SINGAPORE AIRLINES ANNUAL REPORT
2010/2011

SINGAPORE AIRLINES

CONTENTS

Going Forward

Singapore Airlines achieved a net profit attributable to equity holders of $1,092 million for the financial year ended 31 March 2011.

The year in review was a testing one for the Airline, with challenges ranging from flight disruptions due to volcanic ash and volatility in fuel prices, among others. In spite of the many difficulties, we continued to maintain an unwavering focus on service excellence.

Going forward, we will persevere in innovating to enhance our delivery of the trademark Singapore Airlines experience.

Going the Extra Mile

In everything we do, in all our activities, we single-mindedly seek to achieve the highest service standards for our customers. This is why our people have no hesitation in going the extra mile, to make the Singapore Airlines travel experience the best possible.

STATISTICAL HIGHLIGHTS

Financial Statistics [R1]

	2010-11	2009-10	% Change
The Group			
Financial Results ($ million)			
Total revenue	14,524.8	12,707.3	+ 14.3
Total expenditure	13,253.5	12,644.1	+ 4.8
Operating profit	1,271.3	63.2	n.m.
Profit before taxation	1,419.0	285.5	n.m.
Profit attributable to owners of the Parent	1,092.0	215.8	n.m.
Financial Position ($ million)			
Share capital	1,832.4	1,750.6	+ 4.7
Treasury shares	(43.0)	(0.9)	n.m.
Capital reserve	91.8	74.8	+ 22.7
Foreign currency translation reserve	(186.1)	(137.0)	- 35.8
Share-based compensation reserve	172.6	185.3	- 6.9
Fair value reserve	(138.0)	(140.9)	+ 2.1
General reserve	12,474.7	11,737.0	+ 6.3
Equity attributable to owners of the Parent	14,204.4	13,468.9	+ 5.5
Return on equity holders' funds (%) [R2]	7.9	1.6	+ 6.3 points
Total assets	24,544.5	22,484.3	+ 9.2
Total debt	2,038.9	1,338.9	+ 52.3
Total debt equity ratio (times) [R3]	0.14	0.10	+ 0.04 times
Value added	5,419.2	4,276.4	+ 26.7
Per Share Data			
Earnings before tax (cents)	118.8	24.1	n.m.
Earnings after tax (cents) - basic [R4]	91.4	18.2	n.m.
Earnings after tax (cents) - diluted [R5]	90.2	18.0	n.m.
Net asset value ($) [R6]	11.89	11.30	+ 5.2
Dividends			
Interim dividend (cents per share)	20.0	-	+ 20.0 cents
Final dividend (cents per share)	40.0	12.0	+ 28.0 cents
Special dividend (cents per share)	80.0	-	+ 80.0 cents
Dividend cover (times) [R7]	0.7	1.5	- 0.8 times
The Company			
Financial Results ($ million)			
Total revenue	11,739.1	10,145.0	+ 15.7
Total expenditure	10,887.8	10,183.6	+ 6.9
Operating profit/(loss)	851.3	(38.6)	n.m.
Profit before taxation	1,194.0	233.3	n.m.
Profit after taxation	1,011.2	279.8	n.m.
Value added	4,218.8	3,061.0	+ 37.8

R1 Singapore Airlines' financial year is from 1 April to 31 March. Throughout this report, all figures are in Singapore Dollars, unless stated otherwise.
R2 Return on equity holders' funds is profit attributable to owners of the Parent expressed as a percentage of the average equity holders' funds.
R3 Total debt equity ratio is total debt divided by equity attributable to owners of the Parent as at 31 March.
R4 Earnings after tax per share (basic) is computed by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue excluding treasury shares.
R5 Earnings after tax per share (diluted) is computed by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue excluding treasury shares, adjusted for the dilutive effect on the exercise of all outstanding share options.
R6 Net asset value per share is computed by dividing equity attributable to owners of the Parent by the number of ordinary shares in issue excluding treasury shares at 31 March.
R7 Dividend cover is profit attributable to owners of the Parent divided by total dividends.

STATISTICAL HIGHLIGHTS

Operating Statistics

	2010-11	2009-10	% Change
Singapore Airlines			
Passengers carried (thousand)	16,647	16,480	+ 1.0
Revenue passenger-km (million)	84,801.3	82,882.5	+ 2.3
Available seat-km (million)	108,060.2	105,673.7	+ 2.3
Passenger load factor (%)	78.5	78.4	+ 0.1 point
Passenger yield (cents/pkm)	11.9	10.4	+ 14.4
Passenger unit cost (cents/ask)	8.9	8.6	+ 3.5
Passenger breakeven load factor (%)	74.8	82.7	- 7.9 points
SIA Cargo			
Cargo and mail carried (million kg)	1,156.4	1,122.4	+ 3.0
Cargo load (million tonne-km)	7,174.0	6,659.1	+ 7.7
Gross capacity (million tonne-km)	11,208.5	10,510.1	+ 6.6
Cargo load factor (%)	64.0	63.4	+ 0.6 point
Cargo yield (cents/ltk)	36.2	32.0	+ 13.1
Cargo unit cost (cents/ctk)	22.3	21.9	+ 1.8
Cargo breakeven load factor (%)	61.6	68.4	- 6.8 points
Singapore Airlines and SIA Cargo			
Overall load (million tonne-km)	15,173.5	14,508.4	+ 4.6
Overall capacity (million tonne-km)	21,897.7	20,962.1	+ 4.5
Overall load factor (%)	69.3	69.2	+ 0.1 point
Overall yield (cents/ltk)	83.8	74.7	+ 12.2
Overall unit cost (cents/ctk)	54.6	53.8	+ 1.5
Overall breakeven load factor (%)	65.2	72.0	- 6.8 points
Employee Productivity (Average) - The Company			
Average number of employees	13,588	13,934	- 2.5
Seat capacity per employee (seat-km)	7,952,620	7,583,874	+ 4.9
Passenger load per employee (tonne-km) [R1]	588,714	563,318	+ 4.5
Revenue per employee ($)	863,931	728,075	+ 18.7
Value added per employee ($)	310,480	219,678	+ 41.3
Employee Productivity (Average) - The Group			
Average number of employees	21,997	33,222	- 33.8
Revenue per employee ($)	660,308	472,918	+ 39.6
Value added per employee ($)	246,361	159,151	+ 54.8

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

Goh Choon Phong • Director and Chief Executive Officer

Appointed Director on 1 October 2010 and Chief Executive Officer on 1 January 2011. Mr Goh joined the Company in 1990 and has held senior management positions in various divisions in Singapore and overseas, ranging from Marketing to Information Technology to Finance and Cargo. Prior to his appointment as Chief Executive Officer, Mr Goh was Executive Vice President for Marketing and the Regions and also served as President of Singapore Airlines Cargo Pte Ltd from 2006 to 2010.

William Fung Kwok Lun • Director

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

From left:
Stephen Lee Ching Yen
Goh Choon Phong
William Fung Kwok Lun

Euleen Goh Yiu Kiang • Director

Appointed Director on 1 September 2006. Ms Goh has been 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 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.

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. He is also Chancellor of the University of New South Wales. 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.

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 had 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.

From left:
Euleen Goh Yiu Kiang
David Michael Gonski
James Koh Cher Siang

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.

Helmut Gunter Wilhelm Panke • Director

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

Lucien Wong Yuen Kuai • Director

Appointed Director on 1 September 2007. Mr Wong is 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, Director of Hap Seng Plantations Holdings Berhad and Director of Singapore Press Holdings Limited. 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 Member of the Board of Trustees of National University of Singapore.

From left:
Christina Ong
Helmut Gunter Wilhelm Panke
Lucien Wong Yuen Kuai

CHAIRMAN'S LETTER TO SHAREHOLDERS

The events of the last financial year tested us in new ways once again. While earnings continued to improve as demand recovered further, 2010/2011 began with flight disruptions across Europe due to volcanic activity in Iceland. Operations were also affected during the financial year by Airbus A380 engine issues, snowstorms in parts of Europe and the US east coast, and earthquakes in New Zealand and Japan. Fuel prices rose to two-and-a-half-year highs.

Yet we have much to be proud of in the way we faced the many challenges. The various operational disruptions affected the travel plans of many of our customers, but due to the hard work and dedication of our staff we were widely praised for our customer care. We remained focused on the customer in other areas as well, through enhancements to our products and services. All our core values were adhered to during the year: Pursuit of Excellence, Safety, Customer First, Concern for Staff, Integrity and Teamwork.

Singapore Airlines also played its part as a good corporate citizen and gave back to the community. In addition to our longstanding support for various charitable organisations as well as educational, arts, heritage and sports institutions, we organised a charity gala dinner which raised more than $1.4 million, with proceeds going to Singapore's Community Chest. We also committed to donating US$3 million to support the Harapan Rainforest Initiative in Sumatra, Indonesia, which is a project that will provide long-term, sustainable benefits for the global environment.

For our customers, we continued to invest in our products and services, in part by taking delivery of new Airbus A330-300 and Airbus A380 aircraft, and completing a retrofit programme for 11 of our Boeing 777-200 aircraft to fit them with new cabin products. Plans for inflight connectivity were announced for our long-haul aircraft to meet the growing needs of our customers to stay connected at all times, even when at 35,000ft.

Our network continued to grow, with the introduction of services in October to Tokyo Haneda airport, complementing existing services to Tokyo Narita airport. In late March 2011, South America became the sixth continent in the Singapore Airlines route network with the introduction of services to Sao Paulo in Brazil. At the same time we progressively restored some of the capacity that was cut during the economic downturn of the previous two years, by increasing flight frequency to popular destinations such as Guangzhou, Hong Kong, Male and Taipei.

Singapore Airlines continues to take a long-term view and is constantly exploring new opportunities for network growth, balanced of course by the need to closely match capacity to demand. In the year ahead, we will be further enhancing our products and services with additional exciting initiatives, while continuing to invest in our people, who are our greatest asset.

The constant improvement process is ultimately intended to benefit our customers - our number one priority. We are grateful to our customers for supporting us through these difficult past few years and we remain committed to meeting and exceeding their expectations.

The last financial year was also noteworthy for the smooth implementation of leadership succession plans, with the retirement of Chew Choon Seng on 31 December 2010. On behalf of the Board of Directors, I would like to thank Choon Seng for his 39 years of dedicated service to Singapore Airlines, including seven and a half years as CEO. Choon Seng has left behind a lasting legacy on the company. We wish him the very best in his new roles as Chairman of Singapore Exchange Limited and Chairman of the Singapore Tourism Board.

Goh Choon Phong, who joined the Board on 1 October 2010 and who became CEO on 1 January 2011, is clearly a worthy successor to Choon Seng. In his more than 20 years with SIA he has worked across key areas of the company and developed the necessary attributes for the top executive job. He also has an exceptionally strong management team to support him.

Choon Phong has already implemented an organisational restructuring to more closely align commercial, operational and corporate planning activities, enabling SIA to be more nimble to pursue fresh opportunities for growth and to take on new challenges.

There will indeed be more challenges in the year ahead, as the strength of the economic recovery is still uncertain in parts of the world and as high fuel prices remain a cause for concern. But challenges make us stronger, and I am confident that we will go from strength to strength.

Stephen Lee
Chairman

We have much to be proud of in the way we faced the many challenges. The various operational disruptions affected the travel plans of many of our customers, but due to the hard work and dedication of our staff we were widely praised for our customer care.

CORPORATE DATA

BOARD OF DIRECTORS

Chairman
Stephen Lee Ching Yen

Members
William Fung Kwok Lun

Euleen Goh Yiu Kiang

David Michael Gonski

James Koh Cher Siang

Christina Ong

Helmut Gunter Wilhelm Panke

Lucien Wong Yuen Kuai

Chew Choon Seng
(until 31 December 2010)

Goh Choon Phong
(from 1 October 2010)

BOARD COMMITTEES

BOARD EXECUTIVE COMMITTEE

Chairman
Stephen Lee Ching Yen

Members
Euleen Goh Yiu Kiang

James Koh Cher Siang

Chew Choon Seng
(until 31 December 2010)

Goh Choon Phong
(from 1 January 2011)

BOARD AUDIT COMMITTEE

Chairperson
Euleen Goh Yiu Kiang

Members
William Fung Kwok Lun

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

Helmut Gunter Wilhelm Panke

BOARD NOMINATING COMMITTEE

Chairman
Lucien Wong Yuen Kuai

Members
Stephen Lee Ching Yen

Christina Ong

BOARD SAFETY AND RISK COMMITTEE

Chairman
James Koh Cher Siang

Members
Christina Ong

Helmut Gunter Wilhelm Panke

COMPANY SECRETARY

Ethel Tan

SHARE REGISTRAR

M & C Services Private Limited
138 Robinson Road #17-00
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

Mak Keat Meng
(appointed for FY 2010-11)

REGISTERED OFFICE

Airline House
25 Airline Road
Singapore 819829

EXECUTIVE MANAGEMENT

HEAD OFFICE

Chew Choon Seng
Chief Executive Officer
(until 31 December 2010)

Goh Choon Phong
Chief Executive Officer
(from 1 January 2011)

Bey Soo Khiang
Senior Executive Vice President
Marketing and Corporate Services
(until 28 February 2011)

Ng Chin Hwee
Executive Vice President
Human Resources and Planning
(until 31 January 2011)

Ng Chin Hwee
Executive Vice President
Human Resources and Operations
(from 1 February 2011)

Huang Cheng Eng
Executive Vice President
Marketing and the Regions
(until 7 June 2010)

Goh Choon Phong
Executive Vice President
Marketing and the Regions
(from 8 June 2010 until
31 December 2010)

Mak Swee Wah
Executive Vice President
Operations and Services
(until 31 January 2011)

Mak Swee Wah
Executive Vice President Commercial
(from 1 February 2011)

Tan Pee Teck
Senior Vice President Cabin Crew
(until 14 November 2010)

Chow Kok Wah
Acting Senior Vice President Cabin Crew
(from 15 November 2010)

Tan Chik Quee
Senior Vice President
Commercial Technology
(until 31 January 2011)

Tan Chik Quee
Senior Vice President Marketing
(from 1 February 2011)

Teoh Tee Hooi
Senior Vice President Corporate Services
(until 3 April 2010)

Lee Lik Hsin
Acting Senior Vice President
Corporate Planning
(from 1 February 2011)

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
Senior Vice President Human Resources

Yap Kim Wah
Senior Vice President Product and Services
(until 26 December 2010)

Tan Pee Teck
Senior Vice President Product and Services
(from 27 December 2010)

Ng Kian Wah
Senior Vice President Sales Regions

OVERSEAS REGIONS

Lee Lik Hsin
Regional Vice President North Asia
(until 27 November 2010)

Lim Wee Kok
Regional Vice President North Asia
(from 28 November 2010)

Lim Wee Kok
Regional Vice President Americas
(until 27 November 2010)

Foo Chai Woo
Regional Vice President Americas
(from 28 November 2010)

Paul Tan Wah Liang
Regional Vice President Europe

Subhas Menon
Regional Vice President South West Pacific

Philip Goh Ser Miang
Regional Vice President
West Asia and Africa

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
(until 10 October 2010)

Marvin Tan Meng Hung
Chief Executive
SilkAir (Singapore) Private Limited
(from 11 October 2010)

Tan Kai Ping
President
Singapore Airlines Cargo Pte Ltd

FINANCIAL CALENDAR

31 March 2011
Financial Year-End

12 May 2011
Announcement of 2010-11
Annual Results

30 June 2011
Despatch of Annual Report
and Circular to Shareholders

28 July 2011
Announcement of 2011-12
First Quarter Results

29 July 2011
Annual General Meeting and
Extraordinary General Meeting

18 August 2011
Payment of Final and Special
Dividends for the Financial Year 2010-11
(subject to shareholders' approval at AGM)

03 November 2011
Announcement of 2011-12
Second Quarter and Half-Year Results

SIGNIFICANT EVENTS

2010

APRIL

- Eyjafjallajökull volcano in Iceland erupts, causing European authorities to close air space and disrupting airline operations globally. The Airline had to cancel flights between various European points and Singapore.

MAY

- The Airline signs a codeshare agreement with Star Alliance partner Spanair, under which customers can enjoy convenient connections between Barcelona and Madrid, Palma de Mallorca, and Bilbao.

JUNE

- A streamlined check-in experience in the form of the Passenger Reconciliation System (PRS) is introduced in partnership with Changi Airport Group. Customers who check in online and have no check-in baggage can now proceed directly to the immigration access point where security officers will verify their self-printed boarding passes.

JULY

- The Airline's award-winning inflight magazine, SilverKris, goes online, offering customers insightful travel features, tips on things to do and places to eat and hang out – all at their fingertips day and night.
- In collaboration with the world-famous chefs on its International Culinary Panel, the Airline launches its very own cookbook, Above & Beyond, with a fundraising gala dinner. Over $1.4 million was raised at the gala, with proceeds going to the Community Chest. Targeted at aspiring home cooks, the cookbook also offers tips on menu planning and plating in addition to the recipes.
- The Airline introduces six highly acclaimed "Grand Cru" Red Burgundy labels in its wine selection available to Suites and First Class customers, the only airline in the world to offer these labels on board.
- To achieve more environmentally-friendly operations, the Airline launches electronic versions of its three inflight magazines – SilverKris, KrisShop and KrisWorld – on its KrisWorld inflight entertainment system. This will be extended to other publications progressively, including menu cards and magazines that the Airline currently carries system-wide.

AUGUST

- The Airline teams up with Changi Airport Group and Singapore Tourism Board to offer new value-packed holiday packages that provide tourists even more compelling reasons to visit Singapore.
- In its first major involvement in a large-scale green project with long-term, sustainable benefits for the global environment, the Airline announces its intention to donate US$3 million towards the Harapan Rainforest Initiative in Sumatra, Indonesia.

SEPTEMBER

- The Airline and Tourism Western Australia sign a Memorandum of Understanding; under the three-year partnership, both parties will jointly fund marketing campaigns and actively promote inbound tourism to Western Australia by way of the Airline's services between Singapore and Perth.
- Five-times-weekly Singapore-Munich-Manchester services, operated with Boeing 777-300ER aircraft, are increased to seven times weekly.
- The Airline is named the Official Airline for the Giant Panda collaborative programme between Wildlife Reserves Singapore and the China Wildlife Conservation Association.
- The Airline introduces exclusive classical concerts and theatre performances on its KrisWorld inflight entertainment system, under a partnership with UnitelClassica.

OCTOBER

- The Airline announces plans to offer a full suite of onboard communication offerings, including Wi-Fi Internet and mobile telephony services, in collaboration with inflight connectivity provider OnAir.
- Premium customers travelling between Singapore and Japan can now look forward to an even more authentic Japanese fine dining experience, with the new Kyo-Kaiseki service for Suites and First Class customers and Hanokoireki for Business Class customers.
- Twice-daily services between Singapore and Tokyo's Haneda airport are launched, adding to the existing twice-daily flights between Singapore and Tokyo's Narita airport.

NOVEMBER

- The Airline signs codeshare agreements with Scandinavian Airlines and Garuda Indonesia. Under the former, customers can enjoy services to Helsinki, Oslo and Stockholm from Copenhagen. With the latter, customers of both airlines now have a choice of four daily flights between Singapore and Denpasar, Bali.

DECEMBER

- Outgoing CEO Chew Choon Seng retires, succeeded by former Executive Vice President Marketing & The Regions Goh Choon Phong.

2011

JANUARY

- The Airline announces an organisational restructuring that will consolidate and more closely align its commercial, operational and corporate planning activities.

MARCH

- Customers of the Airline in the US, Singapore and five other Asia Pacific countries and territories can now pay for their flights with PayPal when they buy their tickets online. This will progressively be made available to customers in up to 17 countries.
- Hong Kong becomes the Airline's busiest point outside of Singapore with the addition of a seventh daily flight between Singapore and the territory (including flights departing Hong Kong for San Francisco).
- The Airline launches its inaugural flight to its first destination in South America – Sao Paulo's Guarulhos International Airport, in Brazil. The service, routed via Barcelona, operates three times weekly with Boeing 777-300ER aircraft, fitted with the Airline's newest cabin products in all three classes.
- Regional news channel, Channel NewsAsia, partners the Airline to provide scrolling text news headlines, known as 'news tickers', for customers on board flights equipped with the latest Panasonic eX2™ system on KrisWorld.

