the Group is as follows: GBP – 14.1% (2008: nil) and AUD – 5.3% (2008: nil).

34 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated $9,277.1 million (2008: $8,996.2 million) for the Group and $8,154.5 million (2008: $8,138.1 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of joint venture companies' commitments for capital expenditure totalled $21.8 million (2008: $1.5 million).

(b) Operating lease commitments

As lessee

Aircraft

The Company has five B747-400, four B777-200, three B777-200ER, seven B777-300, four A330-300 and five A380-800 aircraft under operating leases with fixed rental rates. Under one of the aircraft lease agreements, the rentals will be adjusted if one-month LIBOR exceeds 6.50% per annum. The original lease terms range from 4.7 to 10.5 years. In five of the aircraft lease agreements, the Company holds options to extend the leases for a further maximum period of three years and in nine others, the Company holds the 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.

34 Capital and Other Commitments (in $ million) (continued)

(b) Operating lease commitments (continued)

As lessee (continued)

Aircraft (continued)

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	
	2009	2008	2009	2008
Not later than one year	591.8	447.0	488.0	349.7
Later than one year but not later than five years	1,758.7	1,126.2	1,522.7	882.7
Later than five years	867.1	632.8	792.1	515.9
	3,217.6	2,206.0	2,802.8	1,748.3

34 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, leasehold land and buildings. These non-cancellable leases have lease terms of between 1 to 30 years.

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

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Not later than one year	62.6	77.3	49.1	70.2
Later than one year but not later than five years	101.8	85.3	73.6	69.8
Later than five years	54.2	25.2	8.4	0.9
	218.6	187.8	131.1	140.9

The minimum lease payments recognised in the profit and loss account amounted to $63.7 million (2007-08: $66.0 million) and $53.3 million (2007-08: $58.1 million) for the Group and the Company respectively.

As lessor

Aircraft

During the financial year, the commercial lease for one aircraft ended and the Group entered into a new commercial aircraft lease. This non-cancellable lease has a remaining lease term of six years and 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	
	2009	2008
Not later than one year	-	4.8
Later than one year but not later than five years	59.1	-
Later than five years	20.9	-
	80.0	4.8

34 Capital and Other Commitments (in $ million) (continued)

(c) Other commitments

In 2002-03, SATS Group entered into a lease agreement with a United States ("US") lessor, whereby two subsidiary companies sold and leaseback certain fixed ground support equipment with net book value of $49.5 million (2008: $62.9 million). The gain arising from this sale and leaseback is deferred and amortised over the lease period of 18 years commencing on October 2002.

Under the terms of the agreement, the subsidiary companies have prepaid an amount to cover the future lease obligations to two financial institutions. SATS has guaranteed the repayment of these future lease obligations and is the primary obligor under the lease agreement. Subsequent to the balance sheet date, one of the lessors requested for substitution of a payment guarantor. SATS is in the process of meeting this request. However, it is currently not expected that this event would have a material effect on the financial statements.

The Group and the Company have outstanding commitments to subscribe for shares in associated and joint venture companies. Such commitments aggregated $60.2 million (2008: $67.4 million) for the Group and $27.3 million (2008: $27.3 million) for the Company.

35 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, New Zealand and South Africa 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.

35 Contingent Liabilities (in $ million) (continued)

(b) Cargo: Investigations by competition authorities (continued)

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 and its related oral submissions during the EC Oral Hearing held from 30 June 2008 to 4 July 2008. The timing of any decision by the EC in this case is uncertain, but deliberations are expected to take several months.

In December 2008, the competition authorities in New Zealand and Australia initiated civil penalty proceedings concerning the air cargo issues. In New Zealand, a statement of claim was issued against fourteen airlines including both SIA Cargo and the Company. In Australia, a statement of claim was issued against only SIA Cargo, but the competition authority has indicated that proceedings will be brought against other carriers. These proceedings are at a preliminary stage focused on procedural issues and preliminary objections to the statements of claim.

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 is still analysing the case, the civil penalty proceedings in Australia and New Zealand are at a preliminary 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, proceedings or civil suits can be regarded as contingent liabilities and, therefore, no provision has been made in the financial statements.

(c) Passengers: Civil actions in the US

The Company 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.

The investigations by the competition authorities in other jurisdictions are ongoing and the civil class-action suits have neither been tried on their respective substantive legal merits nor have damages been quantified. It is therefore 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 financial statements.

35 Contingent Liabilities (in $ million) (continued)

(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 [International Air Transport Association ("IATA"), Qantas Airways Limited, British Airways plc, Air New Zealand Limited, Singapore Airlines, 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. IATA was subsequently removed from the proceedings.

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 Cathay Pacific Airways Limited and the Company. The Company denies the claims and, along with each of the named airlines, is defending the actions.

The court delivered its judgment in the claim against another airline on 30 March 2009. There are no substantive developments in the claim against the Company.

36 Financial Risk Management Objectives and Policies (in $ million)

The Group operates globally and generates revenue in various currencies. The Group's airline operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of its investments. The Group's overall risk management approach is to moderate the effects of such volatility on its financial performance. 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.

36 Financial Risk Management Objectives and Policies (in $ million) (continued)

(a) Jet fuel price risk (continued)

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 swap contracts. These gasoil swap contracts 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 dollar per barrel of jet fuel affects the Group's annual fuel costs by USD 35.8 million (2007-08: USD 36.0 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 2009, these accounted for 63.0% of total revenue (2007-08: 66.0%) and 69.0% of total operating expenses (2007-08: 67.0%). 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 option contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell currencies at predetermined forward rates, buying either USD or SGD depending on forecast requirements, with settlement dates that range from one month up to one year. The Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements.

(c) Interest rate risk

The Group's earnings are also affected by changes in interest rates due to the impact such changes have on interest income and expense from short-term deposits and other interest-bearing financial assets and liabilities. The Group enters into interest rate swap contracts and interest rate cap contracts to manage interest rate costs on its financial assets and liabilities, with the prior approval of the BEC or Boards of subsidiary companies.

36 Financial Risk Management Objectives and Policies (in $ million) (continued)

(d) Market price risk

The Group owned $655.6 million (2008: $464.3 million) in available-for-sale investments at 31 March 2009.