Going Places

We believe in the romance of travel and helping to bring people together. We are committed to exploring opportunities to open new frontiers – as we did in March 2011 with our first South American destination – and introducing new and exciting innovative offerings to better serve our customers.

OPERATING REVIEW

Despite the difficult operating environment, the Airline continues to maintain its long-term approach to product and service excellence.

The Year in Review

The Singapore Airlines Group achieved a net profit attributable to equity holders of $1,092 million in the financial year ended 31 March 2011.

The first half of the year in review saw the Group continue on the track to recovery, both in terms of passenger carriage as well as in yield. The Group earned a net profit of $633 million. The second half started fairly brightly, with a net profit of $288 million in the third quarter. However, business conditions became more challenging, with a sustained upward trend in fuel prices.

Rising fuel costs remain a concern for the Group, with IATA's jet fuel monitor indicating that the price of jet fuel at the end of the year in review was 45% higher year on year. Major world events also continue to have an impact on the Airline's operations.

Despite the difficult operating environment, the Airline continues to maintain its long-term approach to product and service excellence, by continuing its cabin renewal programme, and introducing new inflight offerings.

In addition, the Airline has continued to take advantage of opportunities to expand its network. The year in review saw the addition of new destinations such as Tokyo Haneda and Sao Paulo, the Airline's first destination in South America.

OPERATING REVIEW

Network

The year in review was an exercise in judicious capacity management, as travel demand continued to recover following the global downturn experienced in the previous two financial years.

The Airline increased frequency on selected routes in response to growth in demand for travel in these markets, including Houston via Moscow, Osaka, Seoul and Taipei.

Perhaps the most momentous addition to the Airline's network was the introduction of the new three-times-weekly Singapore – Barcelona – Sao Paulo service on 28 March 2011.

Having eyed opportunities in the region for some time, this new service enables the Airline to establish a foothold in the fast-growing South American market.

Singapore – Munich – Manchester went daily from 1 September 2010, evidence of the popularity of the route just five months after it was first introduced on 28 March 2010 as a five-times-weekly service.

We also began twice-daily services to Tokyo Haneda Airport on 31 October 2010, complementing our existing twice-daily services to Tokyo Narita Airport. The new services are a homecoming of sorts for us, as we once again operate to an airport which was our first gateway in Japan, back in 1968.

Going forward, Singapore Airlines will continue to pursue a consistent policy of matching our capacity with prevailing market demand, with changes made to the global network where necessary.

Going forward, Singapore Airlines will continue to pursue a consistent policy of matching our capacity with prevailing market demand, with changes made to the global network where necessary.

Fleet Management

The year in review saw the delivery of the remaining Airbus A330-300 aircraft on order. All 19 A330-300s are on operating leases, and have been deployed to Kolkata, Guangzhou, Male and Taipei, among other regional and medium haul destinations.

Six Boeing 777-200ERs were leased during the year in review to Royal Brunei Airlines.

Another ten Boeing 777-200s completed the cabin refresh programme, bringing the total number of retrofitted aircraft in the fleet to 12, including one B777-300. Four B777-200 aircraft also left the operating fleet while one was reinstated during the same period.

One more Airbus A380-800 aircraft was added to the fleet, bringing the total to 11, with eight more on order, and a further six on option.

The Singapore Airlines passenger aircraft fleet, as at 31 March 2011, comprised 108 aircraft, with an average age of six years and three months.

Singapore Airlines Cargo's fleet as at 31 March 2011 comprised 11 Boeing 747-400 freighters, with an average age of nine years and two months.

The fleet of SilkAir as at 31 March 2011 comprised 12 Airbus A320s and six Airbus A319s, with an average age of five years and 11 months.

OPERATING REVIEW

Products And Services

KrisFlyer

The KrisFlyer programme membership base continued to grow steadily in the year in review. Members enjoyed a series of global redemption promotions on selected flights throughout the year, in addition to local offers and partner privileges.

The list of partner airlines also increased to 29, with the addition of TAM Airlines and Aegean Airlines. As a result, members can enjoy greater flexibility in redemption of their miles on the growing number of partner airlines.

Members have even more ways to earn miles with a growing network of over 120 global non-airline partners. The year in review saw the launch of the Bank of China Singapore Airlines Visa Platinum Card in Hong Kong, as well as the addition of new partners, such as Marina Bay Sands in Singapore, RHB Bank in Malaysia, and St. George Bank in Australia. Existing partnerships were also expanded to cover new markets, such as American Express in China, Citibank in the United Arab Emirates and HSBC in the United States.

In its drive to achieve more environmentally-friendly operations, Singapore Airlines introduced an e-library ... Singapore Airlines is the first in the world to provide this unique application, which will eventually be available on all its aircraft equipped with the latest Panasonic eX2™ inflight entertainment system.

Ground Services

Passenger Reconciliation System

The Airline partnered Changi Airport Group to introduce the Passenger Reconciliation System (PRS) for its flights at Terminals 2 and 3, a simplified and more streamlined check-in experience.

Now, customers departing Changi Airport without check-in baggage or any visa requirements for their travel and having checked in online can proceed directly to the immigration access point, where security officers with 2D barcode scanners will verify their self-printed boarding passes. They no longer need to present their travel documents at the check-in counters for verification and endorsement.

Inflight Services

Enhancements to KrisWorld

Singapore Airlines endeavoured to further augment the experience of our customers by providing more diverse content options on KrisWorld. Some noteworthy enhancements include the launch of TV Box Sets under the Red Eye Collection, where customers can enjoy full seasons of television series. The Airline also embarked on a collaboration with the National Geographic Channel under which inflight programme premieres exclusive to Singapore Airlines can be expected.

In addition, fans of classical music can now look forward to hitting the high note with high definition opera, chamber music and orchestra recordings by UnitelClassica.

In its drive to achieve more environmentally-friendly operations, Singapore Airlines introduced an e-library containing electronic versions of its in-house magazines (SilverKris, KrisWorld and KrisShop). The Airline will be extending this initiative to other publications, such as menu cards and international and local magazines currently carried systemwide, and even books or newspapers.

This will give customers greater choice of reading material at their fingertips. Singapore Airlines is the first in the world to provide this unique application, which will eventually be available on all its aircraft equipped with the latest Panasonic eX2™ inflight entertainment system.

OPERATING REVIEW

The Airline also launched its own cookbook during the year, with recipes contributed by the world-famous chefs on its International Culinary Panel.

New Japanese Meals for Suites, First and Business Classes

Singapore Airlines introduced new First and Business Class Japanese meal offerings during the year in review. Drawing on the freshest seasonal ingredients, the menus were created by chef Yoshihiro Murata of the Airline's International Culinary Panel.

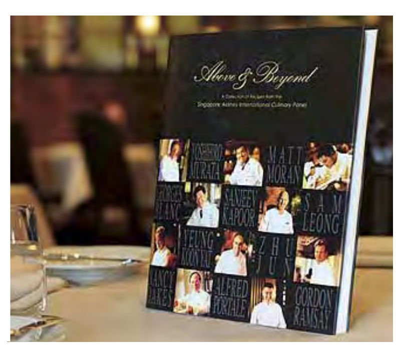
The First Class Kyo-Kaiseki service spans an elaborate multi-course spread of dishes served on exclusive service-ware specially designed by chef Murata, in collaboration with renowned Japanese fine bone china manufacturer Narumi.

The Business Class Hanakoireki service is presented in two bento boxes; the first includes a selection of cold appetisers designed to awaken the palate while the second includes entrées composed with seasonal ingredients.

To complement the meal, passengers can also look forward to the Airline's fine sake selections as well as a range of exquisite wines and champagnes. The new Japanese meal services are available in Suites, First and Business Class on selected flights between Singapore and Tokyo, Nagoya, Osaka and Fukuoka, as well as between Tokyo and Los Angeles.

Above and Beyond: A Collection of Recipes from the Singapore Airlines International Culinary Panel

The Airline also launched its own cookbook during the year, with recipes contributed by the world-famous chefs on its International Culinary Panel. Stylishly designed and beautifully photographed with clear instructions, the cookbook offers aspiring home cooks tips on menu planning, understanding the ingredients, and plating and presenting the dishes. There are also five specially created menus in which various chefs' dishes are matched to create an exquisite and sumptuous three-course meal from starter to dessert.



People Development

The Airline continues to invest in training and development to maintain its competitive edge. During the year in review, it leveraged the Skills Programme for Upgrading and Resilience (SPUR) scheme and Workfare Training Scheme (WTS) offered by the Singapore Government to provide staff with training related to leadership and people management, service excellence and employability skills.

A new learning framework was implemented for general staff, executives and managers, focusing on improving their core competencies as they progress in their career. New leadership programmes, custom built for SIA, have also been implemented. These core programmes are attended by executives as part of their career development.

The Airline continues to pursue higher productivity amongst the workforce. A cross-divisional framework is in place to emphasise continuous improvement in work processes, streamlining operational efficiencies and improving our employees' skills to enable them to take up more value-added assignments.

The Airline remains an attractive employer offering varied and challenging careers. For three consecutive years, it has been voted one of the top three private employers of choice in a survey of fresh local graduates by campus recruitment specialist JobsFactory. A recent survey by People Search and Boardroom Research also revealed that most employees want to work for the Airline. It was voted "Most Desired Company to Work For" (2010) by working parents and generation Y employees.

Before the end of the financial year, the Airline launched its third Organisational Climate Survey to gather staff views and feedback on workplace-related matters.

As at 31 March 2011, the staff strength of SIA Group was 21,534, an increase of 2.7% over the previous year. 13,801 (64.1%) were employed by the Airline, with 7,304 cabin crew and 2,335 pilots.

OPERATING REVIEW

Photo courtesy of Clare Kendall (rspb-images.com)

Photo courtesy of Mairi Dupar (rspb-images.com)

Besides looking internally to reduce our environmental footprint, we have also continually looked for opportunities to contribute to meaningful projects that have a positive environmental impact.

Environment

The United Nations Intergovernmental Panel on Climate Change estimates that aviation's share of global carbon dioxide emissions will grow from 2% today to 3% by 2050.

Over the past 40 years, the industry has improved fuel efficiency by 70%. Between 2001 and 2008, fuel efficiency improved by 16%. Going forward, the industry envisions achieving carbon neutral growth by 2020 on the way to a carbon free industry.

Despite significant strides made by the aviation industry to improve fuel efficiency, the industry is still encountering a slew of measures to curb emissions – one of which is emissions trading. The European Union Emissions Trading Scheme will be applied to international aviation from 2012. The aviation emissions will be capped at 97% of average annual emissions in the reference period from 2004 to 2006. From 2013, the target will be tightened to 95% of these reference emissions.

In spite of its relatively modest share of global carbon emission, aviation – like all other industries – has a responsibility to be as efficient as possible. The International Air Transport Association's (IATA) strategy for this is based on the following four pillars: technological progress, operational measures, infrastructural improvements and economic measures.

Of the four pillars, technology holds the best prospects for emissions reduction. The industry is making great advances in technology such as revolutionary changes in aircraft design, use of lightweight composite materials and radical engine improvements.

In the meantime, as part of ongoing efforts to reduce fuel consumption and carbon emissions, the Airline has implemented various initiatives. These encompass flight operations enhancements, engineering performance and maintenance improvements and weight saving measures. Specifically, they include tailored potable water uplift, regular engine wash, optimised uplift of fuel, regular review of optimum speeds for climb, cruise and descent of flights, and partnering with airport authorities to develop shorter and more direct flight routings.

Besides looking internally to reduce our environmental footprint, we have also continually looked for opportunities to contribute to meaningful projects that have a positive environmental impact. In August 2010, the Airline announced that it would donate US$3 million towards supporting the Harapan Rainforest Initiative, a collaboration between international non-governmental organisations including BirdLife International and Burung Indonesia. It is a groundbreaking project aimed at conserving and protecting over 100,000 hectares of one of the most biodiverse rainforests in the world; arresting deforestation is a major step towards combating climate change.

The Airline remains committed to its longstanding policy of maintaining a young and modern fleet of aircraft and adopting new technologies to harness the benefits of reduced greenhouse gas emissions, improved fuel productivity, lowered noise levels and more efficient utilisation of resources.

Fully cognizant of the close relationship between aviation and the environment, the Airline will continue to strive to improve its environmental performance and will take appropriate measures to address all areas of environmental concern. More details of the Airline's environmental activities and programmes are available online at singaporeair.com.

OPERATING REVIEW

Supporting Our Communities

During the year in review, Singapore Airlines continued to support various charitable organisations as well as educational, arts, sports and heritage institutions in the form of free and rebated tickets, as well as cash contributions.

As a fervent supporter of the Arts, the Airline maintained its longstanding support for the Singapore Symphony Orchestra (SSO), Singapore Dance Theatre (SDT) and the National Arts Council, among others. Among the SSO's signature works for the year were its Mahler Festival series of four well-received concerts and a collaboration with world-famous Chinese pianist Lang Lang. The SDT maintained its commitment to balancing its mastery of contemporary dance with evergreen classical works such as Romeo and Juliet and The Nutcracker.

Other notable projects Singapore Airlines supported during the year included the National Museum's Pompeii: Life in a Roman Town 79CE. The exhibition featured 280 exceptional artifacts, including body casts of victims of the Mount Vesuvius eruption, fresco paintings and even gladiator gear. Singapore Airlines was also Official Airline for the inaugural Youth Olympic Games held in Singapore.

The year in review also saw the Airline launch its own cookbook – Above and Beyond: A Collection of Recipes from the Singapore Airlines International Culinary Panel (ICP). Net proceeds from sales of the book, accumulated from its launch in July to the end of 2010, were donated to Singapore's Community Chest, a non-profit organisation that channels funds to assist the less privileged in the community. Part of the donation went towards the Straits Times Pocket Money Fund and the Business Times Budding Artists Fund. Taking into account proceeds from the sale of tables, auction and raffle draw at the cookbook's charity launch gala event, a total of $1.56 million was donated to the Community Chest.

Besides contributing to charities and organisations within Singapore, the Airline is also mindful of the importance of building strong relationships with the many countries and communities it serves, as a global corporate citizen.

Singapore Airlines signed on as the Official Airline for the Giant Panda collaborative programme between Wildlife Reserves Singapore and the China Wildlife Conservation Association. Under the agreement, Singapore Airlines Cargo will transport the pandas to Singapore, and Singapore Airlines and SilkAir will provide air tickets for training and exchange programmes for zookeepers, veterinarians and researchers from both Singapore and China.

Besides contributing to charities and organisations within Singapore, the Airline is mindful of the importance of building strong relationships with the many countries and communities it serves, as a global corporate citizen.

In its first major involvement in a large-scale green project with long-term benefits for the global environment, Singapore Airlines announced plans to donate US$3 million towards supporting the Harapan Rainforest Initiative in Sumatra, Indonesia. The funds will help finance ongoing core operations such as efforts to arrest deforestation, employment of forest patrols to prevent illegal logging and forest fires, social development projects and employment opportunities for local indigenous communities living in the forest, as well as plant and animal species protection programmes.

Following the severe and unprecedented flooding in Queensland, Australia between December and January, the Airline contributed A$100,000 towards recovery and rebuilding efforts.

In the wake of the 11 March earthquake and tsunami in Japan, the Airline raised a total of $415,384, for relief and recovery efforts. This included contributions from staff and a pledge by the Airline to match donations dollar-for-dollar.

In the Philippines, the Airline has been working since 2003 with Bantay Bata 163, a child welfare programme under the ABS-CBN foundation that rescues, rehabilitates and provides shelter and care for sick and abused children. The Airline sponsors elementary education for these children. To date, 895 children from various parts of the Philippines have been put through school, with another 108 due to be enrolled in the 2011/2012 school year.

In Japan, the Airline has established a long-standing partnership with various hospitals in Tokyo. Every Christmas, a team of staff from the Airline will make its round of the children's wards in these hospitals with gifts to spread some Christmas cheer.

OPERATING REVIEW

Subsidiaries

SIA Cargo

SIA Cargo reported an operating profit of $151 million in the year in review.

With global economic conditions slowly recovering from the downturn from two financial years ago, growth patterns are showing trends of normalising to be in line with those seen in previous years.

During the financial year, SIA Cargo introduced more freighter flights in response to an increase in global demand in the first half. Services that were reduced during lull periods in the previous year were reinstated. The company also channeled resources to operate more short and medium haul services. New freighter points such as Taipei, Bangkok and Kolkata were introduced.

During the year in review, SIA Cargo signed an agreement to acquire a 16% equity interest in China Cargo Airlines. China Cargo Airlines will be re-organised into a limited liability Chinese-foreign equity joint venture company. SIA Cargo's investment in the re-organised company amounts to RMB328 million. China has always been a priority for SIA Cargo. With the investment in China Cargo Airlines, SIA Cargo is better positioned to grow with the Chinese market.

The company continues to focus on close cooperation with key customers moving forward. A total of nine business partners renewed their participation in our Global Partnership Programme.

Higher volumes of e-freight were carried by SIA Cargo during the year in review. To spearhead the drive for a paper-free environment, SIA Cargo is also intensifying efforts to launch the electronic airway bill (e-AWB) to benefit its customers in Singapore by end-2011.

On the information technology front, SIA Cargo has successfully replaced its legacy reservations system with a new user-friendly system called Reservations Express, or Rx for short. All modules of the system were cut over in March 2011. The system will be responsive to customer requirements in this fast-changing and volatile market environment. SIA Cargo will continue to upgrade its systems to meet the challenges of our competitive industry.

During the year in review, SIA Cargo received the "Award for Excellence (Air Carrier)" from Air Cargo World. It was also named the "Best Air Cargo Carrier in Asia" and "Best Green Service Provider (Airline)" at the 2010 Asian Freight & Supply Chain Awards. In addition, SIA Cargo won the "Best Cargo Airline from Asia Pacific" award conferred by Air Cargo News. Besides its high standards of customer service, Singapore Airlines Cargo was also honoured for its contributions to the Arts and was awarded the "Friend of Heritage Award" by the National Heritage Board of Singapore.

However, there remain concerns in the near future about escalating costs due to rising jet fuel prices and the stability of the global economy's recovery.

In view of the uncertain business environment, SIA Cargo will continue to be flexible in deploying its resources and vigilant in maintaining cost discipline. The company will also continue to seek growth opportunities in emerging markets and actively pursue more projects and charter opportunities.

SIA Engineering Company

During the year under review, SIA Engineering Company (SIAEC) maintained its revenue above the billion-dollar mark by achieving turnover of $1,107 million. Profit attributable to equity holders was $258.5 million.

SIAEC continued to expand its Fleet Management Programme (FMP) business with new customers. The Company secured a six-year FMP contract with Airbus to provide fleet management services, heavy and light airframe maintenance checks, line maintenance, defect rectification and cabin maintenance for Singapore Airlines' fleet of five Airbus A340-500s. SIAEC also signed a $42 million FMP contract with Royal Brunei Airlines to cover the carrier's fleet of six Boeing 777-200ERs.

During the year, SIAEC and SilkAir renewed their FMP Service Agreement. The five-year agreement covers a broad spectrum of maintenance, repair and overhaul (MRO) and fleet management services for the SilkAir fleet, and is expected to add $300 million in revenue to SIAEC's order books.

With the total fleet under SIAEC's FMP business set to exceed 230 aircraft in five years - more than half of which is operated by non-SIA airlines - SIAEC has established itself as one of the world's largest fleet management service providers.

SIAEC continues to focus on extending its capabilities through strategic joint ventures. The Company signed a Joint Venture Agreement with Panasonic Avionics Corporation to set up a Singapore-based facility for the MRO of inflight entertainment and communications (IFEC) systems and components produced by Panasonic Avionics. The state-of-the-art facility will meet the growing demand for IFEC support of new-generation aircraft. SIAEC has a 42.5% stake in the joint venture, while Panasonic Avionics Corporation holds the remaining share.

SIAEC officially opened its sixth overseas line maintenance joint venture at Ho Chi Minh City's Tan Son Nhat International Airport in November 2010. It has a 49% stake in the joint venture company, Southern Airports Aircraft Maintenance Services Company Limited (SAAM). Commencing operations with a strong base load of nine airline customers, SAAM is poised to expand its customer base and service offerings at Tan Son Nhat Airport.