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

(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 from 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	
Counterparty profiles	2009	2008	2009	2008	2009	2008	2009	2008
By industry:								
Travel agencies	348.1	882.0	5.2%	10.9%	334.6	512.7	5.6%	7.7%
Airlines	231.0	257.7	3.5%	3.2%	135.3	167.8	2.3%	2.5%
Financial institutions	4,357.5	6,197.5	65.2%	76.4%	3,878.0	5,144.8	65.3%	77.4%
Others	1,456.1	289.9	21.8%	3.6%	1,084.2	539.3	18.2%	8.1%
	6,392.7	7,627.1	95.7%	94.1%	5,432.1	6,364.6	91.4%	95.7%
By region:								
East Asia	2,918.1	3,282.1	43.7%	40.5%	2,259.1	2,280.4	38.0%	34.3%
Europe	2,531.1	3,140.7	37.9%	38.7%	2,409.1	3,047.4	40.6%	45.8%
South West Pacific	388.8	492.6	5.8%	6.1%	357.7	464.6	6.0%	7.0%
Americas	442.7	639.8	6.6%	7.9%	364.6	529.8	6.1%	8.0%
West Asia and Africa	112.0	71.9	1.7%	0.9%	41.6	42.4	0.7%	0.6%
	6,392.7	7,627.1	95.7%	94.1%	5,432.1	6,364.6	91.4%	95.7%

36 Financial Risk Management Objectives and Policies (in $ million) (continued)

(e) Counterparty risk (continued)

Counterparty profiles	The Group Outstanding balance 2009	The Group Outstanding balance 2008	The Group Percentage of total financial assets 2009	The Group Percentage of total financial assets 2008	The Company Outstanding balance 2009	The Company Outstanding balance 2008	The Company Percentage of total financial assets 2009	The Company Percentage of total financial assets 2008
By Moody's credit ratings:								
Investment grade (A to Aaa)	4,884.2	6,050.1	73.1%	74.6%	4,376.8	5,144.6	73.7%	77.4%
Investment grade (Baa)	3.1	0.1	0.0%	0.0%	1.1	0.1	0.0%	0.0%
Non-rated	1,505.4	1,576.9	22.6%	19.5%	1,054.2	1,219.9	17.7%	18.3%
	6,392.7	7,627.1	95.7%	94.1%	5,432.1	6,364.6	91.4%	95.7%

(f) Liquidity risk

At 31 March 2009, the Group had at its disposal, cash and short-term deposits amounting to $3,848.0 million (2008: $5,119.0 million). In addition, the Group had available short-term credit facilities of about $486.1 million (2008: $200.0 million). The Group also has Medium Term Note Programmes under which it may issue notes up to $1,300.0 million (2008: $1,500.0 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.

36 Financial Risk Management Objectives and Policies (in $ million) (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
2009							
The Group							
Notes payable	239.9	37.4	928.0	-	-	-	1,205.3
Finance lease commitments	85.2	87.3	89.2	91.1	91.8	188.5	633.1
Bank overdrafts	9.3	-	-	-	-	-	9.3
Loans	33.1	5.4	3.2	0.5	0.2	2.2	44.6
Trade and other creditors	2,616.2	-	-	-	-	-	2,616.2
Amounts owing to associated companies	0.6	-	-	-	-	-	0.6
Derivative financial instruments:							
Currency hedging contracts	14.5	-	-	-	-	-	14.5
Fuel hedging contracts	899.2	-	-	-	-	-	899.2
Cross currency swap contracts	29.8	-	-	-	-	-	29.8
Interest rate swap contracts	21.8	-	-	-	-	-	21.8
	3,949.6	130.1	1,020.4	91.6	92.0	190.7	5,474.4
The Company							
Notes payable	37.4	37.4	928.0	-	-	-	1,002.8
Trade and other creditors	1,940.4	-	-	-	-	-	1,940.4
Amounts owing to subsidiary companies	1,597.8	-	-	-	-	-	1,597.8
Bank overdrafts	7.5	-	-	-	-	-	7.5
Derivative financial instruments:							
Currency hedging contracts	11.8	-	-	-	-	-	11.8
Fuel hedging contracts	739.8	-	-	-	-	-	739.8
	4,334.7	37.4	928.0	-	-	-	5,300.1

36 Financial Risk Management Objectives and Policies (in $ million) (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
2008							
The Group							
Notes payable	43.4	239.9	37.4	928.0	-	-	1,248.7
Finance lease commitments	78.5	80.6	81.7	83.0	84.1	254.8	662.7
Loans	0.4	0.4	0.4	0.4	0.4	1.8	3.8
Trade and other creditors	3,062.4	-	-	-	-	-	3,062.4
Amounts owing to associated companies	1.2	-	-	-	-	-	1.2
Derivative financial instruments:							
Currency hedging contracts	91.2	-	-	-	-	-	91.2
Fuel hedging contracts	0.4	-	-	-	-	-	0.4
Cross currency swap contracts	59.7	-	-	-	-	-	59.7
Interest rate swap contracts	19.9	-	-	-	-	-	19.9
	3,357.1	320.9	119.5	1,011.4	84.5	256.6	5,150.0
The Company							
Notes payable	37.4	37.4	37.4	928.0	-	-	1,040.2
Trade and other creditors	2,316.3	-	-	-	-	-	2,316.3
Amounts owing to subsidiary companies	1,729.1	-	-	-	-	-	1,729.1
Derivative financial instruments:							
Currency hedging contracts	67.1	-	-	-	-	-	67.1
Fuel hedging contracts	0.4	-	-	-	-	-	0.4
	4,150.3	37.4	37.4	928.0	-	-	5,153.1

(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.

36 Financial Risk Management Objectives and Policies (in $ million) (continued)

(g) Credit risk (continued)

The maximum exposure to credit risk for the Group and the Company are as follows:

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Long-term investments	43.2	43.3	18.8	18.9
Other non-current assets	403.6	361.8	391.6	353.6
Trade debtors	1,485.5	2,043.8	994.9	1,433.4
Deposits and other debtors	241.9	73.1	207.6	37.7
Prepayments	101.9	104.9	77.8	90.2
Amounts owing by subsidiary companies	-	-	284.6	227.4
Amounts owing by associated companies	0.4	0.5	-	-
Loan to a subsidiary company	-	-	25.0	25.0
Loans to associated companies	138.5	141.3	137.1	139.5
Investments	655.6	464.3	587.6	360.9
Cash and bank balances	3,848.0	5,119.0	3,458.0	4,216.7
	6,918.6	8,352.0	6,183.0	6,903.3

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.

37 Financial Instruments (in $ million)

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how 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	Derivatives at fair value through profit and loss	Total
2009						
The Group						
Assets						
Long-term investments	-	43.2	-	-	-	43.2
Other non-current assets	403.6	-	-	-	-	403.6
Trade debtors	1,264.5	-	194.6	-	26.4	1,485.5
Deposits and other debtors	241.9	-	-	-	-	241.9
Amounts owing by associated companies	0.4	-	-	-	-	0.4
Investments	-	655.6	-	-	-	655.6
Cash and bank balances	3,848.0	-	-	-	-	3,848.0
Total financial assets	5,758.4	698.8	194.6	-	26.4	6,678.2
Total non-financial assets						18,140.3
Total assets						24,818.5
Liabilities						
Notes payable	-	-	-	1,100.0	-	1,100.0
Loans	-	-	-	44.0	-	44.0
Finance lease commitments	-	-	-	548.5	-	548.5
Bank overdrafts	-	-	-	9.3	-	9.3
Amounts owing to associated companies	-	-	-	0.6	-	0.6
Trade and other creditors	-	-	928.2	2,616.2	37.1	3,581.5
Total financial liabilities	-	-	928.2	4,318.6	37.1	5,283.9
Total non-financial liabilities						5,044.2
Total liabilities						10,328.1