OPERATING REVIEW

SilkAir was inducted into the TTG Travel Hall of Fame following its 10th win in the TTG Travel Awards in 2009. SilkAir was voted 'Best Regional Airline' in the annual TTG Travel Awards for 10 years between 1995 and 2009 (1995-1997, 2002, 2004-2009).

SilkAir

SilkAir closed the year in review with a profit after taxation of $104 million, an increase of 153.2% compared to the previous financial year.

The airline carried a total of 2.8 million passengers during the year, an improvement of 17.3%. With capacity growth outpacing passenger carriage, passenger load factor declined by 0.7 percentage points to 76.4%.

Three new points were added to the SilkAir network during the financial year in review – Bangalore and Chennai in 2010 and Pekanbaru in 2011.

SilkAir's flights between Singapore and Bangalore, the capital city of the state of Karnataka, began on 17 May 2010, while flights between Singapore and Chennai, the capital city of the state of Tamil Nadu, started on 14 June 2010. The introduction of these two daytime services complemented Singapore Airlines' night flights to both cities, providing more options to our customers.

Thrice-weekly flights to Pekanbaru, the capital of Riau in Sumatra, were launched on 28 February 2011. Pekanbaru is the airline's eighth Indonesian destination after Balikpapan, Lombok, Manado, Medan, Palembang, Solo and Surabaya. In addition to these new destinations, capacity to a number of existing destinations, such as Penang, Kuala Lumpur, Medan, Yangon and Kunming, was increased to meet growing demand.

In addition to its scheduled services, the airline actively worked with its partners to operate charters to destinations such as Dili (in Timor Leste), Guiyang and Darwin.

During the year in review, SilkAir witnessed a change of leadership with the appointment of Marvin Tan as Chief Executive from 11 October 2010. Mr Tan, formerly the Divisional Vice President Customer Services for Singapore Airlines, took over from Chin Yau Seng, who returned to the parent company as Divisional Vice President Cabin Crew Operations. Mr Tan joined SilkAir as a Board Director on 1 June 2010 and has been with Singapore Airlines for over 14 years, holding various positions in head office and overseas.

In a bid to play its part in wildlife conservation, SilkAir joined hands with Singapore Airlines to support the Giant Panda collaborative programme between Wildlife Reserves Singapore and the China Wildlife Conservation Association. SilkAir provides air tickets, between Singapore and both Chengdu and Chongqing, to facilitate the travel requirements of the teams of zookeepers, veterinarians and researchers for training and familiarisation programmes.

SilkAir has also continued to receive accolades for its dedication to product and service quality. In October 2010, SilkAir was inducted into the TTG Travel Hall of Fame following its 10th win in the TTG Travel Awards in 2009. SilkAir was voted 'Best Regional Airline' in the annual TTG Travel Awards for 10 years between 1995 and 2009 (1995-1997, 2002, 2004-2009). Other Travel Hall of Fame honoraries include Singapore Airlines and Singapore Changi Airport. SilkAir was once again also voted as one of the Top 10 Airlines Worldwide for Cabin Service by Hong Kong-based online travel magazine, Smart Travel Asia.

OPERATING REVIEW

List Of Awards

2010

APRIL

Global Finance Magazine (USA)
Global Finance Award (Airline)
- *World's Best Global Airline*
- *Best Airline in Asia*

Finance Asia Magazine (Hong Kong)
Best Companies survey for 2010
(10th annual poll)
- *Best Managed Company*
- *Best Corporate Governance*
- *Best Corporate Social Responsibility*

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

MAY

Skytrax World Airline Awards
2010 (UK)
- *Best Airline South East Asia*
- *Best Business Class seat*
- *Best Cabin staff*

Telegraph 'Ultras' Travel Awards (UK)
- *Best Airline in the World (2nd year)*

Business Traveller Middle East Award
- *Best Asian Airline Serving the Middle East (9th consecutive year)*

JUNE

BILANZ survey (Switzerland)
Leading bi-monthly Economy &
Finance Magazine
- *SIA Ranked No 1 of the 25 best quality airlines 2010*

TravelAge West (USA) 2010
Wave Awards
- *Best Airline, International (4th consecutive year)*

Flug Revue Award (Germany's
monthly aviation magazine)
- *Best Airline Worldwide 2010*

Australian Gourmet Traveller
travel awards
- *Best Airline*

JULY

Travel & Leisure Magazine (USA)
- *World's Best International Airline (15th consecutive year)*

ExecutiveTravel Magazine (USA)
Executive Travel Leading
Edge Awards
- *Best International Airline*
- *Best Airline for Flights to Eastern and Southeast Asia*

AB Road (Japan)
Airline Ranking
- *Overall Best Airline (3rd year)*
- *Best Cabin Service, aircraft/products, inflight meals and ground service*

SEPTEMBER

Condé Nast Traveler (USA)
- *2010 Business Travel Awards*
- *Best Transpacific Airline for Business Class*

SmartTravelAsia.Com (Hong Kong)
Favourite Airline Poll Results, 2010
- *Best Airline Worldwide*
- *Best Business Class*
- *Best Cabin Service*

Business Traveller (UK based) 2010
- *Best Overall Airline*
- *Best Asian Airline*
- *Best Long Haul Airline*
- *Best Business Class*
- *Best Economy Class*
- *Best Cabin Staff*

Business Traveller (Asia Pacific) 2010
- *Best Airline (19th consecutive year)*
- *Best Asia-Pacific Airline*
- *Best First Class*
- *Best Business Class*
- *Best Economy Class*
- *Best Airline Lounge in Asia Pacific*

OCTOBER

Condé Nast Traveler (USA)
2010 Readers' Choice Awards
- *Best Global Airline (22 out of 23 years)*

Condé Nast Traveller (Greece)
Readers' Choice Awards
- *Best Airline for International Flights*

TTG Annual Travel Awards
(Asia Pacific)
- *Travel Hall of Fame (8th consecutive year)*

Guardian/Observer Travel
Awards (UK)
- *Best Long Haul Airline (7th consecutive year)*
- *Best Business Class (2nd year)*

Australien-Info.de (Germany)
- *Most Popular Airline to Australia (4th consecutive year)*

Schlemmer Atlas (Germany)
- *Airline of the Year 2011 (5th time)*

Clever Reisen (Germany)
- *Best Airline to Asia*

Danish Travel Awards (Denmark)
- *Best Intercontinental Airline (4th year)*

Securities Investors Association
(Singapore)
SIAS 11th Investors' Choice
Awards 2010
- *Most Transparent Company Award 2010 (6th consecutive year)*
- *Transport/Storage/Communications Category*
- *Golden Circle Award*
  Timeliness of news releases and degree of media access

NOVEMBER

Business Traveller (China)
- *Best Airline in the World (6th consecutive year)*
- *Best Airline First Class*

Frequent Traveler Award (USA
- *KrisFlyer – Best Airline Redemption Promotion under Middle East and Asia/Oceania category*

Travel Magazine (Belgium) 2010
- *Best Long Haul Airline Offline*

Travel Inside Magazine (Switzerland) Gold Award - Swiss Travel Star Award
- *Category – Airlines Long Haul (non-stop)*

The Wall Street Journal Asia Asia's 200 Most-Admired Companies 2010
- *Most Admired Singapore Company (18th consecutive year) (1st place on Top 10 Companies in Singapore)*

DECEMBER

Luxury Travel Advisor (US)
- *"Awards of Excellence" in Business Class service categories*

Travel Weekly Readers' Choice Awards (USA)
- *Best Business/First class (2nd consecutive year)*

Business Traveler USA 2010
- *Best Overall Airline in the World (21 of 22 years)*
- *Airline with Best First & Economy Class Service*

2011

JANUARY

Business Traveller Germany Travel Awards 2010
- *Overall Best Airline on Routes to the Far East and Australia (10th time)*
  - *Safety, Condition of aircraft*
  - *Service on board, Cabin Crew*
  - *Service on the ground, lounges*
  - *Cabin Comfort, seat pitch*
  - *Catering*
- *Overall Best Business Class to Far East and Australia (2nd year)*

'Reisrevue' (Netherlands Trade Publication)
- *Best Scheduled Airline 2010 (8th consecutive year)*

Grand Travel Award (Norway)
- *Best Airline International with departure from Europe*

Global Traveler (USA)
- *Best Airline in the World 2010 (7th consecutive year)*

Wanderlust Travel Award 2011 (UK)
- *Top Worldwide Airline (4th consecutive year, 9th time in the Award's ten year history)*

T-online.de (Germany)
- *Best international Airline*

FEBRUARY

Traveller's World Magazine (Germany)
- *Best Airline*

DestinAsian (Luxury travel and lifestyle magazine – Jakarta)
- *Readers' Choice Awards (6th time running, top of all categories in airline poll)*
- *Best Airline – Overall*
- *Best Airline for Premium Class Travel*
- *Best Airline for Economy Class*
- *Best Inflight Entertainment*
- *Best Frequent Flyer Programme – KrisFlyer*

MARCH

AsiaOne People's Choice Awards 2010 (Singapore)
- *Best Full Service Airline*

Fortune Magazine (USA)
- *Top 50 World's Most Admired Companies (Ranked 18th)*
- *Ranked second in the airline category*

Gourmand Awards 2011 (France)
- *Best Charity Cookbook in Asia ICP cookbook, Above and Beyond*

www.travel.ru (Russia)
- *Star Award to SIA for Best Scheduled Airline to SEA, Australia and Oceania (4th year)*

STATEMENT ON RISK MANAGEMENT

1 RISK MANAGEMENT EMBEDDED IN ORGANISATIONAL PROCESSES

1.1 Since 2002, a formalised Risk Management Framework has been implemented across SIA Group under which risks are identified, evaluated and controlled on a coordinated and integrated basis. 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 prioritised and business units use both preventive and mitigation controls to manage risk exposures within prescribed tolerance limits. These risk management activities are now carried out regularly as embedded organisational processes within the Companies.

2 RESPONDING TO MAJOR EVENTS

2.1 Major Events Affecting Airlines and Air Travel

During the 12 months from April 2010 to March 2011, a number of major events affected airlines and air travel generally – from airspace closure over Europe due to volcanic ash clouds, to massive snowstorms in Europe and the USA, to aircraft engine concerns requiring regulatory compliance actions, to massive flooding in Australia and to earthquakes in New Zealand and Japan.

2.2 Risk Responses and Crisis Contingency Plans

While the specific individual events above were not predictable, the generic nature of the events, such as airspace closure and natural disasters affecting air travel or airline operations, were identified within SIA Group as major risks, and contingency plans were put in place. This permitted the Group to implement coordinated and effective responses in a timely manner. Prior simulation exercises on similar scenarios allowed management to adapt contingency responses to the actual disruption events. Lessons learnt from these events were then incorporated back into the responses.

3 ONGOING ACTIVITIES TO IMPROVE MANAGEMENT OF RISK

3.1 Annual Risk Review

During the year, the Annual Risk Review was carried out Group-wide, with key strategic and non-strategic risks surfaced and reviewed by the Company Risk Management Committee, the Group Risk Management Committee and the Board Safety & Risk Committee.

3.2 Review of Risk Responses and New Risks

The various Risk Committees reviewed specific key risks and the corresponding risk controls for adequacy and effectiveness, based on independent verification of tests and simulations conducted. New risks potentially arising from changes to operations, such as from outsourcing, were also identified and the risk response plans were reviewed.

3.3 Ongoing Testing and Simulation Programme

For the financial year just ended, tests and simulations of risk controls/ business continuity plans were conducted. Improvements to these risk controls/ business continuity plans were made wherever necessary.

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

4.1 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 2010 to 31 March 2011

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 2011, 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 2009	Non-executive/ Non-independent
Goh Choon Phong	Director	1 October 2010	N.A.	Executive/ Non-independent
William Fung Kwok Lun	Director	1 December 2009	27 July 2010	Non-executive/ Independent
Euleen Goh Yiu Kiang	Director	1 September 2006	31 July 2009	Non-executive/ Independent
David Michael Gonski	Director	9 May 2006	27 July 2010	Non-executive/ Independent
James Koh Cher Siang	Director	1 August 2005	27 July 2010	Non-executive/ Independent
Christina Ong	Director	1 September 2007	27 July 2010	Non-executive/ Independent
Helmut Gunter Wilhelm Panke	Director	1 September 2009	27 July 2010	Non-executive/ Independent
Lucien Wong Yuen Kuai	Director	1 September 2007	29 July 2008	Non-executive/ Independent

Note: Mr Chew Choon Seng retired on 1 January 2011

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 48 to 56.

There is a strong independent element in the Board, with the Board Nominating Committee considering 7 out of 9 directors to be independent from Management and the Company's substantial shareholder, Temasek Holdings (Private) Limited ("Temasek"). Mr Stephen Lee is a member of Temasek's Advisory Panel while Mr Goh Choon Phong 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 Goh Choon Phong, are not related to each other. There is appropriate division of responsibilities between the Chairman and the CEO, which ensures a balance of power and authority within the Company. The Chairman leads the Board and is responsible for its workings and proceedings. He plays a crucial role in fostering constructive dialogue with shareholders at the Company's Annual and Extraordinary General meetings. The CEO heads the Management Committee and oversees the execution of the Company's corporate and business strategies and policies, and the conduct of its business.

Board Membership and Performance (Principles 4 and 5)

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

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

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

The Board held 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 46 to 47.

Board Executive Committee (ExCo)

The members of the ExCo were Mr Stephen Lee (Chairman), Mr Chew Choon Seng (until 31 December 2010), Mr Goh Choon Phong (from 1 January 2011), 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.

CORPORATE GOVERNANCE REPORT

For the period 1 April 2010 to 31 March 2011

Board Audit Committee (AC)

The Board Audit Committee (AC) comprised Ms Euleen Goh (Chairperson), Dr William Fung, Mr David 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)".

Board Safety and Risk Committee (SRC)

The members of the SRC were Mr James Koh (Chairman), Mrs Christina Ong and Dr Helmut Panke. 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 Stephen Lee 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.

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

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

The Company's Articles of Association provide that 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. The CEO is also subject to re-election in accordance with the Articles of Association of the Company.

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

Board Compensation and Industrial Relations Committee (BCIRC)

The BCIRC comprised Mr Stephen Lee (Chairman), Mr David Gonski, Mr James Koh and Dr Helmut Panke. 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 Board 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. The award of shares to senior executives is based on organisational and individual performance. Professional advice is sought by the BCIRC, as it deems necessary in the development and execution of the remuneration plan for the Company's key executives.

Leadership development and succession planning in the Company, remains a key focus for the BCIRC. In January 2011, Mr Goh Choon Phong succeeded Mr Chew Choon Seng as the Chief Executive Officer. The Company has in place an annual review of high potential executives, capable of succeeding to key management positions. Such high potential executives will be given exposure to key jobs in the organisation, as part of their career development.

Harmonious industrial relations remains a key focus of the Company, and this is also monitored closely by the BCIRC. The Company's three unions, namely, ALPA-S representing the pilots, AESU, representing the Administrative Officers, and SIASU, representing the General Staff (including Cabin Crew) hold regular meetings with Management and Chairman of BCIRC.

Access to Information (Principle 6)

The Directors are provided with Board Papers in advance before each Board Meeting, to enable them to be properly informed of matters to be discussed and/or approved. Board Papers contain both regular items such as reports on 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.

CORPORATE GOVERNANCE REPORT

For the period 1 April 2010 to 31 March 2011

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 was made in July 2008. No additional grants will be made under the ESOP.

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.

The 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 ordinary shares which may be issued pursuant to awards granted under the RSP and PSP, when added to the number of new shares issued and issuable in respect of all awards 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. In addition the maximum number of new Shares that can be issued pursuant to awards granted under the RSP and PSP in the period between the current Annual General Meeting (AGM) to the next AGM shall not exceed 0.75% of the total number of issued ordinary shares in the capital of the Company.

Details of the Company's PSP, RSP and ESOP can be found on pages 79 to 82 of the Report by the Board of Directors.

Directors' Fees

The Directors' fees paid in financial year 2010/2011 amounted to $1,455,000 [financial year 2009/2010: $1,207,000] and were based on the following rates:

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

CORPORATE GOVERNANCE REPORT
For the period 1 April 2010 to 31 March 2011

Disclosure on Remuneration

The following table shows the composition (in percentage terms) of the remuneration of Directors.

Directors	Fee %	Salary %	Bonus Fixed %	Bonus Variable[1] %	Benefits %	Total %	Performance and Restricted Shares granted during the year[2] Number	Time-based Restricted Shares granted during the year[3] Number
Above $250,000								
Stephen Lee Ching Yen	94	-	-	-	6	100	-	-
Below $250,000								
William Fung Kwok Lun	100	-	-	-	-	100	-	-
Euleen Goh Yiu Kiang	100	-	-	-	-	100	-	-
David Michael Gonski	100	-	-	-	-	100	-	-
James Koh Cher Siang	100	-	-	-	-	100	-	-
Christina Ong	100	-	-	-	-	100	-	-
Helmut G W Panke	100	-	-	-	-	100	-	-
Lucien Wong Yuen Kuai	98	-	-	-	2	100	-	-
Between $1,250,000 to $1,500,000								
Chew Choon Seng[4]	-	69	7	17	7	100	48,000 PSP 36,000 RSP	60,000
Between $750,000 to $1,000,000								
Goh Choon Phong[4]	-	65	3	26	6	100	15,000 PSP 17,000 RSP	100,000

1 *Includes Economic Value Added (EVA)-based incentive plan (EBIP) payment and profit-sharing bonus. The amount paid in the reporting year under EBIP is for the executive's performance in respect of the financial year ended 31 March 2010 because the performance rating was finalized and payment was made during the financial year ended 31 March 2011. See below for additional information on the EBIP.*

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 *Please refer to Note 5 of the Notes to Financial Statements on the details and terms of the time-based restricted shares.*

4 *As Chief Executive Officer, both Mr Chew Choon Seng and Mr Goh Choon Phong do not receive any Directors' Fees. Mr Chew retired and Mr Goh was appointed to replace him as Chief Executive Officer on 1 January 2011.*

No employee of the Group who is an immediate family member of a Director was paid a remuneration that exceeded $150,000 during the financial year ended 31 March 2011.

Senior Management	Fee %	Salary %	Bonus Fixed %	Bonus Variable[1] %	Benefits %	Total %	Performance and Restricted Shares granted during the year[2] Number	Time-based Restricted Shares granted during the year[3] Number
Between $500,000 to $750,000								
Bey Soo Khiang[4]	-	77	7	-	16	100	22,000 PSP 20,000 RSP	100,000
Mak Swee Wah	-	65	6	17	12	100	15,000 PSP 17,000 RSP	100,000
Ng Chin Hwee	-	65	6	17	12	100	15,000 PSP 17,000 RSP	100,000
Below $250,000								
Huang Cheng Eng[4]	-	36	7	50	7	100	-	13,000

1 *Includes Economic Value Added (EVA)-based incentive plan (EBIP) payment and profit-sharing bonus. The amount paid in the reporting year under EBIP is for the executive's performance in respect of the financial year ended 31 March 2010, because the performance rating was finalized and payment was made during the financial year ended 31 March 2011. See below for additional information on the EBIP.*

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 *Please refer to Note 5 of the Notes to Financial Statements on the details and terms of the time-based restricted shares.*

4 *Mr Bey Soo Khiang resigned on 1 March 2011 and Mr Huang Cheng Eng retired on 8 June 2010. Pursuant to the rules of the SIA Share Plans, the PSP, RSP and time-based RSP granted to Mr Bey lapsed upon his resignation on 1 March 2011.*

5 *The above table reflects the remuneration of the employees who hold the rank of Executive Vice President and above, who are the top key executives of the Company.*

CORPORATE GOVERNANCE REPORT

For the period 1 April 2010 to 31 March 2011

Additional information on Economic Value Added (EVA)-based incentive plan (EBIP):

A portion of the annual performance-related bonus of senior management is tied to the EVA produced by the Group in the year. Under the plan, one-third of the accumulated EBIP bonus, comprising the EBIP bonus declared in the financial year and the balance of such bonus brought forward from preceding years, is paid out in cash each year. The remaining two-thirds are carried forward in the individual executive's EBIP account. Amounts in the EBIP account are at risk because negative EVA will result in a retraction of EBIP bonus earned in preceding years. This mechanism encourages Management to work for sustainable profitability and to adopt strategies that are aligned with the long-term interests of the Company.