37 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
The Company					
Assets					
Long-term investments	-	18.8	-	-	18.8
Other non-current assets	391.6	-	-	-	391.6
Trade debtors	831.8	-	163.1	-	994.9
Deposits and other debtors	207.6	-	-	-	207.6
Amounts owing by subsidiary companies	284.6	-	-	-	284.6
Investments	-	587.6	-	-	587.6
Cash and bank balances	3,458.0	-	-	-	3,458.0
Total financial assets	5,173.6	606.4	163.1	-	5,943.1
Total non-financial assets					16,551.2
Total assets					22,494.3
Liabilities					
Notes payable	-	-	-	900.0	900.0
Bank overdrafts	-	-	-	7.5	7.5
Amounts owing to subsidiary companies	-	-	-	1,597.8	1,597.8
Trade and other creditors	-	-	751.6	1,940.4	2,692.0
Total financial liabilities	-	-	751.6	4,445.7	5,197.3
Total non-financial liabilities					4,398.0
Total liabilities					9,595.3

37 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	Derivatives at fair value through profit and loss	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						
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	-	-	106.5	3,062.4	64.7	3,233.6
Total financial liabilities	-	-	106.5	4,720.3	64.7	4,891.5
Total non-financial liabilities						5,994.8
Total liabilities						10,886.3

37 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
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					
Notes payable	-	-	-	900.0	900.0
Amounts owing to subsidiary companies	-	-	-	1,729.1	1,729.1
Trade and other creditors	-	-	67.5	2,316.3	2,383.8
Total financial liabilities	-	-	67.5	4,945.4	5,012.9
Total non-financial liabilities					5,237.5
Total liabilities					10,250.4

37 Financial Instruments (in $ million) (continued)

(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 (2009: USD 57.47/BBL, 2008: USD 128.53/BBL) is used as the input for market fuel price to the Black-Scholes option valuation model. Consequently, the annualised volatility (2008-09: 60.30%, 2007-08: 29.31%) of the jet fuel swap and option contracts is also estimated with daily MOPS price. The continuously compounded risk-free rate estimated as average of the past 12 months Singapore Government Securities benchmark issues' one-year yield (2008-09: 0.88%, 2007-08: 1.97%) was also applied to each individual jet fuel option contract to derive their estimated fair values as 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.

The fair value of forward currency contracts is determined by reference to current forward prices for contracts with similar maturity profiles. The fair values of foreign currency option contracts, interest rate swap contracts and interest rate cap contracts are determined by reference to valuation reports provided by counterparties.

The fair value of cross currency swap contracts is determined based on quoted market prices or dealer quotes for similar instruments used.

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 to/by subsidiary and associated companies, trade debtors, other debtors, trade and other creditors.

37 Financial Instruments (in $ million) (continued)

(b) Fair values (continued)

Financial instruments carried at other than fair value

Long-term investments amounting to $43.2 million (2008: $43.3 million) for the Group and $18.8 million (2008: $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.

Net carrying amounts of long-term liabilities approximate the fair value as the interest rates implicit in the long-term liabilities approximate the market interest rates.

(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	
	2009	2008	2009	2008
Assets*				
Currency hedging contracts	173.7	7.5	143.6	5.6
Fuel hedging contracts	8.8	442.4	7.4	358.3
Cross currency swap contracts	26.4	-	-	-
Interest rate cap contracts	12.1	-	12.1	-
	221.0	449.9	163.1	363.9
Liabilities#				
Currency hedging contracts	14.5	91.2	11.8	67.1
Fuel hedging contracts	899.2	0.4	739.8	0.4
Cross currency swap contracts	29.8	59.7	-	-
Interest rate swap contracts	21.8	19.9	-	-
	965.3	171.2	751.6	67.5

* *Included under trade debtors*

\# *Included under trade creditors*

37 Financial Instruments (in $ million) (continued)

(c) Derivative financial instruments and hedging activities (continued)

Cash flow hedges

The Group enters into fuel hedging contracts 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 loss before tax of $1,249.6 million (2008: net fair value gain before tax of $741.1 million), with a related deferred tax charge of $251.3 million (2008: $165.4 million), is included in the fair value reserve in respect of these contracts.

The Group has outstanding financial instruments to hedge expected future purchases in USD:

	Currency hedging contracts maturing in April 2009 – March 2010			
	The Group		The Company	
Currency	Foreign currency amount sold	USD purchased	Foreign currency amount sold	USD purchased
AUD	338.1	270.2	310.2	248.3
CHF	56.7	51.5	43.1	39.3
CNY	653.0	97.1	304.8	45.5
EUR	116.9	165.8	77.8	110.9
GBP	89.0	153.2	78.8	136.0
INR	3,956.0	83.0	2,534.2	53.2
JPY	13,147.0	136.6	7,665.1	79.4
KRW	37,800.0	33.2	26,377.8	23.4
NZD	103.2	66.7	78.1	50.8
TWD	865.0	26.9	336.1	10.5

	Currency hedging contracts maturing in April 2008 – March 2009			
	The Group		The Company	
Currency	Foreign currency amount sold	USD purchased	Foreign currency amount sold	USD purchased
AUD	388.7	327.3	353.7	297.8
CHF	35.1	32.1	27.5	25.2
CNY	1,352.0	190.9	587.7	83.0
EUR	118.5	167.4	88.6	125.1
GBP	101.5	199.7	91.1	179.2
INR	3,914.0	95.0	2,213.9	51.5
JPY	8,881.0	83.4	5,333.9	50.0
KRW	38,116.0	40.7	29,546.3	31.6
NZD	91.8	66.8	69.9	50.9
TWD	951.0	30.6	472.4	15.2

37 Financial Instruments (in $ million) (continued)

(c) Derivative financial instruments and hedging activities (continued)

Cash flow hedges (continued)

As at 31 March 2009, the Company has also set aside USD 268.7 million (2008: USD 331.5 million) in short-term deposits to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 10 months.

During the financial year, the Group entered into financial instruments to hedge expected future payments in SGD. The outstanding contracts are as follows:

	Currency hedging contracts maturing in April 2009 – March 2010 The Group and the Company	
Currency	Foreign currency amount sold	SGD purchased
AUD	30.5	30.4
CHF	3.0	3.9
CNY	43.0	9.1
EUR	6.0	11.8
GBP	10.4	22.8
INR	351.0	10.1
JPY	1,748.0	28.5
KRW	2,295.0	2.5
NZD	7.6	6.0
TWD	18.0	0.8

The cash flow hedges of the expected future purchases in USD and expected future payments in SGD in the next 12 months are assessed to be highly effective and at 31 March 2009, a net fair value gain before tax of $455.1 million (2008: net fair value loss before tax of $115.8 million), with a related deferred tax credit of $110.5 million (2008: $24.3 million), is included in the fair value reserve in respect of these contracts.

As at 31 March 2009, the Company had interest rate cap contracts at a strike rate of 6.50% (2008: nil), maturing in 7 to 10 years, to hedge against risk of increase in aircraft lease rentals.

The Group also has interest rate swap contracts in place whereby it pays fixed rates of interest ranging from 3.00% to 4.95% and receives a variable rate linked to LIBOR. These contracts are used to protect a portion of the lease liabilities from exposure to fluctuations in interest rates. The maturity period of these contracts ranges from 1 March 2014 to 5 March 2016.

The cash flow hedges of some of the interest rate swap contracts are assessed to be highly effective and as at 31 March 2009, a net fair value loss before tax of $14.4 million (2008: $14.8 million), with a related deferred tax asset of $2.4 million (2008: $2.7 million), was included in the fair value reserve in respect of these contracts.

37 Financial Instruments (in $ million) (continued)

(c) Derivative financial instruments and hedging activities (continued)

Fair value through profit and loss

In addition, there are cross currency swap contracts in place where the Group pays SGD and receives USD with exchange rates ranging from 1.3085 to 1.6990. These contracts are used to protect the foreign exchange risk exposure of the Group's USD-denominated lease liabilities. The maturity period of these contracts ranges from 21 August 2015 to 14 February 2018.

(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 2009, 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.

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 dollar per barrel of jet fuel affects the Group's and the Company's annual fuel costs by $54.4 million and $45.7 million (2007-08: $49.7 million and $40.3 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are still outstanding 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	
	2009	2008	2009	2008
Effect of an increase in one USD per barrel				
Increase in equity	14.3	18.5	11.8	15.1
Effect of a decrease in one USD per barrel				
Decrease in equity	(14.3)	(18.5)	(11.8)	(15.1)

37 Financial Instruments (in $ million) (continued)

(d) Market risk sensitivity analysis (continued)

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 from the cash flow hedges.

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	
	2009	2008	2009	2008
Effect of strengthening of SGD				
Decrease in profit before taxation	(11.6)	(21.8)	(13.9)	(23.4)
Decrease in equity	(16.1)	(18.1)	(12.1)	(13.8)
Effect of weakening of SGD				
Increase in profit before taxation	11.6	21.8	13.9	23.4
Increase in equity	16.1	18.1	12.1	13.8

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.

37 Financial Instruments (in $ million) (continued)

(d) Market risk sensitivity analysis (continued)

Interest rate risk (continued)

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 2009 will have the following effects:

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Effect of an increase in one basis point in market interest rates				
Increase in profit before taxation	0.4	0.5	0.2	0.3
Increase in equity	*	*	*	*
Effect of a decrease in one basis point in market interest rates				
Decrease in profit before taxation	(0.4)	(0.5)	(0.2)	(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		The Company 31 March	
	2009	2008	2009	2008
Effect of an increase in 1% of quoted prices				
Increase in equity	6.6	4.6	5.9	3.6
Effect of a decrease in 1% of quoted prices				
Decrease in equity	(6.6)	(4.6)	(5.9)	(3.6)

38 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 2009 or 31 March 2008. 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 previous financial year, 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	
	2009	2008	2009	2008
Notes payable	1,100.0	1,100.0	900.0	900.0
Finance lease commitments	548.5	552.7	-	-
Loans	44.0	4.0	-	-
Bank overdrafts	9.3	-	7.5	-
Total debt	1,701.8	1,656.7	907.5	900.0
Share capital	1,684.8	1,682.0	1,684.8	1,682.0
Reserves	12,245.8	13,443.2	11,214.2	11,853.7
Total capital	13,930.6	15,125.2	12,899.0	13,535.7
Gearing ratio (times)	0.12	0.11	0.07	0.07

39 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	
	2008-09	2007-08	2008-09	2007-08
Purchases of services from subsidiary companies	-	-	781.4	775.7
Services rendered to subsidiary companies	-	-	(1,432.8)	(1,309.9)
Purchases of services from associated companies	132.8	166.0	82.0	147.3
Services rendered to associated companies	(40.7)	(68.9)	(14.6)	(15.8)
Purchases of services from joint venture companies	1.2	148.4	1.2	148.4
Services rendered to joint venture companies	(10.8)	(111.4)	(0.8)	(98.5)

Directors' and key executives' remuneration of the Company

	The Company	
	2008-09	2007-08
Directors		
Salary, bonuses and other costs	6.3	5.0
CPF and other defined contributions	*	*
Share-based compensation expense	1.2	1.0
	7.5	6.0
Key executives (excluding executive directors)		
Salary, bonuses and other costs	5.7	2.6
CPF and other defined contributions	*	*
Share-based compensation expense	1.2	0.9
	6.9	3.5

** Amount less than $0.1 million.*

39 Related Party Transactions (in $ million) (continued)

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	Conditional awards granted during the financial year under review	Adjustment*	Aggregate adjusted awards granted since commencement of plans to end of financial year under review	Awards released during the financial year under review	Aggregate awards released 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	54,000	6,162	137,187	18,500	18,500	118,687
Bey Soo Khiang	20,000	2,054	49,269	6,200	6,200	43,069
Huang Cheng Eng	17,000	1,540	40,106	4,600	4,600	35,506
Mak Swee Wah	17,000	1,027	33,945	3,100	3,100	30,845
Ng Chin Hwee	17,000	-	17,000	-	-	17,000
PSP						
Chew Choon Seng	57,600	-	134,625	-	-	134,625
Bey Soo Khiang	22,000	-	54,350	-	-	54,350
Huang Cheng Eng	15,000	-	37,594	-	-	37,594
Mak Swee Wah	15,000	-	28,967	-	-	28,967
Ng Chin Hwee	15,000	-	15,000	-	-	15,000

* *Adjustment at the end of two-year performance period upon meeting stated performance targets.*

40 Reclassifications

Certain comparative figures have been reclassified to conform with current year's presentation.

As a result of the reclassification, the Group and the Company's long-term liabilities increased by $90.2 million and $66.1 million respectively. Correspondingly, current liabilities decreased by the same amounts.

41 Subsequent Event

On 14 May 2009, the Company proposed a dividend *in specie* of its entire shareholding in SATS. The proposed distribution is subject to approval from the Company's shareholders at an Extraordinary General Meeting and other regulatory approvals.

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)
	2008-09	2008-09
Temasek Holdings (Private) Limited Group		
ASPrecise Pte Ltd	-	0.6
Certis CISCO Security Pte Ltd	-	0.5
Great Wall Airlines Company Ltd	-	99.1
MediaCorp Press Ltd	-	0.1
PT Bank Danamon Indonesia TBK	-	0.2
Temasek Holdings (Private) Limited	-	0.2
Tiger Airways Pte Ltd	-	0.1
Capitaland Limited Group		
Orchard Turn Retail Investment Pte Ltd	-	5.4
Singapore Technologies Engineering Ltd Group		
Miltope Corporation	-	0.7
ST Aerospace Engineering Pte Ltd	-	0.5
Singapore Telecommunications Ltd Group		
NCS Pte Ltd	-	0.3
Singapore Computer Systems Limited	-	0.4
Singapore Telecommunications Ltd	-	4.1
Trusted Hub Limited	-	0.2
Starhub Ltd Group		
Starhub Ltd	-	0.2
Total interested persons transactions	-	112.6