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

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 2010/2011, in accordance with its responsibilities and duties under its Charter, included the following:

(a) Financial Reporting

The AC reviewed the quarterly and annual financial statements and financial announcements required by 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.

A comprehensive evaluation of the incumbent external auditor's competency and quality of the work, objectivity and independence, and exercise of professional skepticism was performed. 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 reviewed and was satisfied with the adequacy of the whistle-blowing programme instituted by the Company through which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. All whistle-blower reports are reviewed by the AC at its quarterly meetings to ensure independent investigation and adequate resolution.

(g) Others

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

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.

CORPORATE GOVERNANCE REPORT

For the period 1 April 2010 to 31 March 2011

Internal Controls and Internal Audit (Principles 12 and 13)

SIA Internal Audit is an independent department that reports directly to the Audit Committee. The department assists the Committee and the Board by performing regular evaluations on the 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. SIA Internal Audit is a corporate member of the Singapore chapter of the Institute of Internal Auditors ("IIA") and meets the Standards for the Professional Practice of Internal Auditing set by The IIA.

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

The Control Self Assessment (CSA) Programme established since financial year 2003/2004 provides a framework for Management to obtain assurance on the state of internal controls. The CSA Programme, which requires operating departments' management to review and report annually on the adequacy of their respective units' control environment to the AC, was enhanced during the year to promote greater objectivity and transparency. Internal Audit performed independent and random reviews during the year to validate the results of these self assessments.

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 2010/2011, provides reasonable, but not absolute, assurance against material financial misstatements or loss, and includes 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 pages 32 to 33.

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.

The Company was recognised as the "Most Transparent Company – Transport/Storage/Communication Category" by the Securities Investors Association of Singapore ("SIAS") in 2010 for the ninth time since the inception of the SIAS Investors' Choice Award in 2000. The Company was also the winner of the Golden Circle Award (an open category award for overall recognition of transparency excellence across all sectors) for the second consecutive year in 2010. In addition, the Company won two awards in the IR Magazine South East Asia Awards 2010: for Singapore and Pan Asia, the best investor relations by a chief executive officer.

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.

To enhance transparency in the voting process, the Company had, since 2009, implemented full poll voting for all the resolutions tabled at its shareholders' meetings.

Banking Transaction Procedures

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

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

For the period 1 April 2010 to 31 March 2011

	Board		Board Executive Committee	
Name of Directors	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Stephen Lee Ching Yen	4	4	5	5
Chew Choon Seng (Note 1)	3*	3	4*	4
Goh Choon Phong (Note 2)	2*	2	1*	1
William Fung Kwok Lun	4	4	-	-
Euleen Goh Yiu Kiang	4	4	5	5
David Michael Gonski	4	4	-	-
James Koh Cher Siang	4	4	5	5
Christina Ong	4	3	-	-
Helmut Gunter Wilhelm Panke	4	4	-	-
Lucien Wong Yuen Kuai	4	4	-	-

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

Notes:
(1) Retired from the Board on 1 January 2011
(2) Appointed to the Board on 1 October 2010

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
-	-	4	4	-	-	3	3
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4	4	-	-	-	-	-	-
4	4	-	-	-	-	-	-
4	4	4	4	-	-	-	-
-	-	4	4	4	4	-	-
-	-	-	-	4	4	3	3
-	-	4	4	4	4	-	-
4	4	-	-	-	-	3	3

FURTHER INFORMATION ON BOARD OF DIRECTORS

STEPHEN LEE CHING YEN, 64
Non-executive and non-independent Director

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

Date of first appointment as a director:	26 April 2004
Date of last re-election as a director:	31 July 2009
Board committee(s) served on:	
Board Executive Committee	Chairman
Board Compensation and Industrial Relations Committee	Chairman
Board Nominating Committee	Member

Current Directorships in Other Listed Companies

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

Other Major Appointments

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

Others

	Organisation/Company	*Title*
1.	Baosteel Group Corporation, China	Director
2.	Singapore Labour Foundation	Director
3.	Shanghai Commercial Bank Ltd, Hong Kong	Director
4.	COFCO Corporation, China	Director
5.	Chinese Development Assistance Council	Board Member
6.	National Wages Council	Member
7.	SLF Strategic Advisers Private Limited	Director, SLF Investment Committee

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	Fraser & Neave Ltd	Director

GOH CHOON PHONG, 47

Executive and non-independent Director

Academic and Professional Qualifications:	
Masters in Electrical Engineering and Computer Science	
Bachelor of Computer Science & Engineering	
Bachelor of Management Science	
Bachelor of Cognitive Science	
Massachusetts Institute of Technology	
Date of first appointment as a director:	1 October 2010
Date of last re-election as a director:	Not Applicable
Board committee(s) served on:	
Board Executive Committee	Member

Current Directorships in Other Listed Companies

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

Others

	Organisation/Company	*Title*
1.	Mount Alvernia Hospital	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	SilkAir (Singapore) Private Limited	Chairman
2.	Great Wall Airlines Company Limited	Director
3.	Singapore Airlines Cargo Pte Ltd	Director

FURTHER INFORMATION ON BOARD OF DIRECTORS

WILLIAM FUNG KWOK LUN, 62
Non-executive and independent Director

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

Date of first appointment as a director:	1 December 2009
Date of last re-election as a director:	27 July 2010
Board committee(s) served on:	
Board Audit Committee	Member

Current Directorships in Other Listed Companies

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

Other Major Appointments

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

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	HSBC Holdings plc	Director

EULEEN GOH YIU KIANG, 56

Non-executive and independent Director

Academic and Professional Qualifications:
Member of the following institutions –
- Institute of Chartered Accountants in England and Wales, United Kingdom
- Institute of Taxation, United Kingdom
- Institute of Certified Public Accountants of Singapore
- Institute of Bankers, United Kingdom

Date of first appointment as a director:	1 September 2006
Date of last re-election as a director:	31 July 2009
Board committee(s) served on:	
Board Audit Committee	Chairman
Board Executive Committee	Member

Current Directorships in Other Listed Companies

	Organisation/Company	*Title*
1.	Aviva plc	Director
2.	DBS Group Holdings Ltd	Director
3.	Singapore Exchange Limited	Director

Other Major Appointments

	Organisation/Company	*Title*
1.	Accounting Standards Council	Chairperson
2.	Singapore International Foundation	Chairperson, Board of Governors
3.	DBS Bank Ltd	Director

Others

	Organisation/Company	*Title*
1.	Northlight School	Chairperson, Board of Governors
2.	Singapore Chinese Girls' School	Director
3.	Management Advisory Board of NUS Business School	Member

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	Financial Industry Competency Standards Committee	Chairperson
2.	CapitaLand Financial Limited	Deputy Chairperson
3.	MediaCorp Pte Ltd	Director
4.	Standard Chartered Bank (Thai) pcl	Director
5.	Standard Chartered Bank Malaysia Berhad	Director
6.	The Institute of Banking and Finance	Council Member

FURTHER INFORMATION ON BOARD OF DIRECTORS

DAVID MICHAEL GONSKI, 57
Non-executive and independent Director

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

Date of first appointment as a director:	9 May 2006
Date of last re-election as a director:	27 July 2010
Board committee(s) served on:	
Board Audit Committee	Member
Board Compensation and Industrial Relations Committee	Member

Current Directorships in Other Listed Companies

	Organisation/Company	*Title*
1.	Australian Securities Exchange Ltd	Chairman
2.	Coca-Cola Amatil Limited	Chairman

Other Major Appointments

	Organisation/Company	*Title*
1.	Investec Bank (Australia) Limited	Chairman
2.	The University of New South Wales (UNSW)	Chancellor
3.	National E-Health Transition Authority	Chairman

Others

	Organisation/Company	*Title*
1.	Ingeus Limited	Chairman
2.	Sydney Theatre Company	Chairman
3.	UNSW Foundation Limited	Chairman
4.	Review Committee for the Funding of Schools in Australia	Chairman
5.	Swiss Re Life and Health Australia Ltd	Chairman

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	Sydney Grammar School	President/Chairman Board of Trustees
2.	Westfield Group – Westfield Holdings Limited	Director

JAMES KOH CHER SIANG, 65
Non-executive and independent Director

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

Date of first appointment as a director:	1 August 2005
Date of last re-election as a director:	27 July 2010
Board committee(s) served on:	
Board Safety and Risk Committee	Chairman
Board Executive Committee	Member
Board Compensation and Industrial Relations Committee	Member

Current Directorships in Other Listed Companies

	Organisation/Company	*Title*
1.	CapitaLand Limited	Director
2.	Pan Pacific Hotels Group Limited	Director
3.	UOL Group Limited	Director

Other Major Appointments

	Organisation/Company	*Title*
1.	Housing & Development Board	Chairman

Others

	Organisation/Company	*Title*
1.	CapitaMall Trust Management Limited	Chairman
2.	MechanoBiology Institute	Chairman
3.	Singapore Deposit Insurance Corporation Limited	Chairman
4.	Singapore Island Country Club	Chairman
5.	CapitaLand Hope Foundation	Director
6.	Singapore Cooperation Enterprise	Director
7.	Presidential Council for Religious Harmony	Member
8.	UniSim School of Business Advisory Panel	Member
9.	Lee Kuan Yew School of Public Policy	Adjunct Professor

FURTHER INFORMATION ON BOARD OF DIRECTORS

CHRISTINA ONG, 63

Non-executive and independent Director

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

Date of first appointment as a director:	1 September 2007
Date of last re-election as a director:	27 July 2010
Board committee(s) served on:	
Board Nominating Committee	Member
Board Safety and Risk Committee	Member

Major Appointments

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

Others

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

HELMUT GUNTER WILHELM PANKE, 64

Non-executive and independent Director

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

Date of first appointment as a director:	1 September 2009
Date of last re-election as a director:	27 July 2010
Board committee(s) served on:	
Board Compensation and Industrial Relations Committee	Member
Board Safety and Risk Committee	Member

Current Directorships in Other Listed Companies

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

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	Global Strategic Equities Fund (Dubai International Capital LLC)	Member, Advisory Board

FURTHER INFORMATION ON BOARD OF DIRECTORS

LUCIEN WONG YUEN KUAI, 57

Non-executive and independent Director

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

Date of first appointment as a director:	1 September 2007
Date of last re-election as a director:	29 July 2008
Board committee(s) served on:	
Board Nominating Committee	Chairman
Board Audit Committee	Member

Current Directorships in Other Listed Companies

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

Other Major Appointments

	Organisation/Company	*Title*
1.	Allen & Gledhill LLP	Managing Director
2.	Maritime and Port Authority of Singapore	Chairman

Others

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

Directorships/Appointments in the past 3 years

	Organisation/Company	*Title*
1.	Altitude Trust Management Pte Ltd	Director
2.	DLF Trust Management Pte Ltd	Director
3.	Mapletree Commercial Trust Management Ltd	Director
4.	SingHealth Foundation	Trustee

Going the Distance

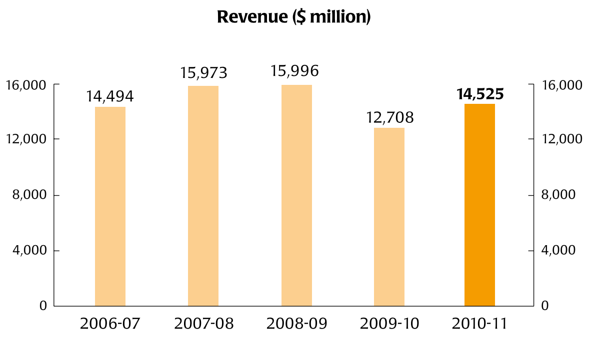
Singapore Airlines takes a long-term view in all its activities, from our acquisition of the latest aircraft to take advantage of technological advances, to our investments in our people, who help us reach ever greater heights. We will continue to seek opportunities for sustainable growth.

FINANCIAL CONTENTS

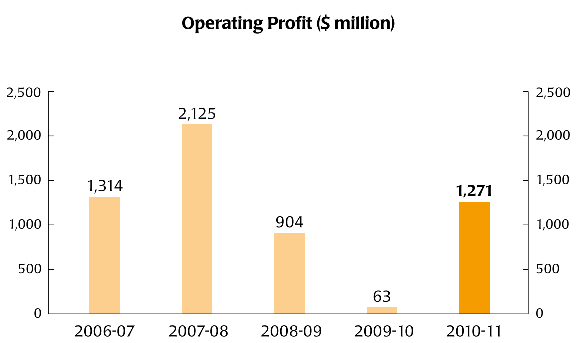
FINANCIAL REVIEW

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

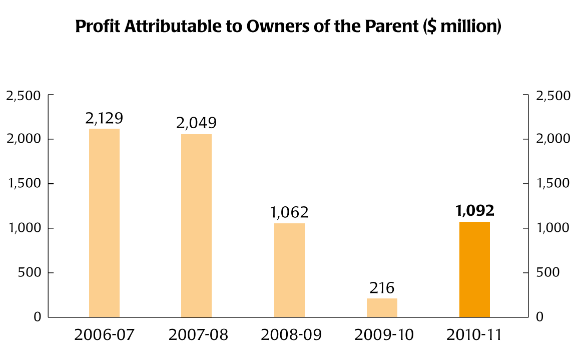
- **Total revenue $14,525 million (+$1,817 million)**



- **Operating profit $1,271 million (+$1,208 million)**



- **Profit attributable to owners of the Parent $1,092 million (+$876 million)**



FINANCIAL REVIEW

Performance of the Group

Key Financial Highlights

	2010-11	2009-10 [R1]	% Change
Earnings For The Year ($ million)			
Revenue	14,524.8	12,707.3	+ 14.3
Expenditure	13,253.5	12,644.1	+ 4.8
Operating profit	1,271.3	63.2	n.m.
Profit attributable to owners of the Parent	1,092.0	215.8	n.m.
Per Share Data (cents)			
Earnings per share – basic	91.4	18.2	n.m.
Ordinary dividend per share	60.0	12.0	n.m.
Special dividend per share	80.0	-	n.m.
Ratios (%)			
Return on equity holders' funds	7.9	1.6	+ 6.3 points
Return on total assets	4.9	1.2	+ 3.7 points

n.m. not meaningful

Group Earnings

As the aviation industry recovers from the impact of the financial crisis, the Group achieved a net profit attributable to owners of the Parent of $1,092 million for the 2010-11 financial year, an increase of $876 million from the $216 million profit last year. The result included an exceptional item of $202 million in respect of provision for fines imposed on Singapore Airlines Cargo ("SIA Cargo") [R2].

Group revenue grew $1,817 million (+14.3 per cent) to $14,525 million as both carriage and yields recovered from depressed levels last year. This revenue growth was achieved in a year punctuated by disruptions ranging from volcanic ash in Europe, snowstorms in Europe and USA, floods in Australia, and earthquakes in New Zealand and Japan. The Group's revenue by business segment is shown below:

	2010-11 $ million	2009-10 $ million
Airline operations	11,227.0	9,635.4
Cargo operations	2,775.9	2,288.2
Airport terminal and food operations	- [R1]	370.4
Engineering services	466.6	370.0
Others	55.3	43.3
Total revenue	14,524.8	12,707.3

[R1] *SATS Ltd Group ("SATS Group") was deconsolidated from the Group with effect from 1 September 2009, after completion of the dividend in specie distribution. For comparison purposes, a set of proforma financials for the previous financial year (which have excluded SATS Group from 1 April to 31 August 2009) is presented on page 66.*

[R2] *The $202 million provision comprised the plea offer as agreed with the United States Department of Justice Antitrust Division (USD48 million or SGD62.5 million), the fine imposed by the European Commission (EUR74.8 million or SGD135.7 million), and the fine imposed by the South Korean Fair Trade Commission (KRW3.1 billion or SGD3.6 million). SIA Cargo has paid the fines as required by law and filed appeals against the fines imposed by the European Commission and the South Korean Fair Trade Commission.*

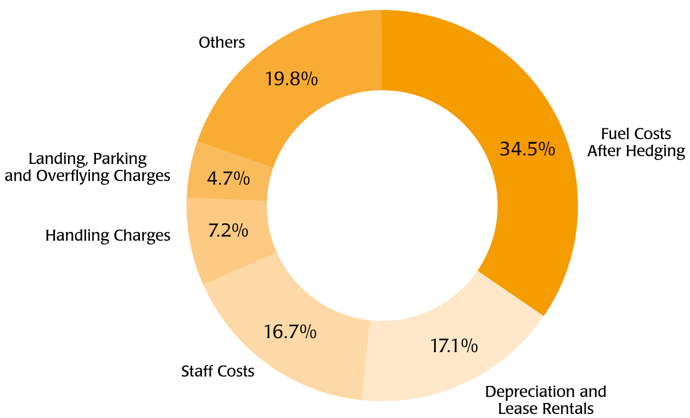
FINANCIAL REVIEW

Performance of the Group (continued)

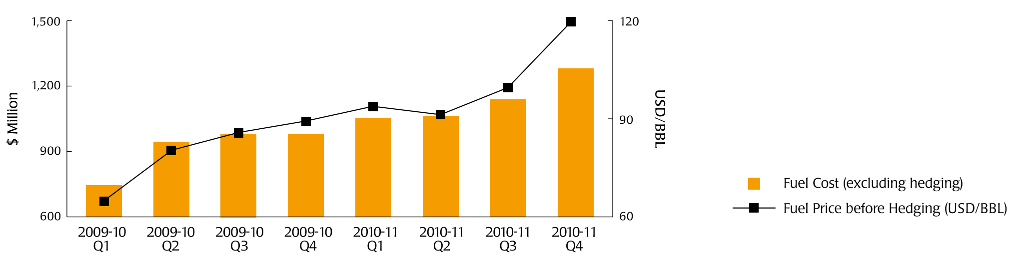
Group Earnings (continued)

On the cost side, Group expenditure rose $609 million (+4.8 per cent) to $13,254 million. Fuel costs excluding hedging – the biggest expense item of the Group – increased $877 million (+24.1 per cent), as average jet fuel prices surged 26.3 per cent this year. This was partially offset by a smaller loss from fuel hedging ($62 million versus $558 million).

Group Expenditure



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



Consequently, as revenue grew at a faster pace than expenditure, Group operating profit improved from $63 million last year to $1,271 million for the financial year ended 31 March 2011. All the major companies in the Group recorded improved operating results. Singapore Airlines ("the Company") earned an operating profit of $851 million in the financial year, representing a turnaround from the operating loss of $39 million the previous year. SilkAir, in particular, achieved a record operating profit of $121 million. Please refer to the review of the Company and subsidiary companies for further details.

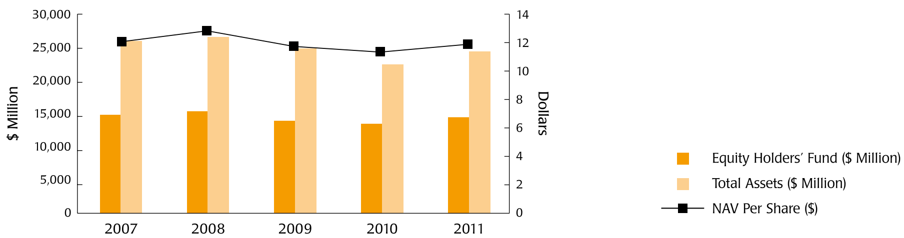
FINANCIAL REVIEW

Performance of the Group (continued)

Financial Position

Equity attributable to owners of the Parent increased by $735 million or 5.5 per cent to $14,204 million as at 31 March 2011 due mainly to profit for the year (+$1,092 million), partially offset by payment of interim dividend of 20 cents per share in respect of 2010-11 (-$239 million) and final dividend of 12 cents per share in respect of 2009-10 (-$143 million).

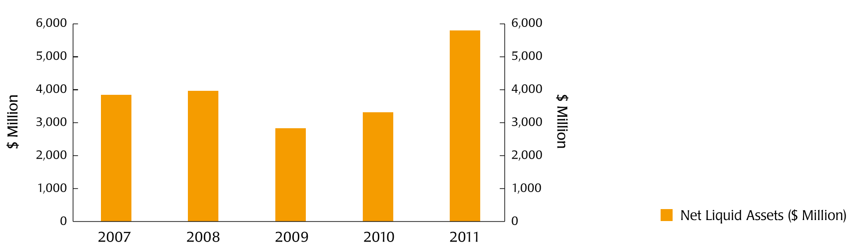
Group Equity Holders' Funds, Total Assets and Net Asset Value (NAV) per Share



Total Group assets increased by $2,060 million or 9.2 per cent to $24,544 million as at 31 March 2011 mainly attributable to increase in cash and bank balances by $2,962 million, arising from operational cash inflows and proceeds from bond issuance. Investments increased $257 million with purchase of Singapore Government Treasury Bills. This was partially offset by the decrease in property, plant and equipment of $1,186 million, mainly from depreciation charges for the financial year. Net asset value per share increased 5.2 per cent to $11.89.