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						
2008-09	($ million)	4,131.7	4,379.3	4,164.0	3,321.3	15,996.3
2007-08	($ million)	3,622.1	3,967.1	4,276.1	4,107.2	15,972.5
TOTAL EXPENDITURE						
2008-09	($ million)	3,788.5	4,147.6	3,807.3	3,349.3	15,092.7
2007-08	($ million)	3,158.8	3,448.6	3,601.5	3,639.1	13,848.0
OPERATING PROFIT/(LOSS)						
2008-09	($ million)	343.2	231.7	356.7	(28.0)	903.6
2007-08	($ million)	463.3	518.5	674.6	468.1	2,124.5
PROFIT/(LOSS) BEFORE TAXATION						
2008-09	($ million)	474.2	404.0	430.1	(109.7)	1,198.6
2007-08	($ million)	556.6	658.2	748.2	584.2	2,547.2
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						
2008-09	($ million)	358.6	323.8	337.2	41.9	1,061.5
2007-08	($ million)	424.1	507.8	590.0	527.5	2,049.4
EARNINGS (AFTER TAXATION) PER SHARE - BASIC						
2008-09	(cents)	30.3	27.3	28.4	3.5	89.6
2007-08	(cents)	33.9	40.8	49.8	44.5	168.5
EARNINGS (AFTER TAXATION) PER SHARE - DILUTED						
2008-09	(cents)	30.0	27.1	28.4	3.5	89.1
2007-08	(cents)	33.3	40.3	49.0	44.1	166.1

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2008-09	2007-08	2006-07	2005-06	2004-05
PROFIT AND LOSS ACCOUNT ($ million)					
Total revenue	15,996.3	15,972.5	14,494.4	13,341.1	12,012.9
Total expenditure	(15,092.7)	(13,848.0)	(13,180.0)	(12,127.8)	(10,695.8)
Operating profit	903.6	2,124.5	1,314.4	1,213.3	1,317.1
Finance charges	(89.7)	(100.2)	(124.1)	(96.3)	(77.5)
Interest income	96.0	181.2	181.8	96.7	52.7
Surplus on disposal of aircraft, spares and spare engines	60.6	49.1	237.9	115.7	215.2
Dividends from long-term investments, gross	23.7	34.8	38.8	24.6	8.0
Other non-operating items	29.4	96.8	77.9	12.3	9.8
Share of profits of joint venture companies	63.9	50.8	57.9	40.6	12.5
Share of profits of associated companies	111.1	110.2	79.0	255.2	203.7
Profit before exceptional items	1,198.6	2,547.2	1,863.6	1,662.1	1,741.5
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
Staff compensation and restructuring of operations	-	-	-	-	(37.8)
Profit before taxation	1,198.6	2,547.2	2,284.6	1,662.1	1,791.0
Profit attributable to equity holders of the Company	1,061.5	2,049.4	2,128.8	1,240.7	1,352.4
BALANCE SHEET ($ million)					
Share capital	1,684.8	1,682.0	1,494.9	1,202.6	1,121.7
Treasury shares	(44.4)	(33.2)	-	-	-
Capital reserve	86.3	95.6	44.9	40.8	41.9
Foreign currency translation reserve	(137.9)	(130.7)	(59.5)	(30.5)	3.1
Share-based compensation reserve	187.3	136.4	97.3	81.8	48.4
Fair value reserve	(660.8)	443.4	(45.5)	163.6	-
General reserve	12,815.3	12,931.7	13,567.9	12,012.3	11,127.2
Equity attributable to equity holders of the Company	13,930.6	15,125.2	15,100.0	13,470.6	12,342.3
Minority interests	559.8	503.7	443.3	396.3	302.8
Deferred account	673.9	787.3	973.6	349.6	414.6
Deferred taxation	2,222.0	2,542.1	2,410.9	2,486.1	2,450.1
Property, plant and equipment	15,992.4	16,474.1	16,311.7	15,524.7	15,161.7
Intangible assets	553.0	106.6	100.2	121.7	144.1
Investment properties	7.0	-	-	-	-
Associated companies	855.3	1,121.0	897.5	996.3	695.1
Joint venture companies	127.5	95.1	86.6	362.6	323.6
Long-term investments	43.2	43.3	43.3	425.9	476.3
Other non-current assets	403.6	361.8	303.9	-	-
Current assets	6,836.5	8,313.3	8,248.8	5,938.3	4,943.9
Total assets	24,818.5	26,515.2	25,992.0	23,369.5	21,744.7
Long-term liabilities	1,513.5	1,689.4	1,805.8	1,824.4	2,333.3
Current liabilities	5,918.7	5,867.5	5,258.4	4,842.5	3,901.6
Total liabilities	7,432.2	7,556.9	7,064.2	6,666.9	6,234.9

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2008-09	2007-08	2006-07	2005-06	2004-05
CASH FLOW ($ million)					
Cash flow from operations	1,745.4	4,401.8	3,175.8	2,380.3	2,853.3
Internally generated cash flow [R1]	2,773.0	5,028.3	4,823.0	3,101.2	3,990.2
Capital expenditure	2,031.1	2,088.6	3,026.7	2,058.8	2,068.1
PER SHARE DATA					
Earnings before tax (cents)	101.2	209.5	185.2	136.3	147.0
Earnings after tax (cents) - basic	89.6	168.5	172.6	101.7	111.0
- diluted	89.1	166.1	170.8	101.3	111.0
Cash earnings ($) [R2]	2.36	2.94	2.84	2.08	2.10
Net asset value ($)	11.78	12.77	12.11	11.00	10.13
SHARE PRICE ($)					
High	16.34	20.20	18.00	14.90	12.70
Low	9.39	14.12	12.00	11.10	9.40
Closing	10.00	15.60	16.60	14.00	11.90
DIVIDENDS					
Gross dividends (cents per share)	40.0	100.0	100.0 [R3]	45.0	40.0
Dividend cover (times)	2.2	1.7	1.7	2.3	2.8
PROFITABILITY RATIOS (%)					
Return on equity holders' funds [R4]	7.3	13.6	14.9	9.6	11.4
Return on total assets [R5]	4.5	8.1	8.9	5.8	6.7
Return on turnover [R6]	7.2	13.4	15.2	9.8	11.7
PRODUCTIVITY AND EMPLOYEE DATA					
Value added ($ million)	5,570.8	7,082.1	6,510.1	5,534.0	5,533.6
Value added per employee ($) [R7]	174,995	235,380	223,523	193,781	193,794
Revenue per employee ($) [R7]	502,491	530,859	497,662	467,158	420,708
Average employee strength	31,834	30,088	29,125	28,558	28,554
S$ per US$ exchange rate as at 31 March	1.5203	1.3807	1.5171	1.6181	1.6496

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

		2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
SINGAPORE AIRLINES											
FINANCIAL [R1]											
Total revenue	($ million)	13,049.5	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
Total expenditure	($ million)	12,226.6	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
Operating profit	($ million)	822.9	1,644.0	1,027.0	651.0	697.9	141.5	209.0	413.1	903.3	714.8
Profit before taxation	($ million)	1,252.4	2,077.6	2,291.1	940.8	1,570.4	319.7	460.1	740.7	1,607.2	1,641.5
Profit after taxation	($ million)	1,218.7	1,758.8	2,213.2	746.0	1,283.6	420.6	618.0	567.2	1,422.2	1,267.1
Capital disbursements [R2]	($ million)	1,698.6	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
Passenger											
- yield	(cents/pkm)	12.5	12.1	10.9	10.6	10.1	9.2	9.1	9.0	9.4	9.1
- unit cost	(cents/ask)	9.2	8.4	7.9	7.5	7.0	6.7	6.7	6.4	-	-
- breakeven load factor	(%)	73.6	69.4	72.5	70.8	69.3	72.8	73.6	71.1	-	-
OPERATING PASSENGER FLEET											
Aircraft	(numbers)	103	98	94	90	89	85	96	92	84	84
Average age	(months)	74	77	75	76	64	60	71	69	70	62
PASSENGER PRODUCTION											
Destination cities	(numbers)	66	65	64	62	59	56	60	64	67	69
Distance flown	(million km)	379.8	365.9	353.1	341.8	325.4	266.7	296.2	288.4	289.1	280.6
Time flown	(hours)	492,103	474,432	458,936	441,510	419,925	342,715	384,652	368,204	366,784	351,560
Available seat-km	(million)	117,788.7	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
TRAFFIC											
Passengers carried	('000)	18,293	19,120	18,346	16,995	15,944	13,278	15,326	14,765	15,002	13,782
Revenue passenger-km	(million)	90,128.1	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
Passenger load factor	(%)	76.5	80.3	79.2	75.6	74.1	73.3	74.5	74.0	76.8	74.9
STAFF											
Average strength	(numbers)	14,343	14,071	13,847	13,729	13,572	14,010	14,418	14,205	14,254	13,720
Seat capacity per employee [R3]	(seat-km)	8,212,278	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)	598,047	618,295	613,211	577,784	549,904	448,513	495,617	471,300	-	-
Revenue per employee	($)	909,817	906,801	819,232	750,441	682,294	513,034	558,122	541,690	647,516	607,966
Value added per employee	($)	294,666	368,382	368,831	258,810	301,024	179,272	191,566	189,806	284,369	291,494
SIA CARGO											
Cargo and mail carried	(million kg)	1,219.5	1,308.0	1,284.9	1,248.5	1,149.5	1,050.9	1,043.2	938.5	975.4	905.1
Cargo load	(million tonne-km)	7,299.3	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
Gross capacity	(million tonne-km)	12,292.5	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
Cargo load factor	(%)	59.4	62.2	62.0	63.6	63.5	66.5	69.6	67.5	69.5	70.1
Cargo yield	(cents/ltk)	38.2	38.7	38.4	38.6	35.9	36.7	34.2	32.2	-	-
Cargo unit cost	(cents/ctk)	24.9	23.4	24.5	23.5	21.3	23.0	23.9	23.2	-	-
Cargo breakeven load factor	(%)	65.2	60.5	63.8	60.9	59.3	62.7	69.9	72.0	-	-
SINGAPORE AIRLINES AND SIA CARGO											
Overall load	(million tonne-km)	15,876.9	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
Overall capacity	(million tonne-km)	23,946.0	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
Overall load factor	(%)	66.3	69.3	68.7	68.1	67.6	69.1	71.1	69.6	72.0	71.2
Overall yield	(cents/ltk)	88.6	85.0	77.5	74.6	70.8	65.0	64.5	64.9	67.9	66.0
Overall unit cost	(cents/ctk)	57.7	52.3	50.0	47.7	44.5	43.4	45.5	44.9	45.4	43.7
Overall breakeven load factor	(%)	65.1	61.5	64.5	63.9	62.9	66.8	70.5	69.2	66.9	66.2

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).*

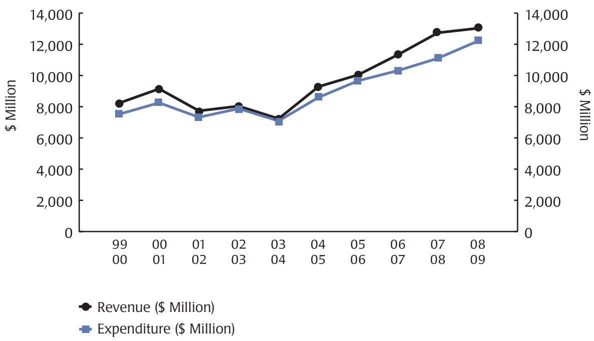
R2 *Capital disbursements comprised capital expenditure, investments in joint venture, subsidiary and associated companies, and additional long-term investments.*

R3 *Seat capacity per employee is available seat capacity divided by Singapore Airlines average staff strength.*

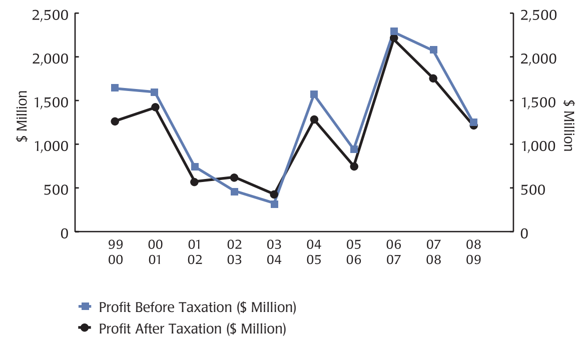
R4 *Passenger load carried per employee is defined as passenger load and excess baggage carried divided by Singapore Airlines average staff strength.*

TEN-YEAR CHARTS

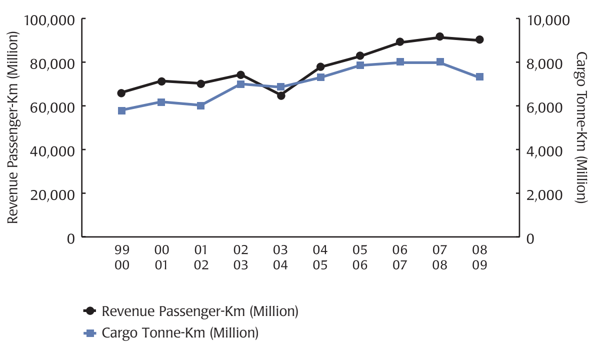
Company Revenue and Expenditure [R1]



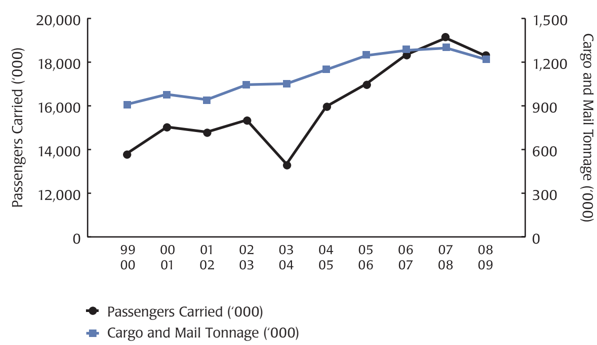
Company Profit Before and After Tax [R1]



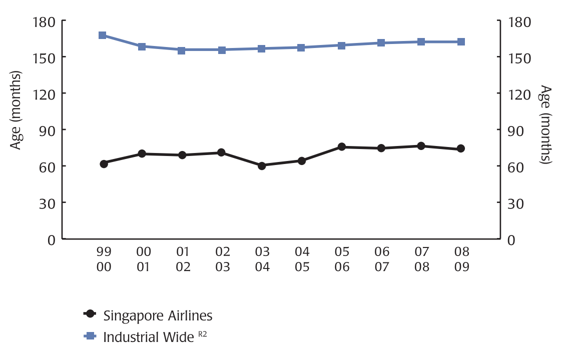
Singapore Airlines and SIA Cargo
Passenger and Cargo Load



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 2 months (as at 31 March 2009).