The Group's net liquid assets [R3] increased $2,519 million to $5,793 million as at 31 March 2011, mainly a result of cash generated from operations. Total debt to equity ratio at 0.14 times increased 0.04 times.

Group Net Liquid Assets



[R3] *Net liquid assets is defined as the sum of cash and bank balances, investments, net of finance lease commitments, loans and bonds issued.*

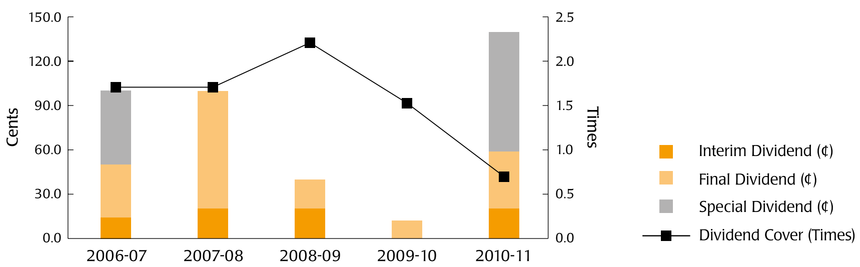
FINANCIAL REVIEW

Performance of the Group (continued)

Dividends

For the financial year ended 31 March 2011, the Board recommends a final dividend of 40 cents per share. After considering the financial performance and long-term capital adequacy of the Company, the Board is recommending a special dividend of 80 cents per share. Including the interim dividend of 20 cents per share paid on 8 December 2010, the total dividend for the 2010-11 financial year will be $1.40 per share. This amounts to a payout of approximately $1,673 million based on the number of issued shares as at 31 March 2011. The dividend cover is 0.7 times.

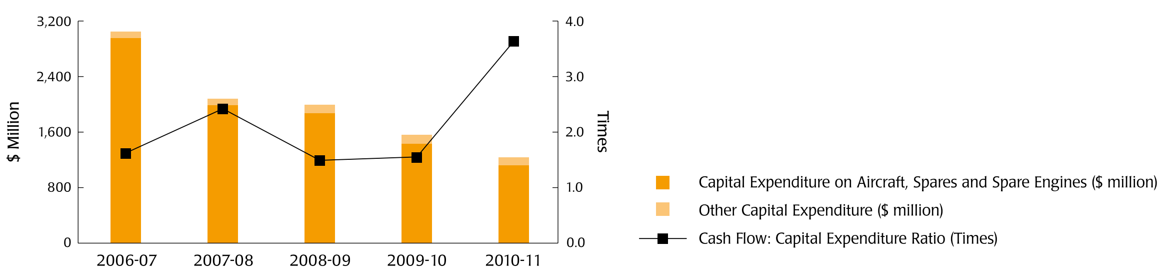
Dividend Payout



Capital Expenditure and Cash Flow of the Group

Capital expenditure was $1,224 million, 21.6 per cent lower than the year before. About 91 per cent of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of $4,434 million (+83.0 per cent) was 3.62 times capital expenditure. The increase in internally generated cash flow was primarily driven by the improved operating performance.

Group Capital Expenditure

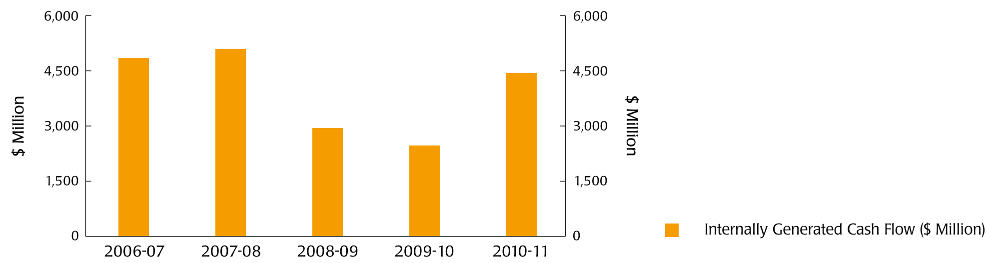


FINANCIAL REVIEW

Performance of the Group (continued)

Capital Expenditure and Cash Flow of the Group (continued)

Internally Generated Cash Flow



Group Staff Strength and Productivity

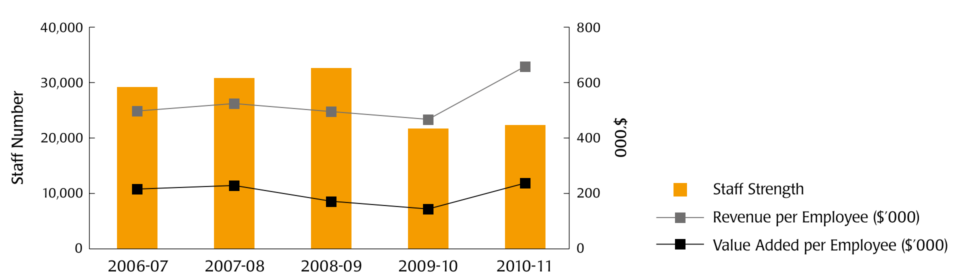
The Group's staff strength as at 31 March 2011 is as follows:

	2010-11	2009-10	% Change	
Singapore Airlines	13,793	13,382	+	3.1
SIA Engineering Group	6,132	6,171	-	0.6
SIA Cargo	954	937	+	1.8
SilkAir	1,116	944	+	18.2
Others	287	278	+	3.2
	22,282	21,712	+	2.6

Average staff productivity are as follows:

	2010-11	2009-10 [R4]	% Change	
Revenue per employee ($)	660,308	472,918	+	39.6
Value added per employee ($)	246,361	159,151	+	54.8

Group Average Staff Strength and Productivity



[R4] *Computed based on the Group's average staff strength, which includes SATS Group's contribution for 5 months in 2009-10.*

FINANCIAL REVIEW

Performance of the Group (continued)

Statement of Value Added and its Distribution

	2010-11 $ million	2009-10 $ million
Total revenue	14,524.8	12,707.3
Less: Purchase of goods and services	(9,323.4)	(8,722.1)
	5,201.4	3,985.2
Add:		
Interest income	37.3	49.5
Surplus on disposal of aircraft, spares and spare engines	103.3	25.4
Dividends from long-term investments	23.8	33.0
Other non-operating items	80.1	34.2
Share of profits of joint venture companies	74.6	56.1
Share of profits of associated companies	100.5	93.0
Exceptional items	(201.8)	-
Total value added for distribution	5,419.2	4,276.4
Applied as follows:		
To employees:		
- Salaries and other staff cost	2,218.4	2,159.4
To government:		
- Corporation taxes	270.2	6.0
To suppliers of capital:		
- Interim and proposed dividends	1,673.2	143.0
- Finance charges	70.1	68.9
- Non-controlling interests	56.8	63.7
Retained for future capital requirements:		
- Depreciation and amortisation	1,711.7	1,762.6
- Retained (loss)/profit	(581.2)	72.8
Total value added	5,419.2	4,276.4
Value added per $ revenue ($)	0.37	0.34
Value added per $ employment cost ($)	2.44	1.98
Value added per $ investment in property, plant and equipment ($)	0.22	0.17

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

FINANCIAL REVIEW

Performance of the Group (continued)

Proforma Consolidated Profit and Loss Account

	2010-11 $ million	Proforma[R5] 2009-10 $ million
REVENUE	14,524.8	12,336.9
EXPENDITURE		
Staff costs	2,218.4	1,969.1
Fuel costs	4,575.3	4,194.5
Depreciation	1,671.7	1,685.5
Impairment of property, plant and equipment	15.7	6.1
Amortisation of intangible assets	24.3	32.6
Aircraft maintenance and overhaul costs	402.8	342.4
Commission and incentives	402.8	316.5
Landing, parking and overflying charges	613.2	588.6
Handling charges	951.7	911.3
Rentals on leased aircraft	581.8	552.9
Material costs	223.9	220.4
Inflight meals	433.4	448.0
Advertising and sales costs	191.4	198.5
Insurance expenses	51.0	57.6
Company accommodation and utilities	112.8	105.7
Other passenger costs	145.4	130.4
Crew expenses	133.7	153.4
Other operating expenses	504.2	436.0
	13,253.5	12,349.5
OPERATING PROFIT/(LOSS)	1,271.3	(12.6)
Finance charges	(70.1)	(65.6)
Interest income	37.3	49.3
Surplus on disposal of aircraft, spares and spare engines	103.3	25.4
Dividends from long-term investments	23.8	33.0
Other non-operating items	80.1	33.4
Share of profits of joint venture companies	74.6	56.1
Share of profits of associated companies	100.5	76.3
PROFIT BEFORE EXCEPTIONAL ITEMS	1,620.8	195.3
EXCEPTIONAL ITEMS	(201.8)	-
PROFIT BEFORE TAXATION	1,419.0	195.3
TAXATION	(270.2)	12.2
PROFIT FOR THE FINANCIAL YEAR	1,148.8	207.5
PROFIT ATTRIBUTABLE TO:		
OWNERS OF THE PARENT	1,092.0	157.3
NON-CONTROLLING INTERESTS	56.8	50.2
	1,148.8	207.5

[R5] *SATS Group was deconsolidated from the Group with effect from 1 September 2009, after completion of the dividend in specie distribution. For comparison purposes, a proforma consolidated profit and loss account for 2009-10 was prepared to exclude the operations of SATS Group from 1 April to 31 August 2009.*

FINANCIAL REVIEW

Performance of the Company

Operating Performance

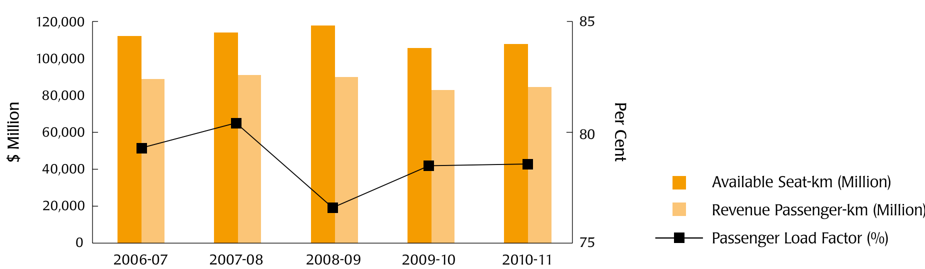
	2010-11	2009-10	% Change
Passengers carried (thousand)	16,647	16,480	+ 1.0
Available seat-km (million)	108,060.2	105,673.7	+ 2.3
Revenue passenger-km (million)	84,801.3	82,882.5	+ 2.3
Passenger load factor (%)	78.5	78.4	+ 0.1 point
Passenger yield (¢/pkm)	11.9	10.4	+ 14.4
Passenger unit cost (¢/ask)	8.9	8.6	+ 3.5
Passenger breakeven load factor (%)	74.8	82.7	- 7.9 points

In 2010-11, the number of passengers carried increased marginally by 1.0 per cent from the previous year. The demand for travel this year was dampened by various disruptions from the numerous natural disasters, starting with the Icelandic volcano eruption in April 2010 and ending with the Japan earthquake and tsunami in March 2011.

Passenger load factor was almost flat at 78.5 per cent as the 2.3 per cent capacity injection was fully matched by growth in passenger carriage.

Passenger yield improved 14.4 per cent with the general improvement in the global economy.

Available Seat Capacity, Passenger Traffic and Load Factor



FINANCIAL REVIEW

Performance of the Company (continued)

Operating Performance (continued)

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

	By Route Region[R6] (2010-11 against 2009-10)		
	Passengers Carried Change (thousand)	Revenue Passenger KM % Change	Available Seat KM % Change
East Asia	+ 139	+ 9.2	+ 4.4
Americas	+ 64	+ 7.3	+ 5.8
Europe	- 12	- 1.1	+ 1.4
South West Pacific	- 7	- 0.5	+ 1.8
West Asia and Africa	- 17	- 4.4	- 3.5
Systemwide	+ 167	+ 2.3	+ 2.3

Passenger load factor by route region is as follows:

	Passenger Load Factor (%)		
	2010-11	2009-10	% Change points
East Asia	78.8	75.4	+ 3.4
Americas	80.0	78.9	+ 1.1
Europe	78.5	80.6	- 2.1
South West Pacific	80.4	82.2	- 1.8
West Asia and Africa	72.6	73.3	- 0.7
Systemwide	78.5	78.4	+ 0.1

R6 *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 Brazil and USA. Europe consists of Denmark, England, France, Germany, Greece, Italy, Russia, Spain, Switzerland and The Netherlands. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, Egypt, India, Kuwait, Maldives, Saudi Arabia, South Africa, Sri Lanka, Turkey and United Arab Emirates.*

FINANCIAL REVIEW

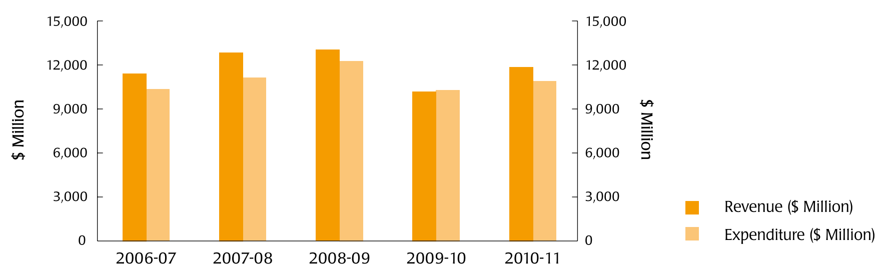
Performance of the Company (continued)

Earnings

	2010-11 $ million	2009-10 $ million	% Change
Revenue	11,739.1	10,145.0	+ 15.7
Expenditure	10,887.8	10,183.6	+ 6.9
Operating profit/(loss)	851.3	(38.6)	n.m.
Finance charges	(59.1)	(51.3)	+ 15.2
Interest income	38.6	49.7	- 22.3
Surplus on disposal of aircraft, spares and spare engines	98.9	25.3	n.m.
Dividends from subsidiary and associated companies	172.5	198.1	- 12.9
Dividends from long-term investments	10.2	15.7	- 35.0
Other non-operating items	81.6	34.4	+ 137.2
Profit before taxation	1,194.0	233.3	n.m.
Taxation	(182.8)	46.5	n.m.
Profit after taxation	1,011.2	279.8	n.m.

n.m. not meaningful

Company Revenue and Expenditure



FINANCIAL REVIEW

Performance of the Company (continued)

Revenue

The Company's revenue increased 15.7 per cent to $11,739 million as follows:

	2010-11 $ million	2009-10 $ million	Change $ million	Change %
Passenger revenue	8,683.4	7,318.1	+ 1,365.3	+ 18.7
Bellyhold revenue from SIA Cargo	1,127.2	999.5	+ 127.7	+ 12.8
Others	1,928.5	1,827.4	+ 101.1	+ 5.5
Total operating revenue	11,739.1	10,145.0	+ 1,594.1	+ 15.7

The Company's passenger revenue increased $1,365 million (+18.7 per cent) in 2010-11, as a result of:

	$ million	$ million
2.3% increase in passenger traffic:		
2.3% increase in seat capacity	+ 165.0	
0.1% point increase in passenger load factor	+ 4.1	+ 169.1
15.9% increase in passenger yield (excluding fuel surcharge):		
Higher local currency yields	+ 1,308.4	
Change in passenger mix	+ 124.6	
Foreign exchange	- 236.8	+ 1,196.2
Increase in passenger revenue		+ 1,365.3

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

	$ million
1.0% point change in passenger load factor, if yield and seat capacity remain constant	110.6
1.0% change in passenger yield, if passenger traffic remains constant	86.8

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

	By Route Region ($ million)			By Area of Original Sale[R7] ($ million)		
	2010-11	2009-10	% Change	2010-11	2009-10	% Change
East Asia	2,541.6	2,006.9	+ 26.6	4,417.7	3,512.0	+ 25.8
Americas	1,638.8	1,315.3	+ 24.6	744.8	606.8	+ 22.7
Europe	1,996.3	1,789.0	+ 11.6	1,504.7	1,488.9	+ 1.1
South West Pacific	1,553.7	1,342.8	+ 15.7	1,512.3	1,249.1	+ 21.1
West Asia and Africa	953.0	864.1	+ 10.3	503.9	461.3	+ 9.2
Systemwide	8,683.4	7,318.1	+ 18.7	8,683.4	7,318.1	+ 18.7

[R7] *Each area of original sale comprises countries within a region from which the sale is made.*

FINANCIAL REVIEW

Performance of the Company (continued)

Expenditure

The Company's expenditure increased 6.9 per cent to $10,888 million in 2010-11.

	2010-11 $ million	%	2009-10 $ million	%	% change
Fuel costs	3,805.1	35.0	3,536.7	34.7	+ 7.6
Depreciation [R8]	1,416.0	13.0	1,402.2	13.8	+ 1.0
Staff costs	1,549.5	14.2	1,374.2	13.5	+ 12.8
Handling charges	802.9	7.4	787.5	7.7	+ 2.0
Inflight meals and other passenger costs	560.3	5.2	542.3	5.3	+ 3.3
Airport and overflying charges	514.9	4.7	495.1	4.9	+ 4.0
Sales costs [R9]	556.3	5.1	485.3	4.8	+ 14.6
Rentals on leased aircraft	525.6	4.8	481.3	4.7	+ 9.2
Aircraft maintenance and overhaul costs	504.9	4.6	477.3	4.7	+ 5.8
Communication and information technology costs [R10]	86.5	0.8	95.5	0.9	- 9.4
Other costs [R11]	565.8	5.2	506.2	5.0	+ 11.8
Total	10,887.8	100.0	10,183.6	100.0	+ 6.9

A breakdown of fuel cost is shown below:

	2010-11 $ million	2009-10 $ million	Change $ million
Fuel cost (before hedging)	3,755.2	3,076.6	+ 678.6
Fuel hedging loss	49.9	460.1	- 410.2
	3,805.1	3,536.7	+ 268.4

Expenditure of fuel before hedging was $679 million higher because of:

	$ million
26.3% increase in weighted average fuel price from 79.5 USD/BBL to 100.4 USD/BBL	+ 840.8
3.6% increase in volume uplifted from 27.2 M BBL to 28.2 M BBL	+ 100.6
6.5% weakening of USD against SGD from US$1=S$1.425 to US$1=S$1.332	- 262.8
	+ 678.6

R8 *Depreciation included impairment of property, plant and equipment and amortisation of computer software.*

R9 *Sales costs included commission and incentives, frequent flyer programme cost, computer reservation system booking fees, advertising expenses and other sales costs.*

R10 *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.*

R11 *Other costs mainly comprised crew expenses, company accommodation cost, foreign exchange hedging and revaluation loss, comprehensive aviation insurance cost, airport lounge expenses, non-information technology contract and professional fees, expenses incurred to mount non-scheduled services, aircraft licence fees and recoveries.*

FINANCIAL REVIEW

Performance of the Company (continued)

Expenditure (continued)

Staff costs were $175 million higher (+12.8 percent) largely from higher provision for profit-sharing bonus as a result of better operating performance and the reinstatement of wage cut.

Sales cost increased $71 million (+14.6 per cent) mainly due to higher commission and incentives, in line with the higher revenue.

Rentals on leased aircraft increased $44 million (+9.2 per cent), primarily attributable to lease of additional eight A330-300 aircraft and one A380-800 aircraft, partially offset by the return of four B747-400 aircraft on expiry of lease and the weakening of USD against SGD.

Other costs were up $60 million (+11.8 per cent), mainly from higher foreign exchange revaluation and hedging loss.