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 2009, Singapore Airlines Group operating fleet consisted of 131 aircraft - 119 passenger aircraft and 12 freighters. 103 and 16 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		On firm order	On option
							2009-10	2010-11		
Singapore Airlines:										
B747-400	7		5	12	375	11 y 4 m	3	1		
B777-200	11		2	13	288	8 y 7 m				
B777-200A	15		2	17	323	7 y 11 m				
B777-200ER	12		3	15	285	6 y 10 m				
B777-300	5		7	12	332	7 y 5 m				
B777-300ER	19			19	278	1 y 7 m				13
A340-500	5			5	100	5 y 1 m				
A380-800	1		5	6	471	1 y 0 m			13	6
A330-300			4	4	285	0 y 1 m			15	
B787-9 [R1]									20	20
A350-900 XWB [R1]									20	20
Sub-total	75		28	103	N.A	6 y 2 m	3	1	68	59
SIA Cargo:										
B747-400F	3	4	5	12	N.A.	8 y 6 m				
SilkAir:										
A319-100	4		2	6	118	6 y 8 m		2	4	
A320-200	6		4	10	142	5 y 4 m			6	9
Sub-total	10		6	16	N.A.	5 y 10 m		2	10	9
Total	**88**	**4**	**39**	**131**	**N.A.**	**6 y 4 m**	**3**	**3**	**78**	**68**

N.A. not applicable

[R1] *The standard seat configuration will be finalised at a later date.*

GROUP CORPORATE STRUCTURE

at 31 March 2009

SINGAPORE AIRLINES LIMITED

- **80.6%** Singapore Airport Terminal Services Limited
- **80.7%** SIA Engineering Company Limited
  - **100%** Aircraft Maintenance Services Australia Pty Ltd
  - **100%** SIAEC Global Pte Ltd
  - **100%** SIA Engineering (USA), Inc.
  - **65%** Singapore Jamco Private Limited
  - **65%** SIA Engineering (Philippines) Corporation
  - **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%** 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

- **100%** Country Foods Pte Ltd
  - **51%** Country Foods Macau Limited
- **100%** SATS Catering Pte Ltd
- **100%** SATS Airport Services Pte Ltd
- **100%** SATS Security Services Private Limited
- **100%** Singapore Food Industries Ltd
  - **100%** Singapore Food Development Pte Ltd
    - **20.7%** International Cuisine Limited
  - **100%** Primary Industries (Qld) Pty Ltd
    - **51%** Urangan Fisheries Pty Ltd
  - **100%** S Daniels PLC
    - **100%** Brash Brothers Limited
    - **100%** Daniels Chilled Foods Limited
      - **100%** All Square Foods Limited
        - **100%** Bilash Foods Limited
        - **100%** Get Fresh Limited
      - **100%** Farmhouse Fare Limited
      - **100%** New Covent Garden Food Company Limited
      - **100%** The New Covent Garden Soup Company Limited
        - **100%** Johnsons Freshly Squeezed Juice Limited
        - **100%** Juice Limited
      - **100%** Johnsons Fresh Products Limited
      - **100%** Sun-Ripe Limited
    - **100%** Daniels Foods Limited
    - **100%** Daniels Groups Limited
  - **100%** SFI Manufacturing Pte Ltd
  - **100%** SFI Food Pte Ltd
  - **100%** Sing Food Pte Ltd
  - **100%** Myanmar ST Food Industries Limited
  - **96%** Shanghai ST Food CO. Limited
  - **79.3%** International Cuisine Limited
    - **100%** Cresset Limited
    - **100%** Swissco Limited
    - **100%** Swissco Manufacturing Limited
  - **78.5%** Primary Industries Private Ltd
    - **100%** Farmers Abattoir Pte Ltd
    - **100%** Hog Auction Market Pte Ltd
- **100%** Aero Laundry & Linen Services Private Limited
- **100%** Asia-Pacific Star Pte Ltd
- **100%** SATS HK Limited
- **70%** Aerolog Express 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
- **20%** Evergreen Airline Services Corporation
- **20%** MacroAsia-Eurest Catering Services Inc.

INFORMATION ON SHAREHOLDINGS

As at 26 May 2009

No. of Issued Shares:	1,186,547,791
No. of Issued Shares (excluding Treasury Shares):	1,182,649,308
No./Percentage of Treasury Shares:	3,898,483 (0.33%)
Class of Shares:	Ordinary shares One Special share held by the Minister for Finance (Incorporated)
Voting Rights (excluding Treasury shares):	1 vote per share

Range of shareholdings	Number of shareholders	%*	Number of shares	%*
1 - 999	4,284	16.93	2,148,285	0.18
1,000 - 10,000	19,239	76.03	49,953,126	4.22
10,001 - 1,000,000	1,759	6.95	61,867,952	5.23
1,000,001 and above	22	0.09	1,068,679,945	90.37
Total	**25,304**	**100.00**	**1,182,649,308**	**100.00**

	Major shareholders	Number of shares	%*
1	Temasek Holdings (Private) Limited	645,354,600	54.57
2	DBS Nominees Pte Ltd	172,256,335	14.57
3	Citibank Nominees Singapore Pte Ltd	70,503,692	5.96
4	DBSN Services Pte Ltd	41,679,791	3.52
5	United Overseas Bank Nominees Pte Ltd	40,627,324	3.44
6	HSBC (Singapore) Nominees Pte Ltd	37,030,608	3.13
7	Raffles Nominees Pte Ltd	19,792,635	1.67
8	BNP Paribas Securities Services Singapore Branch	13,136,150	1.11
9	DB Nominees (S) Pte Ltd	4,860,885	0.41
10	DBS Vickers Securities (S) Pte Ltd	4,414,793	0.37
11	Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,710,735	0.23
12	Tan Leng Yeow	2,104,000	0.18
13	UOB Kay Hian Pte Ltd	1,752,805	0.15
14	Western Properties Pte Ltd	1,631,600	0.14
15	Merrill Lynch (Singapore) Pte Ltd	1,522,914	0.13
16	Chang Shyh Jin	1,500,940	0.13
17	OCBC Nominees Singapore Private Limited	1,425,894	0.12
18	ABN AMRO Nominees Singapore Pte Ltd	1,358,311	0.11
19	TM Asia Life Singapore Ltd-Par Fund	1,350,000	0.11
20	Phillip Securities Pte Ltd	1,271,243	0.11
	Total	**1,066,285,255**	**90.16**

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

Substantial shareholder	Number of shares	%*
Temasek Holdings (Private) Limited	646,256,857**	54.64

* *The percentage of issued shares is calculated based on the number of issued shares as at 26 May 2009, excluding any Treasury Shares held at that date.*