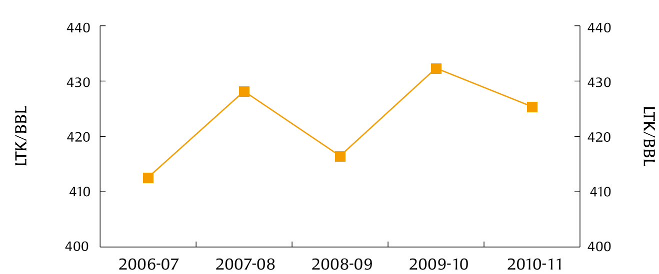
Fuel Productivity and Sensitivity Analysis

Fuel productivity as measured by load tonne-km per barrel (ltk/BBL) decreased 1.5 per cent over the previous year to 425ltk/BBL. This was mainly due to a decline in the overall load factor.

A change in fuel productivity (passenger aircraft) of 1.0 per cent would impact the Company's annual fuel cost by about $36 million, before accounting for changes in fuel price, USD exchange rate and flying operations.

A change in the price of fuel of one USD per barrel affects the Company's annual fuel cost by about $36 million, before accounting for USD exchange movements, and changes in volume of fuel consumed.

Fuel Productivity of Passsenger Fleet



Finance Charges

Finance charges were higher in 2010-11, mainly from interest expense incurred for the $500 million 10-year bond (issued in July 2010) bearing interest of 3.22 per cent per annum and $300 million 5-year bond (issued in September 2010) bearing interest of 2.15 per cent per annum.

Interest Income

Interest income was $11 million lower in 2010-11, largely because amortised interest on the A330-300 progress delivery payments decreased $14 million with the full delivery of the aircraft.

FINANCIAL REVIEW

Performance of the Company (continued)

Surplus on Disposal of Aircraft, Spares and Spare Engines

The surplus on disposal of aircraft, spares and spare engines comprised mainly the sale of four B777-200 aircraft and the sale and leaseback of one A380-800 aircraft. In contrast, the Company made a gain of $25 million on the sale of one B777-200 aircraft last year.

Taxation

There was a net tax expense of $183 million, comprising current tax charge of $319 million and deferred tax credit of $136 million.

As at 31 March 2011, the Company's deferred taxation account stood at $1,814 million.

Staff Strength and Productivity

The Company's staff strength as at 31 March 2011 was 13,793, an increase of 411 over last year. The distribution of employee strength by category and location is as follows:

	2010-11	2009-10	% Change	
Category				
Senior staff (administrative and higher ranking officers)	1,251	1,222	+	2.4
Technical crew	2,331	2,306	+	1.1
Cabin crew	7,304	6,787	+	7.6
Other ground staff	2,907	3,067	-	5.2
	13,793	13,382	+	3.1
Location				
Singapore	11,864	11,446	+	3.7
East Asia	778	780	-	0.3
Europe	398	398		-
South West Pacific	311	319	-	2.5
West Asia and Africa	269	270	-	0.4
Americas	173	169	+	2.4
	13,793	13,382	+	3.1

The Company's average staff productivity ratios[R12] are shown below:

	2010-11	2009-10	% Change	
Seat capacity per employee (seat-km)	7,952,620	7,583,874	+	4.9
Passenger load carried per employee (tonne-km)	588,714	563,318	+	4.5
Revenue per employee ($)	863,931	728,075	+	18.7
Value added per employee ($)	310,480	219,678	+	41.3

[R12] *The Company's staff productivity ratios were computed based on average staff strength of 13,588 in 2010-11 (2009-10: 13,934).*

FINANCIAL REVIEW

Performance of the Subsidiary Companies

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

SIA Engineering Group

	2010-11 $ million	2009-10 $ million	% Change
Total revenue	1,106.9	1,006.4	+ 10.0
Total expenditure	971.2	896.0	+ 8.4
Operating profit	135.7	110.4	+ 22.9
Profit attributable to owners of the Parent	258.5	236.1	+ 9.5

SIAEC's Group revenue grew 10.0 per cent to $1,107 million with all segments registering growth. Expenditure increased by a lower $75 million (+8.4 per cent) to $971 million, with efforts to improve productivity and manage costs.

SIAEC Group achieved an operating profit of $136 million for the financial year ended 31 March 2011, an increase of 22.9 per cent over the last financial year. Repair and overhaul and Line Maintenance operating segments contributed $10 million and $16 million respectively to this increase.

Share of profits of associated and joint venture companies increased $15 million or 11.3 per cent to $144 million, representing a contribution of 48.8 per cent to SIAEC Group's pre-tax profits.

Profit attributable to owners of the Parent of $258 million for 2010-11 was $22 million (+9.5 per cent) higher than the previous financial year.

As at 31 March 2011, equity attributable to owners of the Parent amounted to $1,303 million, an increase of $38 million (+3.0 per cent) from a year ago. Correspondingly, the net asset value per share rose $0.02 (+2.1 per cent) to $1.19 as at 31 March 2011.

Basic earnings per share was 23.8 cents for the financial year ended 31 March 2011, an increase of 1.9 cents or 8.6 per cent.

FINANCIAL REVIEW

Performance of the Subsidiary Companies (continued)

SIA Cargo

	2010-11 $ million	2009-10 $ million	% Change
Total revenue	2,783.3	2,296.4	+ 21.2
Total expenditure	2,631.9	2,441.5	+ 7.8
Operating profit/(loss)	151.4	(145.1)	n.m.
Exceptional items	(201.8)	-	n.m.
Loss after taxation	(116.5)	(148.8)	+ 21.7

n.m. not meaningful

SIA Cargo's revenue increased by $487 million (+21.2 per cent) largely due to increase in yields. Expenditure increased by $190 million (+7.8 per cent) due mainly to higher fuel cost with higher fuel prices and higher capacity operated.

In 2010-11, overall cargo traffic (in load tonne kilometers) increased by 7.7 per cent. Against capacity (in capacity tonne kilometers) increase of 6.6 per cent, cargo load factor improved by 0.6 percentage point to 64.0 per cent. Yield increased by 13.1 per cent while unit cost increased by 1.8 per cent, hence cargo breakeven load factor improved by 6.8 percentage points to 61.6 per cent.

The exceptional items of $202 million comprised fines paid by SIA Cargo as imposed by the European Commission, the South Korean Fair Trade Commission and as agreed with the United States Department of Justice Antitrust Division.

As at 31 March 2011, SIA Cargo's operating fleet stood at 11 B747-400 freighters. SIA Cargo's equity was $1,573 million (-6.5 per cent).

SilkAir

	2010-11 $ million	2009-10 $ million	% Change
Total revenue	670.3	538.5	+ 24.5
Total expenditure	548.9	489.3	+ 12.2
Operating profit	121.4	49.2	+ 146.7
Profit after taxation	103.8	41.0	+ 153.2

SilkAir's revenue increased by $132 million (+24.5 per cent) to $670 million, from improvements in both load (+16.7 per cent) and yield (+6.9 per cent). The increase in expenditure of $60 million (+12.2 per cent) was primarily due to higher fuel and payroll costs. As a result, operating profit increased by $72 million (+146.7 per cent) to $121 million.

FINANCIAL REVIEW

Performance of the Subsidiary Companies (continued)

SilkAir (continued)

Yield improved by 6.9 per cent to 147.4 cents/ltk. Unit cost decreased by 3.5 per cent to 84.4 cents/ctk despite the higher expenditure as capacity grew at a faster pace of 15.7 per cent. Consequently, the breakeven load factor improved 6.1 percentage points to 57.2 per cent.

Profit after taxation increased 153.2 per cent to $104 million.

SilkAir's route network spanned 34 cities in 11 Asian countries. During the year, SilkAir launched new services to Bangalore (India), Chennai (India) and Pekanbaru (Indonesia).

As at 31 March 2011, SilkAir's equity stood at $609 million (+21.6 per cent).

REPORT BY THE BOARD OF DIRECTORS

The directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2011.

1 Directors of the Company

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

Stephen Lee Ching Yen – Chairman
Goh Choon Phong – Chief Executive Officer (appointed as director on 1 October 2010)
William Fung Kwok Lun (Independent)
Euleen Goh Yiu Kiang (Independent)
David Michael Gonski (Independent)
James Koh Cher Siang (Independent)
Christina Ong (Independent)
Helmut Gunter Wilhelm Panke (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	1.4.2010/ Date of Appointment	31.3.2011	1.4.2010/ Date of Appointment	31.3.2011
Interest in Singapore Airlines Limited				
Ordinary shares				
Stephen Lee Ching Yen	9,400	9,400	-	-
Goh Choon Phong	52,569	52,569	-	-
William Fung Kwok Lun	-	-	200,000	200,000
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				
Goh Choon Phong	319,275	319,275	-	-
Conditional award of restricted shares (Note 1)				
Goh Choon Phong - Base Awards	31,560	31,560	-	-
- Final Awards (Pending Release)	11,188	11,188	-	-

REPORT BY THE BOARD OF DIRECTORS

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

Name of Director	Direct interest 1.4.2010/ Date of Appointment	Direct interest 31.3.2011	Deemed interest 1.4.2010/ Date of Appointment	Deemed interest 31.3.2011
Conditional award of performance shares (Note 2)				
Goh Choon Phong – Base Awards	34,712	34,712	-	-
Award of time-based restricted shares				
Goh Choon Phong – Base Awards	100,000	100,000	-	-
Interest in SIA Engineering Company Limited				
Ordinary shares				
Lucien Wong Yuen Kuai	-	-	112,000	142,000
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Stephen Lee Ching Yen	190	190	190	190
Goh Choon Phong	1,610	1,610	-	-
Euleen Goh Yiu Kiang	1,537	1,537	-	-
James Koh Cher Siang	10,679	10,679	990	990
Lucien Wong Yuen Kuai	1,680	1,680	1,540	1,540
Interest in SMRT Corporation Limited				
Ordinary shares				
James Koh Cher Siang	5,000	5,000	-	-
Lucien Wong Yuen Kuai	-	-	226,000	10,000
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	13,000	13,000	11,000	11,000
Lucien Wong Yuen Kuai	-	-	60,000	-
Interest in Mapletree Industrial Trust				
Units				
Lucien Wong Yuen Kuai	-	268,000	-	-
Interest in Mapletree Logistics Trust				
Units				
James Koh Cher Siang	177,250	191,500	-	-
Interest in SP AusNet				
Ordinary shares				
James Koh Cher Siang	5,000	5,000	-	-
Christina Ong	-	500,000	-	243,000
Interest in StarHub Ltd				
Ordinary shares				
Lucien Wong Yuen Kuai	-	-	20,000	-
Christina Ong	-	-	-	200,000

REPORT BY THE BOARD OF DIRECTORS

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

	Direct interest		Deemed interest	
Name of Director	1.4.2010/ Date of Appointment	31.3.2011	1.4.2010/ Date of Appointment	31.3.2011
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Goh Choon Phong	6,000	6,000	-	-
Lucien Wong Yuen Kuai	255,000	298,000	20,000	20,000
Options to subscribe for ordinary shares				
Lucien Wong Yuen Kuai	64,500	21,500	-	-

Notes:

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

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

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.

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2011.

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 Equity Compensation Plans of the Company

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

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

Stephen Lee Ching Yen – Chairman
David Michael Gonski
James Koh Cher Siang
Helmut Gunter Wilhelm Panke

REPORT BY THE BOARD OF DIRECTORS

5 Equity Compensation Plans of the Company (continued)

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

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

At the end of the financial year, options to take up 43,213,533 unissued shares in the Company were outstanding:

	Number of options to subscribe for unissued ordinary shares					
Date of grant	Balance at 1.4.2010	Cancelled	Exercised	Balance at 31.3.2011	Exercise price*	Exercisable Period
3.7.2000	3,659,525	(2,822,737)	(836,788)	-	$14.44	3.7.2001 - 2.7.2010
2.7.2001	1,864,063	(30,400)	(365,548)	1,468,115	$9.75	2.7.2002 - 1.7.2011
1.7.2002	2,923,889	(42,275)	(474,821)	2,406,793	$10.61	1.7.2003 - 30.6.2012
1.7.2003	1,986,948	(45,790)	(243,967)	1,697,191	$8.13	1.7.2004 - 30.6.2013
1.7.2004	3,410,571	(45,885)	(437,892)	2,926,794	$8.49	1.7.2005 - 30.6.2014
1.7.2005	6,363,163	(37,098)	(862,137)	5,463,928	$9.07	1.7.2006 - 30.6.2015
3.7.2006	8,594,136	(29,855)	(1,150,475)	7,413,806	$10.39	3.7.2007 - 2.7.2016
2.7.2007	11,444,550	(301,660)	(13,015)	11,129,875	$16.51	2.7.2008 - 1.7.2017
1.7.2008	12,164,475	(175,568)	(1,281,876)	10,707,031	$13.12	1.7.2009 - 30.6.2018
	52,411,320	(3,531,268)	(5,666,519)	43,213,533		

* 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 said Committee approved another $1.71 reduction in the exercise prices of the share options outstanding on 28 August 2009 following approval by the Company's shareholders of the dividend *in specie* of SATS shares on 31 July 2009. The exercise prices reflected here are the exercise prices after such adjustments.

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

Name of participant	Options granted during financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Options lapsed	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	-	444,075	124,800	-	319,275

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

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

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

REPORT BY THE BOARD OF DIRECTORS

5 Equity Compensation Plans of the Company (continued)

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

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

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

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

Half of the RSP Final Awards of fully paid ordinary shares will be released to the participants upon vesting. The balance will be released equally over the subsequent two years with fulfilment of service requirements. All the PSP Final Awards of fully paid ordinary shares will be released to the participants at the end of the three-year performance period.

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 options or awards granted under the ESOP, RSP and PSP.

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

1. RSP Base Awards

Name of participant	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2011	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	17,000	21,840	31,560	71,885

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

Name of participant	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2011	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Goh Choon Phong	15,730	13,812	11,188	26,647

REPORT BY THE BOARD OF DIRECTORS

5 Equity Compensation Plans of the Company (continued)

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

3. PSP Base Awards [R2]

Name of participant	Base Awards granted during the financial year	Base Awards vested during the financial year^	Balance as at 31 March 2011	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Goh Choon Phong	15,000	6,901	34,712	49,829	16,522

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

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

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

^ *10,360 PSP Final Awards of SIA ordinary shares were released to Mr Goh Choon Phong pursuant to the vesting of 6,901 PSP Base Awards during the financial year.*

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

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

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

Name of participant	Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2011	Aggregate Awards granted since commencement of time-based RSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of time-based RSP to end of financial year under review
Goh Choon Phong	100,000	-	100,000	100,000	-

REPORT BY THE BOARD OF DIRECTORS

6 Equity Compensation Plans of Subsidiary Company

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

At the end of the financial year, options to take up 46,921,350 unissued shares in SIAEC were outstanding. Details and terms of the options have been disclosed in the Directors' Report of SIAEC.

(ii) SIAEC RSP and SIAEC PSP

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

7 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.

8 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

GOH CHOON PHONG
Chief Executive Officer

Dated this 12th day of May 2011

STATEMENT BY THE DIRECTORS PURSUANT TO SECTION 201(15)

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

(i) the accompanying statements of financial position, consolidated profit and loss account, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

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

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 12th day of May 2011

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Singapore Airlines Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 87 to 189, which comprise the statements of financial position of the Group and the Company as at 31 March 2011, the statements of changes in equity of the Group and the Company and the consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011 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.

INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

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

ERNST & YOUNG LLP
Public Accountants and
Certified Public Accountants

Dated this 12th day of May 2011
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Financial Year Ended 31 March 2011 (in $ million)

		The Group	
	Notes	2010-11	2009-10
REVENUE		14,524.8	12,707.3
EXPENDITURE			
Staff costs	5	2,218.4	2,159.4
Fuel costs		4,575.3	4,194.5
Depreciation	21	1,671.7	1,713.8
Impairment of property, plant and equipment	21	15.7	6.1
Amortisation of intangible assets	22	24.3	42.7
Aircraft maintenance and overhaul costs		402.8	342.4
Commission and incentives		402.8	316.5
Landing, parking and overflying charges		613.2	588.6
Handling charges		951.7	784.9
Rentals on leased aircraft		581.8	552.9
Material costs		223.9	375.4
Inflight meals		433.4	347.7
Advertising and sales costs		191.4	210.3
Insurance expenses		51.0	57.6
Company accomodation and utilities		112.8	142.0
Other passenger costs		145.4	130.4
Crew expenses		133.7	153.4
Other operating expenses		504.2	525.5
		13,253.5	12,644.1
OPERATING PROFIT	6	1,271.3	63.2
Finance charges	7	(70.1)	(68.9)
Interest income	8	37.3	49.5
Surplus on disposal of aircraft, spares and spare engines		103.3	25.4
Dividends from long-term investments		23.8	33.0
Other non-operating items	9	80.1	34.2
Share of profits of joint venture companies	25	74.6	56.1
Share of profits of associated companies		100.5	93.0
PROFIT BEFORE EXCEPTIONAL ITEMS		1,620.8	285.5
EXCEPTIONAL ITEMS	10	(201.8)	-
PROFIT BEFORE TAXATION		1,419.0	285.5
TAXATION	11	(270.2)	(6.0)
PROFIT FOR THE FINANCIAL YEAR		1,148.8	279.5
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		1,092.0	215.8
NON-CONTROLLING INTERESTS		56.8	63.7
		1,148.8	279.5
BASIC EARNINGS PER SHARE (CENTS)	12	91.4	18.2
DILUTED EARNINGS PER SHARE (CENTS)	12	90.2	18.0

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2011 (in $ million)

	The Group	
	2010-11	2009-10
PROFIT FOR THE FINANCIAL YEAR	1,148.8	279.5
OTHER COMPREHENSIVE INCOME:		
Currency translation differences	(51.9)	(31.1)
Available-for-sale financial assets	(2.0)	10.0
Cash flow hedges	6.6	509.5
Loss on dilution of interest in an associated company due to share options exercised	(0.7)	-
Surplus on dilution of interest in subsidiary companies due to share options exercised	26.2	7.3
Surplus on dilution of interest in an associated company due to its public listing and share options exercised	-	80.5
Share of comprehensive income of associated and joint venture companies	18.7	(16.9)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX	(3.1)	559.3
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	1,145.7	838.8
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE PARENT	1,081.6	779.6
NON-CONTROLLING INTERESTS	64.1	59.2
	1,145.7	838.8

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

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2011 (in $ million)

	Notes	The Group 2011	The Group 2010	The Company 2011	The Company 2010
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	14	1,832.4	1,750.6	1,832.4	1,750.6
Treasury shares	15	(43.0)	(0.9)	(43.0)	(0.9)
Capital reserve	16 (a)	91.8	74.8	2.5	2.5
Foreign currency translation reserve	16 (b)	(186.1)	(137.0)	-	-
Share-based compensation reserve	16 (c)	172.6	185.3	138.5	147.9
Fair value reserve	16 (d)	(138.0)	(140.9)	(94.2)	(85.3)
General reserve		12,474.7	11,737.0	12,298.9	11,668.5
		14,204.4	13,468.9	14,135.1	13,483.3
NON-CONTROLLING INTERESTS		298.4	280.4	-	-
TOTAL EQUITY		14,502.8	13,749.3	14,135.1	13,483.3
DEFERRED ACCOUNT	17	347.1	480.7	330.7	443.9
DEFERRED TAXATION	18	2,181.1	2,296.6	1,814.1	1,945.6
LONG-TERM LIABILITIES	19	1,079.2	1,274.4	803.4	900.0
PROVISIONS	20	202.0	163.7	162.0	133.1
		18,312.2	17,964.7	17,245.3	16,905.9
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	21				
Aircraft, spares and spare engines		11,577.3	13,007.4	9,479.1	10,739.5
Land and buildings		274.6	253.6	92.5	105.8
Others		2,025.7	1,802.9	1,805.8	1,520.1
		13,877.6	15,063.9	11,377.4	12,365.4
INTANGIBLE ASSETS	22	125.2	80.8	90.8	55.0
SUBSIDIARY COMPANIES	23	-	-	1,755.8	1,805.8
ASSOCIATED COMPANIES	24	504.8	532.6	1,715.7	1,715.7
JOINT VENTURE COMPANIES	25	102.8	108.6	-	-
LONG-TERM INVESTMENTS	26	35.3	35.3	18.8	18.8
OTHER RECEIVABLES	27	119.6	114.4	119.6	114.4
CURRENT ASSETS					
Inventories	28	389.5	429.5	253.9	309.8
Trade debtors	29	1,402.1	1,347.8	976.7	958.0
Deposits and other debtors	30	52.0	66.3	33.5	41.9
Prepayments		103.6	92.6	89.5	82.0
Amounts owing by subsidiary companies	23	-	-	194.0	141.0
Investments	31	397.8	140.6	339.9	80.0
Cash and bank balances	32	7,434.2	4,471.9	7,217.8	4,260.7
		9,779.2	6,548.7	9,105.3	5,873.4
Less: **CURRENT LIABILITIES**					
Sales in advance of carriage		1,459.8	1,338.0	1,421.1	1,301.9
Deferred revenue		445.1	460.1	445.1	460.1
Current tax payable		440.2	120.8	370.3	96.5
Trade and other creditors	33	2,861.6	2,498.7	2,210.3	1,876.6
Amounts owing to subsidiary companies	23	-	-	1,529.0	1,298.0
Amounts owing to associated companies	24	-	2.0	-	-
Finance lease commitments	19	61.4	64.5	-	-
Loans	19	1.7	-	-	-
Notes payable	19	900.0	-	900.0	-
Provisions	20	62.5	35.5	62.3	9.5
		6,232.3	4,519.6	6,938.1	5,042.6
NET CURRENT ASSETS		3,546.9	2,029.1	2,167.2	830.8
		18,312.2	17,964.7	17,245.3	16,905.9