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

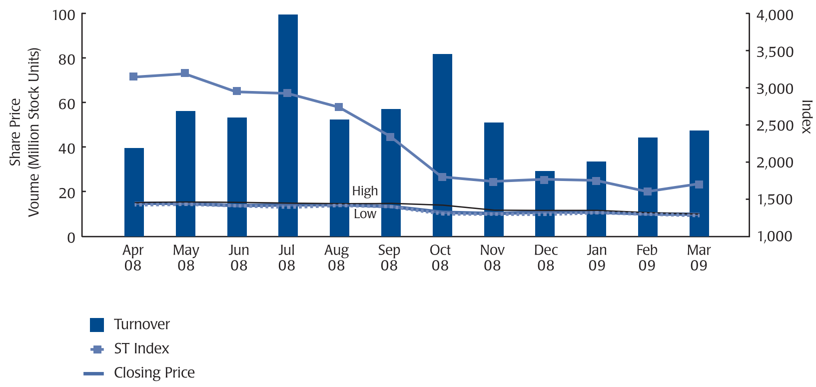
Shareholdings held by the public

Based on the information available to the Company as at 26 May 2009, 45.34 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 2009

Singapore Airlines Share Price and Turnover



	2008-09	2007-08
Share Price ($)		
Highest closing price	16.34	20.20
Lowest closing price	9.39	14.12
31 March closing price	10.00	15.60
Market Value Ratios [R1]		
Price/Earnings	11.16	9.26
Price/Book value	0.85	1.22
Price/Cash earnings [R2]	4.24	5.31

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.*

NOTICE OF ANNUAL GENERAL MEETING

SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 197200078R

Notice is hereby given that the Thirty-Seventh Annual General Meeting of Singapore Airlines Limited ("the **Company**") will be held at the Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 31 July 2009 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 2009 and the Auditors' Report thereon.

2. To declare a final dividend of 20 cents per ordinary share for the year ended 31 March 2009.

3. To re-elect the following Directors who are retiring by rotation in accordance with Article 82 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
   (a) Mr Stephen Lee Ching Yen
   (b) Mr Chew Choon Seng
   (c) Ms Euleen Goh Yiu Kiang

4. To approve Directors' fees of up to $1,650,000 for the financial year ending 31 March 2010 (FY 2008/2009 : up to $1,650,000).

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

Special Business

6. To consider and if thought fit, approve, with or without modification, the following resolutions as Ordinary Resolutions:

6.1 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 5 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

6.2 THAT pursuant to section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Directors be and are hereby authorised (in compliance and subject always to the provisions of Article 4A of the Articles of Association of the Company (the "**Articles**") to:

(a) allot and issue, from time to time and at any time, such number of ASA Shares (as defined in Article 4A) at an issue price of S$0.50 for each ASA Share or in the event of a liquidation of the Company, the higher of S$0.50 or the liquidation value of an ASA Share as certified by the liquidator appointed in relation to the liquidation of the Company for each ASA Share, partly paid at the price of S$0.01 to the Minister for Finance (Incorporated), and on such terms and subject to such conditions, as the Directors may in their absolute discretion deem fit;

(b) make dividend payments out of the Company's distributable profits to the Minister for Finance (Incorporated) as holder of the ASA Shares in accordance with the provisions of the Companies Act and the Articles; and

(c) complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

6.3 That the Directors be and are hereby authorised to:

(a) 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**"); 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 SIA Employee Share Option Plan ("**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 (the Share Option Plan, the Performance Share Plan and the Restricted Share Plan, together the "**Share Plans**"),

provided that:

(1) the maximum number of new ordinary shares which may 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, as determined in accordance with the Share Plans; and

(2) the maximum number of new ordinary shares under awards to be granted pursuant to the Performance Share Plan and the Restricted Share Plan during the period commencing from the date of this Annual General Meeting of the Company and ending on the date 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, shall not exceed 1.5 per cent of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company preceding the relevant date of grant.

7. 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-Seventh Annual General Meeting to be held on 31 July 2009, the Transfer Books and the Register of Members of the Company will be closed on 18 August 2009 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 17 August 2009 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 17 August 2009 will be entitled to the final dividend.

The final dividend, if so approved by shareholders, will be paid on 28 August 2009.

By Order of the Board

Ethel Tan (Mrs)
Company Secretary
25 June 2009
Singapore

Explanatory notes

1. In relation to Ordinary Resolution No. 3, Mr Stephen Lee Ching Yen will, upon re-election, continue to serve as Chairman of the Board Executive Committee and Board Compensation and Industrial Relations Committee, as well as a member of the Board Safety and Risk Committee. Mr Chew Choon Seng will, upon re-election, continue to serve as a member of the Board Executive Committee. Ms Euleen Goh Yiu Kiang will upon re-election continue to serve as Chairperson of the Board Audit Committee and a member of the Board Executive Committee. Mr Lee and Mr Chew are considered non-independent Directors, while Ms Goh 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 Mr Lee, Mr Chew and Ms Goh, respectively.

Mr Chia Pei-Yuan and Sir Brian Pitman will be retiring from office as Director at the forthcoming Annual General Meeting under section 153 of the Companies Act, Cap. 50, and will not be seeking re-appointment thereat.

2. Ordinary Resolution No. 4, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during Financial Year 2009-10. The amount of the Directors' fees is computed based on the anticipated number of Board and Committee meetings for Financial Year 2009-10, assuming full attendance by all of the current eight non-executive Directors, at the fee rates shown in the Annual Report. The amount also caters for unforeseen circumstances, for example, the appointment of an additional Director, additional unscheduled Board meetings and/or the formation of additional Board Committees.

3. Ordinary Resolution No. 6.1, 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 5 per cent for issues other than on a *pro rata* basis. The 5 per cent sub-limit for non-*pro rata* issues is lower than the 20 per cent sub-limit allowed under the Listing Manual of the Singapore Exchange Securities Trading Limited 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.

4. Details of the proposal to renew the ASA Shares mandate are contained in the accompanying Letter to Shareholders dated 25 June 2009.

5. Ordinary Resolution No. 6.3, if passed, will empower the Directors to grant awards pursuant to the SIA Performance Share Plan and the SIA Restricted Share Plan, 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 (together, the "**Share Plans**") provided that (a) the maximum number of new ordinary shares which may be issued under the Share Plans is limited to 13 per cent of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company, as determined in accordance with the Share Plans and (b) the maximum number of new ordinary shares under awards which may be granted pursuant to the SIA Performance Share Plan and the SIA Restricted Share Plan from this Annual General Meeting to the next Annual General Meeting shall not exceed 1.5 per cent of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company preceding the relevant date of grant. 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. The Chairman of the Annual General Meeting will be exercising his right under Article 63 of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of a poll.

2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 not less than 48 hours before the time fixed for holding the Meeting.

SINGAPORE AIRLINES

Registered Address
Airline House 25 Airline Road Singapore 819829

Company Secretary
Ethel Tan
Tel: 6541 4030 Fax: 6546 7469
Email: ethel_tan@singaporeair.com.sg

Investor Relations
Tel: 6541 4885 Fax: 6542 9605
Email: investor_relations@singaporeair.com.sg

Public Affairs
Tel: 6541 5880 Fax: 6545 6083
Email: public_affairs@singaporeair.com.sg

MICA (P) 088/05/2009

Singapore Company Registration Number: *197200078R*

www.singaporeair.com