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2011 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2010		1,750.6	(0.9)	74.8
Total comprehensive income for the financial year, net of tax		-	-	17.0
Share-based compensation expense	5	-	-	-
Share options exercised and share awards vested	14	81.8	-	-
Share options and share awards lapsed		-	-	-
Purchase of treasury shares	15	-	(44.5)	-
Treasury shares reissued pursuant to equity compensation plans	15	-	2.4	-
Dividends	13	-	-	-
Balance at 31 March 2011		1,832.4	(43.0)	91.8

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

Attributable to Owners of the Parent						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
(137.0)	185.3	(140.9)	11,737.0	13,468.9	280.4	13,749.3
(49.1)	(7.4)	2.9	1,118.2	1,081.6	64.1	1,145.7
-	17.9	-	-	17.9	-	17.9
-	(20.8)	-	-	61.0	-	61.0
-	(2.2)	-	2.2	-	-	-
-	-	-	-	(44.5)	-	(44.5)
-	(0.2)	-	-	2.2	-	2.2
-	-	-	(382.7)	(382.7)	(46.1)	(428.8)
(186.1)	172.6	(138.0)	12,474.7	14,204.4	298.4	14,502.8

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2011 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2009		1,684.8	(44.4)	86.3
Total comprehensive income for the financial year, net of tax		-	-	(17.7)
Issuance of share capital by a subsidiary company		-	-	-
Share-based compensation expense	5	-	-	-
Share options exercised	14	65.8	-	-
Share options and share awards lapsed		-	-	-
Treasury shares reissued pursuant to equity compensation plans	15	-	43.5	6.2
Dividend *in specie*	13	-	-	-
Disposal of a subsidiary company		-	-	-
Dividends	13	-	-	-
Balance at 31 March 2010		1,750.6	(0.9)	74.8

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

Attributable to Owners of the Parent						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
(137.9)	187.3	(660.8)	12,815.3	13,930.6	559.8	14,490.4
(22.7)	(3.2)	519.9	303.3	779.6	59.2	838.8
-	-	-	-	-	1.0	1.0
-	43.5	-	-	43.5	-	43.5
-	(3.4)	-	-	62.4	-	62.4
-	(3.0)	-	3.0	-	-	-
-	(13.7)	-	-	36.0	-	36.0
23.6	(22.2)	-	(1,147.7)	(1,146.3)	-	(1,146.3)
-	-	-	-	-	(290.2)	(290.2)
-	-	-	(236.9)	(236.9)	(49.4)	(286.3)
(137.0)	185.3	(140.9)	11,737.0	13,468.9	280.4	13,749.3

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2011 (in $ million)

The Company

	Notes
2011	
Balance at 1 April 2010	
Total comprehensive income for the financial year, net of tax	
Share-based compensation expense	
Share options exercised and share awards vested	14
Share options and share awards lapsed	
Purchase of treasury shares	15
Treasury shares reissued pursuant to equity compensation plans	15
Dividends	13
Balance at 31 March 2011	
2010	
Balance at 1 April 2009	
Total comprehensive income for the financial year, net of tax	
Share-based compensation expense	
Share options exercised	14
Share options and share awards lapsed	
Treasury shares reissued pursuant to equity compensation plans	15
Dividend *in specie*	13
Dividends	13
Balance at 31 March 2010	

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

Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
1,750.6	(0.9)	2.5	147.9	(85.3)	11,668.5	13,483.3
-	-	-	-	(8.9)	1,011.2	1,002.3
-	-	-	13.5	-	-	13.5
81.8	-	-	(20.8)	-	-	61.0
-	-	-	(1.9)	-	1.9	-
-	(44.5)	-	-	-	-	(44.5)
-	2.4	-	(0.2)	-	-	2.2
-	-	-	-	-	(382.7)	(382.7)
1,832.4	(43.0)	2.5	138.5	(94.2)	12,298.9	14,135.1
1,684.8	(44.4)	(3.7)	135.0	(496.0)	11,623.3	12,899.0
-	-	-	-	410.7	1,426.1	1,836.8
-	-	-	32.3	-	-	32.3
65.8	-	-	(3.4)	-	-	62.4
-	-	-	(2.3)	-	2.3	-
-	43.5	6.2	(13.7)	-	-	36.0
-	-	-	-	-	(1,146.3)	(1,146.3)
-	-	-	-	-	(236.9)	(236.9)
1,750.6	(0.9)	2.5	147.9	(85.3)	11,668.5	13,483.3

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2011 (in $ million)

		The Group	
	Notes	2010-11	2009-10
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,419.0	285.5
Adjustments for:			
Depreciation	21	1,671.7	1,713.8
Impairment of property, plant and equipment	21	15.7	6.1
Amortisation of intangible assets	22	24.3	42.7
Writeback of impairment of trade debtors	6	(1.5)	-
Income from short-term investments	6	(1.7)	(1.6)
Share-based compensation expense	5	17.9	43.5
Exchange differences		11.5	(2.0)
Amortisation of deferred gain on sale and operating leaseback transactions	6	(29.0)	(64.7)
Finance charges	7	70.1	68.9
Interest income	8	(37.3)	(49.5)
Surplus on disposal of aircraft, spares and spare engines		(103.3)	(25.4)
Dividends from long-term investments		(23.8)	(33.0)
Other non-operating items	9	(80.1)	(34.2)
Share of profits of joint venture companies	25	(74.6)	(56.1)
Share of profits of associated companies		(100.5)	(93.0)
Exceptional items	10	201.8	-
Operating profit before working capital changes		2,980.2	1,801.0
Increase/(Decrease) in trade and other creditors		395.3	(40.9)
Increase in sales in advance of carriage		121.8	194.4
Decrease/(Increase) in trade debtors		23.9	(6.6)
Decrease in deposits and other debtors		14.3	157.8
(Increase)/Decrease in prepayments		(11.0)	0.6
Decrease in inventories		40.0	24.2
Decrease in deferred revenue		(15.0)	(40.7)
Increase in amounts owing by associated companies		(2.0)	-
Increase in amounts owing to associated companies		-	1.4
Cash generated from operations		3,547.5	2,091.2
Payment of cargo fines	10	(201.8)	-
Income taxes paid		(60.5)	(125.0)
NET CASH PROVIDED BY OPERATING ACTIVITIES		3,285.2	1,966.2

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2011 (in $ million)

	Notes	The Group 2010-11	The Group 2009-10
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	34	(1,223.8)	(1,560.3)
Purchase of intangible assets		(19.6)	(33.8)
Proceeds from disposal of aircraft and other property, plant and equipment		721.4	168.5
(Purchase)/Disposal of short-term investments		(259.6)	533.4
Proceeds on disposal of an associated company		2.1	-
Investments in associated companies		(1.1)	(1.0)
Disposal of a subsidiary company		-	(301.9)
Repayment of loans by associated companies		-	4.5
Dividends received from associated and joint venture companies		165.3	163.6
Dividends received from investments		24.7	33.7
Interests received from investments and deposits		24.0	30.7
NET CASH USED IN INVESTING ACTIVITIES		(566.6)	(962.6)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	13	(382.7)	(236.9)
Dividends paid by subsidiary companies to non-controlling interests		(46.1)	(49.4)
Interest paid		(69.3)	(66.2)
Proceeds from issuance of bonds		800.0	-
Proceeds from borrowings		1.7	2.1
Repayment of borrowings		-	(25.0)
Repayment of long-term lease liabilities		(64.3)	(66.9)
Proceeds from issuance of share capital by subsidiary companies to non-controlling interests		-	1.0
Proceeds from exercise of share options		89.4	105.7
Purchase of treasury shares	15	(44.5)	-
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		284.2	(335.6)
NET CASH INFLOW		3,002.8	668.0
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		4,471.9	3,838.7
Effect of exchange rate changes		(40.5)	(34.8)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		7,434.2	4,471.9
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Fixed deposits	32	7,128.9	4,069.8
Cash and bank	32	305.3	402.1
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		7,434.2	4,471.9

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

1 General

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

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

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

The financial statements for the financial year ended 31 March 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 12 May 2011.

2 Summary of Significant 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 statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

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

(b) New and revised standards

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

On 1 April 2010, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 April 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as disclosed below:

FRS 103 Business Combinations (revised) and FRS 27 Consolidated and Separate Financial Statements (revised)

The revised FRS 103 Business Combinations and FRS 27 Consolidated and Separate Financial Statements are applicable for annual periods beginning on or after 1 July 2009. As of 1 April 2010, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(b) New and revised standards (continued)

FRS 103 Business Combinations (revised)

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interests at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 April 2010 are not adjusted.

FRS 27 Consolidated and Separate Financial Statements (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary company that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary company are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary company's equity; and
- When control over a subsidiary company is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiary companies before 1 April 2010. The changes will affect future transactions with non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(b) New and revised standards (continued)

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

Description	Effective for annual periods beginning on or after
Improvements to FRSs issued in 2010	1 January 2011 (unless otherwise stated)
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011
Amendments to FRS 107 Financial Instruments: Disclosures – Transfer of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax – Recovery of Underlying Assets	1 January 2012

Except for the revised FRS 24, the management expects that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

(c) Basis of consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(c) Basis of consolidation (continued)

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

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2(e)(i). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Transactions with non-controlling interests

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(d) Subsidiary, associated and joint venture companies

In the Company's separate financial statements, investment in subsidiary and associated companies are accounted for at cost less 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 24 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 statement of financial position 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 and is neither amortised nor tested individually for impairment. 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.

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

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

The Group'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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(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 ("CGU"), or groups of CGUs, 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 CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) 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 CGU (or group of CGUs) 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 CGU retained.

(ii) Computer software

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

(iii) Licences

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

(iv) Deferred engine development cost

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(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.

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

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

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 other comprehensive income relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment (continued)

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

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

(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 prospectively, if appropriate.

Freehold land, advance and progress payments are not depreciated.

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

(i) Aircraft, spares and spare engines

The Group depreciates its new passenger aircraft, spares and spare engines over 15 years to 10% residual values. 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 landing gear overhauls, heavy maintenance visits and engine overhauls (including inspection costs provided under power-by-hour maintenance agreements) are capitalised and depreciated over the average expected life between major overhauls, estimated to be 4 to 10 years.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(h) Depreciation of property, plant and equipment (continued)

(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 7 years to nil residual values.

(i) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(i) Finance lease – as lessee

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

For sale and finance leaseback, differences between sales proceeds and net book values are taken to the statement of financial position as deferred gain 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).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(i) Leases (continued)

(ii) Operating lease – as lessee

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

Gains or losses arising from sale and operating leaseback of aircraft are determined based on fair values. Differences between sales proceeds and fair values are taken to the statement of financial position 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.

(j) Inventories

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(k) Financial assets

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

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

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

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. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS39. 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 end of the reporting period.

(ii) Loans and receivables

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

(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 other comprehensive income 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(l) Long-term investments

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

(m) Trade debtors and other receivables

Trade debtors, including amounts owing by subsidiary and associated 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(k).

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

(n) Investments

Short-term investments held by the Group are classified as available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 37(b). 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(k).

(o) Cash and cash equivalents

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

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

(p) Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or CGU'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 using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

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

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.

(q) Impairment of financial assets

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

(i) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(q) Impairment of financial assets (continued)

(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 other comprehensive income to the profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss account; increase in the fair value after impairment are recognised directly in other comprehensive income.

(r) Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

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

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, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

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

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(t) 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.

(u) Provisions

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

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

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

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

(v) Maintenance reserve

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(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 statement of financial position. 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 end of the reporting period, in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

(ii) Deferred tax

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(z) Taxation (continued)

(ii) Deferred tax (continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply 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 end of the reporting period.

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

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

(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.

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(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.

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

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

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

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

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

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

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

(ii) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(ac) Employee benefits (continued)

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

(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.

(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 statement of financial position as deferred credit, included under deferred account, as a reduction to the cost of the assets when the assets are capitalised and also for future reduction of operating lease expenses.

(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, gasoil swap contracts and regrade 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2 Summary of Significant Accounting Policies (continued)

(ah) Derivative financial instruments and hedging (continued)

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

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

Derivatives are classified as fair value through profit 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 16(d)], while the ineffective portion is recognised in the profit and loss account.

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

(ai) Segment reporting

(i) Business segment

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

(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 engineering services and cargo operations, is derived in East Asia and therefore, is not shown.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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 end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

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

(b) 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 2011 was $11,111.9 million (2010: $12,474.9 million) and $9,137.5 million (2010: $10,347.5 million) respectively.

During the year, the Group reduced the estimated useful lives and residual values for certain aircraft pursuant to the sale of these aircraft. Consequently, an additional depreciation expense of $80.0 million was charged to the profit and loss account during the year.

(c) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the statement of financial position and recognised as revenue at the end of two years. This is estimated based on historical trends and experiences of the Group whereby ticket uplift occurs mainly within the first two years. The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2011 was $1,459.8 million (2010: $1,338.0 million) and $1,421.1 million (2010: $1,301.9 million) respectively.

(d) 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 2011 was $445.1 million (2010: $460.1 million).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

3 Significant Accounting Estimates (continued)

(e) 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 2011 was $538.1 million (2010: $325.8 million) and $497.5 million (2010: $278.0 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to $40.2 million (2010: $37.8 milion) for the Group and $38.1 million (2010: $35.8 milion) for the Company.

4 Segment Information (in $ million)

For management purposes, the Group is organised into business units based on the nature of the services provided, and has 4 reportable operating segments as follows:

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

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

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

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

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

Following the completion of the dividend *in specie* distribution of SATS shares on 1 September 2009, the Group's principal activities in airport terminal and food operations ceased accordingly.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

4 Segment Information (in $ million) (continued)

Business segments

The Group's business are organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial years ended 31 March 2011 and 2010 and certain assets and liabilities information of the business segments as at those dates.

	Airline operations 2010-11
TOTAL REVENUE	
External revenue	11,227.0
Inter-segment revenue	1,178.5
	12,405.5
RESULTS	
Segment result	972.8
Finance charges	(58.8)
Interest income	36.8
Surplus on disposal of aircraft, spares and spare engines	103.1
Dividends from subsidiary companies	173.0
Dividends from long-term investments	11.3
Other non-operating items	81.5
Share of profits of joint venture companies	-
Share of profits of associated companies	22.3
Exceptional items	-
Taxation	(210.0)
Profit/(Loss) for the financial year	1,132.0
Attributable to:	
Owners of the Parent	
Non-controlling interests	

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

Engineering services 2010-11	Cargo operations 2010-11	Others 2010-11	Total of segments 2010-11	Elimination* 2010-11	Consolidated 2010-11
466.6	2,775.9	55.3	14,524.8	-	14,524.8
640.3	7.4	82.8	1,909.0	(1,909.0)	-
1,106.9	2,783.3	138.1	16,433.8	(1,909.0)	14,524.8
135.7	151.4	11.0	1,270.9	0.4	1,271.3
-	(15.2)	-	(74.0)	3.9	(70.1)
1.4	2.5	0.5	41.2	(3.9)	37.3
-	0.1	-	103.2	0.1	103.3
-	1.0	0.2	174.2	(174.2)	-
12.5	-	-	23.8	-	23.8
2.1	(31.7)	(0.7)	51.2	28.9	80.1
74.6	-	-	74.6	-	74.6
69.8	8.4	-	100.5	-	100.5
-	(201.8)	-	(201.8)	-	(201.8)
(34.9)	(22.8)	(2.5)	(270.2)	-	(270.2)
261.2	(108.1)	8.5	1,293.6	(144.8)	1,148.8
					1,092.0
					56.8
					1,148.8

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations 2009-10	Airport terminal and food operations 2009-10
TOTAL REVENUE		
External revenue	9,635.4	370.4
Inter-segment revenue	1,044.6	226.5
	10,680.0	596.9
RESULTS		
Segment result	10.6	70.5
Finance charges	(51.2)	(3.3)
Interest income	48.8	0.4
Surplus on disposal of aircraft, spares and spare engines	25.3	-
Dividends from subsidiary and associated companies	199.2	-
Dividends from long-term investments	17.5	-
Other non-operating items	34.4	0.8
Share of profits of joint venture companies	-	-
Share of profits of associated companies	5.7	16.7
Taxation	31.4	(18.2)
Profit/(Loss) for the financial year	321.7	66.9
Attributable to:		
Owners of the Parent		
Non-controlling interests		

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

	Engineering services 2009-10	Cargo operations 2009-10	Others 2009-10	Total of segments 2009-10	Elimination* 2009-10	Consolidated 2009-10
	370.0	2,288.2	43.3	12,707.3	-	12,707.3
	636.4	8.2	109.9	2,025.6	(2,025.6)	-
	1,006.4	2,296.4	153.2	14,732.9	(2,025.6)	12,707.3
	110.4	(145.1)	18.1	64.5	(1.3)	63.2
	-	(18.3)	-	(72.8)	3.9	(68.9)
	1.0	2.7	0.5	53.4	(3.9)	49.5
	-	0.2	-	25.5	(0.1)	25.4
	-	1.5	-	200.7	(200.7)	-
	15.5	-	-	33.0	-	33.0
	6.0	-	0.2	41.4	(7.2)	34.2
	56.1	-	-	56.1	-	56.1
	73.6	(3.0)	-	93.0	-	93.0
	(24.5)	10.2	(2.9)	(4.0)	(2.0)	(6.0)
	238.1	(151.8)	15.9	490.8	(211.3)	279.5
						215.8
						63.7
						279.5

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations 2011
OTHER INFORMATION AS AT 31 MARCH	
Segment assets	21,558.6
Investments in and loans to associated and joint venture companies	184.9
Long-term investments	20.7
Accrued interest receivable	7.1
Total assets	21,771.3
Segment liabilities	4,549.7
Long-term liabilities	803.4
Provisions	240.9
Finance lease commitments	-
Loans	-
Notes payable	900.0
Accrued interest payable	14.5
Tax liabilities	2,269.3
Total liabilities	8,777.8
Capital expenditure	1,097.7
Purchase of intangible assets	6.0
Depreciation	1,441.3
Impairment of property, plant and equipment	15.7
Amortisation of intangible assets	21.1
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	25.8

* *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 2011	Cargo operations 2011	Others 2011	Total of segments 2011	Elimination* 2011	Consolidated 2011
1,208.1	2,513.2	207.7	25,487.6	(1,593.3)	23,894.3
398.8	23.9	-	607.6	-	607.6
14.6	-	-	35.3	-	35.3
-	-	0.2	7.3	-	7.3
1,621.5	2,537.1	207.9	26,137.8	(1,593.3)	24,544.5
235.5	305.7	47.5	5,138.4	(41.1)	5,097.3
-	275.8	-	1,079.2	-	1,079.2
0.2	23.4	-	264.5	-	264.5
-	61.4	-	61.4	-	61.4
1.7	-	-	1.7	-	1.7
-	-	-	900.0	-	900.0
-	1.8	-	16.3	-	16.3
56.2	290.9	4.7	2,621.1	0.2	2,621.3
293.6	959.0	52.2	10,082.6	(40.9)	10,041.7
44.6	66.4	15.1	1,223.8	-	1,223.8
12.4	1.0	0.2	19.6	-	19.6
37.7	189.0	6.1	1,674.1	(2.4)	1,671.7
-	-	-	15.7	-	15.7
1.6	0.9	0.7	24.3	-	24.3
6.2	(26.7)	0.4	5.7	-	5.7

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations 2010	Airport terminal and food operations 2010
OTHER INFORMATION AS AT 31 MARCH		
Segment assets	19,409.7	-
Investments in and loans to associated and joint venture companies	153.0	-
Long-term investments	20.7	-
Accrued interest receivable	2.6	-
Total assets	19,586.0	-
Segment liabilities	4,193.2	-
Long-term liabilities	900.0	-
Provisions	171.2	-
Finance lease commitments	-	-
Amounts owing to associated companies	-	-
Accrued interest payable	10.9	-
Tax liabilities	2,105.7	-
Total liabilities	7,381.0	-
Capital expenditure	1,450.4	14.9
Purchase of intangible assets	16.7	-
Depreciation	1,423.7	28.3
Impairment of property, plant and equipment	6.1	-
Amortisation of intangible assets	26.8	10.0
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	(35.2)	(1.2)

* *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 2010	Cargo operations 2010	Others 2010	Total of segments 2010	Elimination* 2010	Consolidated 2010
1,075.6	2,637.8	211.4	23,334.5	(1,529.5)	21,805.0
470.8	16.8	0.6	641.2	-	641.2
14.6	-	-	35.3	-	35.3
-	-	0.2	2.8	-	2.8
1,561.0	2,654.6	212.2	24,013.8	(1,529.5)	22,484.3
217.2	280.5	46.4	4,737.3	27.1	4,764.4
-	374.4	-	1,274.4	-	1,274.4
-	28.0	-	199.2	-	199.2
-	64.5	-	64.5	-	64.5
-	2.0	-	2.0	-	2.0
-	2.2	-	13.1	-	13.1
52.1	254.8	4.5	2,417.1	0.3	2,417.4
269.3	1,006.4	50.9	8,707.6	27.4	8,735.0
39.6	25.8	29.6	1,560.3	-	1,560.3
14.3	2.5	0.3	33.8	-	33.8
34.4	221.1	8.9	1,716.4	(2.6)	1,713.8
-	-	-	6.1	-	6.1
4.2	1.1	0.6	42.7	-	42.7
6.0	(48.4)	(2.0)	(80.8)	-	(80.8)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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 2011 and 2010.

	By area of original sale	
	2010-11	2009-10
East Asia	4,769.0	3,791.5
Europe	1,551.0	1,534.0
South West Pacific	1,568.0	1,291.6
Americas	763.1	620.4
West Asia and Africa	545.2	493.6
Systemwide	9,196.3	7,731.1
Non-scheduled services and incidental revenue	3,209.2	2,948.9
	12,405.5	10,680.0

5 Staff Costs (in $ million)

	The Group	
	2010-11	2009-10
Salary, bonuses and other costs	2,080.4	2,023.1
CPF and other defined contributions	120.1	92.8
Share-based compensation expense	17.9	43.5
	2,218.4	2,159.4

As part of the Singapore Budget 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme ("Scheme"). Under this Scheme, the Group received a 12% cash grant on the first $2,500 of each month's wages for each employee on their Central Provident Fund ("CPF") payroll in four receipts in March, June, September and December 2009. In October 2009, the Government extended the scheme with another two payments at stepped-down rates of 6% and 3% in March and June 2010 respectively. The total grant received was $4.0 million (2009-10: $35.2 million) and this is accounted as a reduction in the CPF contribution.

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 $13.6 million for 2010-11 and $18.8 million for 2009-10. As these are not material to the total staff costs of the Group for 2010-11 and 2009-10, additional disclosures of these defined benefit plans are not shown.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

5 Staff Costs (in $ million) (continued)

Share-based compensation expense

The Company has in place the Singapore Airlines Limited Employee Share Option Plan ("ESOP"), Restricted Share Plan ("RSP") and Performance Share Plan ("PSP') and the amounts recognised in the profit and loss account for share-based compensation transactions with employees are as follows:

	The Group	
	2010-11	2009-10
Employee share option scheme	6.4	31.5
Restricted share plan	9.1	9.3
Performance share plan	2.4	2.7
	17.9	43.5

Details of the plans are described in the following paragraphs:

Share option plans

The ESOP which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, were approved by shareholders on 8 March 2000 and modified at the Extraordinary General Meetings of the Company held on 14 July 2001, 26 July 2003 and 31 July 2009.

Options 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 Company's ordinary shares on the SGX-ST for the five market days immediately preceding the date of grant.

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

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

(a) one year after the date of grant for 25% of the ordinary shares subject to the options;

(b) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;

(c) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and

(d) four years after the date of grant for the remaining 25% of the ordinary shares subject to the options.

There are no cash settlement alternatives.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share option plans (continued)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices of, and movements in, the ESOP during the financial year:

	2010-11		2009-10	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	52,411,320	$9.22	63,383,492	$13.88
Cancelled	(3,531,268)	$14.22	(2,543,095)	$13.21
Exercised	(5,666,519)	$11.15	(8,429,077)	$11.68
Balance at 31 March	43,213,533	$12.25	52,411,320	$9.22
Exercisable at 31 March	39,413,208	$11.00	37,888,409	$8.54

The range of exercise prices for options outstanding at the end of the year is $8.13 to $16.51 (2009-10: $8.13 to $16.51).

Following the expiry of the share option plans in March 2009, the Company ceased to grant options under ESOP.

The weighted average share price for options exercised during the year was $15.11 (2009-10: $13.45). The weighted average remaining contractual life for these options is 5.24 years (2009-10: 5.75 years).

Terms of share options outstanding as at 31 March 2011:

Exercisable period	Exercise price	Number outstanding	Number exercisable
2.7.2002 - 1.7.2011	$9.75	185,566	185,566
2.7.2003 - 1.7.2011	$9.75	824,449	824,449
2.7.2004 - 1.7.2011	$9.75	223,976	223,976
2.7.2005 - 1.7.2011	$9.75	234,124	234,124
1.7.2003 - 30.6.2012	$10.61	332,712	332,712
1.7.2004 - 30.6.2012	$10.61	1,335,696	1,335,696
1.7.2005 - 30.6.2012	$10.61	360,137	360,137
1.7.2006 - 30.6.2012	$10.61	378,248	378,248
1.7.2004 - 30.6.2013	$8.13	219,904	219,904
1.7.2005 - 30.6.2013	$8.13	718,868	718,868
1.7.2006 - 30.6.2013	$8.13	262,451	262,451
1.7.2007 - 30.6.2013	$8.13	495,968	495,968

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share option plans (continued)

Exercisable period	Exercise price	Number outstanding	Number exercisable
1.7.2005 - 30.6.2014	$8.49	342,378	342,378
1.7.2006 - 30.6.2014	$8.49	1,180,632	1,180,632
1.7.2007 - 30.6.2014	$8.49	613,686	613,686
1.7.2008 - 30.6.2014	$8.49	790,098	790,098
1.7.2006 - 30.6.2015	$9.07	604,280	604,280
1.7.2007 - 30.6.2015	$9.07	2,756,676	2,756,676
1.7.2008 - 30.6.2015	$9.07	1,027,302	1,027,302
1.7.2009 - 30.6.2015	$9.07	1,075,670	1,075,670
3.7.2007 - 2.7.2016	$10.39	764,260	764,260
3.7.2008 - 2.7.2016	$10.39	4,492,889	4,492,889
3.7.2009 - 2.7.2016	$10.39	1,016,775	1,016,775
3.7.2010 - 2.7.2016	$10.39	1,139,882	1,139,882
2.7.2008 - 1.7.2017	$16.51	1,218,101	1,218,101
2.7.2009 - 1.7.2017	$16.51	7,478,462	7,478,462
2.7.2010 - 1.7.2017	$16.51	1,219,954	1,219,954
2.7.2011 - 1.7.2017	$16.51	1,213,358	9,667
1.7.2009 - 30.6.2018	$13.12	1,171,307	1,171,307
1.7.2010 - 30.6.2018	$13.12	6,912,727	6,912,727
1.7.2011 - 30.6.2018	$13.12	1,311,317	26,363
1.7.2012 - 30.6.2018	$13.12	1,311,680	-
Total number of options outstanding		43,213,533 @	39,413,208

@ *The total number of options outstanding includes:*

(a) *6,173,715 (2010: 4,230,192) 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) *114,067 (2010: 236,745) share options not exercised by employees who have completed their fixed term contracts during the financial year. The said options, if unvested, shall immediately vest and be exercisable from the date of cessation of employment to the date falling one year from the date of cessation of employment.*

Details and terms of the share options granted by SIAEC have been disclosed in the Annual Report of SIAEC.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans

RSP and PSP are share-based incentive plans for senior executives and key senior management, which were approved by the shareholders of the Company on 28 July 2005.

The details of the two plans are described below:

	RSP	PSP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.
Performance Conditions	At both Company and Group level • EBITDAR# Margin • Value Added per $ Employment Cost	• Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE) • Relative TSR against selected airline peer index companies
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfillment of service requirements.	Vesting based on meeting stated performance conditions over a three-year performance period.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 200% depending on the achievement of pre-set performance targets over the performance period.

EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Rent.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

Movement of share awards during the financial year

	Number of Restricted Shares				
Date of grant	Balance at 1.4.2010/ date of grant	Adjustment*	Vested	Cancelled	Balance at 31.03.2011
RSP					
27.7.2006	72,309	-	(72,309)	-	-
1.8.2007	282,099	-	(159,952)	(5,219)	116,928
1.7.2008	722,623	(211,923)	(279,575)	(20,685)	210,440
29.7.2009	657,209	-	-	(22,400)	634,809
22.07.2010	547,300	-	-	(20,000)	527,300
	2,281,540	(211,923)	(511,836)	(68,304)	1,489,477

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

	Number of Performance Shares				
Date of grant	Balance at 1.4.2010/ date of grant	Adjustment*	Vested	Cancelled	Balance at 31.03.2011
PSP					
1.8.2007	176,899	79,051	(255,950)	-	-
1.7.2008	248,864	-	-	(24,640)	224,224
29.7.2009	218,400	-	-	(24,640)	193,760
22.07.2010	177,400	-	-	(22,000)	155,400
	821,563	79,051	(255,950)	(71,280)	573,384

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

Fair value of share awards granted

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

Fair value of share awards granted (continued)

The following table lists the key inputs to the model used for the July 2010 and July 2009 awards:

	July 2010 Award		July 2009 Award	
	RSP	PSP	RSP	PSP
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	27.58 – 31.92	30.06	27.32 – 33.60	29.50
Risk-free interest rate (%)	0.47 – 0.62	0.54	0.50 – 1.00	0.61
Expected term (years)	1.9 – 3.9	3.0	1.9 – 3.9	2.9
Share price at date of grant ($)	14.70	14.70	13.34	13.34

For non-market conditions, achievement factors are determined based on inputs from the Board Compensation & Industrial Relations Committee for the purpose of accrual for the RSP until the achievement of the targets can be accurately ascertained.

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from $12.93 to $13.77 (2010: $11.99 to $12.62) and the estimated fair value at date of grant for each share granted under the PSP is $12.64 (2010: $14.29).

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

Fair value of share awards granted (continued)

The number of contingent shares granted but not released as at 31 March 2011, were 1,489,477 (2010: 1,734,240) and 573,384 (2010: 644,163) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,070,532 (2010: 2,424,156) and 1,146,768 (2010: 1,199,877) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

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

Time-based RSP

During the financial year, the Board Compensation & Industrial Relations Committee approved a special time-based RSP awarded to senior management. This one-off grant of time-based RSP shares will be issued on the vesting dates.

For retirees, 50% of the shares will vest on the retirement date and the remaining 50% one year after the retirement date.

For employees still in service, 50% of the shares will vest in 2013 and the balance will vest equally in 2014 and 2015.

The fair value of the time-based share awards is the market price of the shares at the date of grant discounted by the expected future dividend yield over the vesting period.

Movement of time-based share awards during the financial year

	Number of Time-based Restricted Shares			
Date of grant	Balance at 1.4.2010/ date of grant	Vested	Cancelled	Balance at 31.03.2011
Time-based RSP				
01.04.2010	20,000	(10,000)	-	10,000
07.05.2010	608,000	(41,500)	(100,000)	466,500
	628,000	(51,500)	(100,000)	476,500

The number of time-based restricted shares granted but not released as at 31 March 2011 was 476,500 (2010: Nil).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

6 Operating Profit (in $ million)

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

	The Group 2010-11	2009-10
Interest income from short-term investments	(0.8)	(0.9)
Dividend income from short-term investments	(0.9)	(0.7)
Surplus on disposal of short-term investments	(6.3)	(3.6)
Income from operating lease of aircraft	(91.8)	(1.0)
Amortisation of deferred gain on sale and operating leaseback transactions	(29.0)	(64.7)
Bad debts written off	0.8	0.8
Writeback of impairment of trade debtors	(1.5)	-
Professional fees paid to a firm of which a director is a member	0.5	0.5
Remuneration for auditors of the Company		
Audit fees	1.5	1.6
Non-audit fees	0.7	0.9
Exchange loss, net	71.5	54.3
Currency hedging loss	38.2	17.7
Fuel hedging loss recognised in “Fuel costs”	62.1	558.0
Ineffectiveness of fuel hedging contracts recognised in “Fuel costs”	-	0.3

7 Finance Charges (in $ million)

	The Group 2010-11	2009-10
Notes payable	52.3	39.9
Loans	-	0.8
Finance lease commitments	9.9	10.9
Other receivables measured at amortised cost	-	7.6
Realised loss on interest rate swap contracts accounted as cash flow hedges	7.1	9.5
Fair value gain on interest rate swap contracts accounted as fair value through profit and loss	(1.8)	(2.1)
Commitment fees	2.6	2.3
	70.1	68.9

8 Interest Income (in $ million)

	The Group 2010-11	2009-10
Fixed deposits	26.7	19.3
Amortised interest income from other receivables	9.5	23.0
Others	1.1	7.2
	37.3	49.5

9 Other Non-operating Items (in $ million)

	The Group 2010-11	2009-10
Recognition of liquidated damages	79.8	20.4
Surplus on disposal of other property, plant and equipment	1.0	6.9
Loss on sale of Service Quality (SQ) Centre Pte Ltd	(0.7)	-
Gain on disposal of SATS shares	-	6.4
Amortisation of deferred gain on sale and finance leaseback transactions	-	0.5
	80.1	34.2

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

10 Exceptional Items (in $ million)

The exceptional items comprised fines paid by Singapore Airlines Cargo Pte Ltd ("SIA Cargo") as imposed by the European Commission (EUR74.8 million or $135.7 million), the South Korean Fair Trade Commission (KRW3.1 billion or $3.6 million) and as agreed with the United States Department of Justice Antitrust Division (USD48.0 million or $62.5 million).

SIA Cargo has filed an appeal against the European Commission's decision. An appeal was also filed against the South Korean Fair Trade Commission's decision. In both appeals, SIA Cargo contests any suggestion that it was involved in a conspiracy to fix surcharges.

SIA Cargo has accepted the plea offer made by the United States Department of Justice. The plea agreement has brought the Department of Justice's air cargo investigations in the United States to a close for SIA Cargo.

11 Taxation (in $ million)

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2011 and 2010 are:

	The Group	
	2010-11	2009-10
Current taxation		
Provision for the year	387.4	79.9
Overprovision in respect of prior years	(7.5)	(127.6)
Share of joint venture companies' taxation	2.9	0.6
Share of associated companies' taxation	12.6	13.2
	395.4	(33.9)
Deferred taxation		
Movement in temporary differences	(127.0)	(43.0)
Underprovision in respect of prior years	1.8	82.9
	(125.2)	39.9
	270.2	6.0

Deferred taxation related to other comprehensive income:

	The Group	
	2010-11	2009-10
Available-for-sale financial assets	(0.4)	2.0
Cash flow hedges	7.7	110.6
Share of comprehensive income of associated and joint venture companies	0.2	0.2
	7.5	112.8

The Group has tax losses (of which no deferred tax asset has been recognised) of approximately $30.9 million (2010: $24.4 million) that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

11 Taxation (in $ million) (continued)

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	
	2010-11	2009-10
Profit before taxation	1,419.0	285.5
Taxation at statutory corporate tax rate of 17.0%	241.2	48.5
Adjustments		
Income not subject to tax	(35.3)	(48.3)
Expenses not deductible for tax purposes	67.0	35.7
Higher effective tax rates of other countries	6.1	7.6
Overprovision in respect of prior years, net	(5.7)	(44.7)
Income subject to concessionary tax rate	(4.6)	-
Tax benefit not recognised	1.7	6.3
Others	(0.2)	0.9
Taxation	270.2	6.0

12 Earnings Per Share

	The Group			
	2010-11		2009-10	
	Basic	Diluted	Basic	Diluted
Profit attributable to owners of the Parent (in $ million)	1,092.0	1,092.0	215.8	215.8
Adjustment for dilutive potential ordinary shares of subsidiary companies (in $ million)	-	(2.3)	-	(1.0)
Adjusted net profit attributable to owners of the Parent (in $ million)	1,092.0	1,089.7	215.8	214.8
Weighted average number of ordinary shares in issue (in million)	1,194.9	1,194.9	1,184.8	1,184.8
Adjustment for dilutive potential ordinary shares (in million)	-	13.3	-	11.7
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	1,194.9	1,208.2	1,184.8	1,196.5
Earnings per share (cents)	91.4	90.2	18.2	18.0

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

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

11.3 million (2009-10: 28.4 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

13 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	2010-11	2009-10
Dividends paid:		
Dividend *in specie*	-	1,146.3
Final dividend of 12.0 cents per share tax exempt (one-tier) in respect of 2009-10 (2009-10: 20.0 cents per share tax exempt [one-tier] in respect of 2008-09)	143.3	236.9
Interim dividend of 20.0 cents per share tax exempt (one-tier) in respect of 2010-11	239.4	-
	382.7	1,383.2

The directors propose that a final tax exempt (one-tier) dividend of 40.0 cents per share (2009-10: final tax exempt [one-tier] dividend of 12.0 cents per share) and a special tax exempt (one-tier) dividend of 80.0 cents per share (2009-10: Nil) amounting to $477.9 million (2009-10: $143.3 million) and $955.9 million (2009-10: Nil) respectively be paid for the financial year ended 31 March 2011.

14 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2011	2010	2011	2010
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April	1,191,608,511	1,186,547,790	1,750.6	1,684.8
Share options exercised and share awards vested during the year	6,320,069	5,060,721	81.8	65.8
Balance at 31 March	1,197,928,580	1,191,608,511	1,832.4	1,750.6
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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

14 Share Capital (in $ million) (continued)

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

During the financial year, the Company issued 5,552,283 shares (2009-10: 5,060,721) upon exercise of options granted under the Employee Share Option Plan. 767,786 shares (2009-10: Nil) were issued for RSP and PSP.

15 Treasury Shares (in $ million)

	The Group and the Company	
	31-Mar	
	2011	2010
Balance at 1 April	(0.9)	(44.4)
Purchase of treasury shares	(44.5)	-
Treasury shares reissued pursuant to equity compensation plans:		
- For cash on exercise of employee share options	2.2	36.0
- Transferred from share-based compensation reserve	0.2	13.7
- Gain on reissuance of treasury shares	-	(6.2)
	2.4	43.5
Balance at 31 March	(43.0)	(0.9)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the financial year, the Company purchased 3,149,000 of its ordinary shares by way of on-market purchases at share prices ranging from $13.13 to $15.27. The total amount paid to purchase the shares was $44.5 million and this is presented as a component within equity attributable to owners of the parent.

In the previous financial year, no shares were purchased for the purposes of fulfilling the Company's obligations under the equity compensation plans.

The Company reissued 114,236 (2010: 3,368,356) treasury shares pursuant to its employee share option plans at a weighted average exercise price of $10.19 (2010: $10.67) each. In addition, 51,500 (2010: Nil) shares were reissued pursuant to the time-based RSP. During the previous financial year, 104,966 shares and 357,392 shares were reissued pursuant to the PSP and RSP respectively. The number of treasury shares as at 31 March 2011 was 3,059,748 (2010: 76,484).

Where the consideration paid by the Company for the purchase or acquisition of treasury shares is made out of revenue reserves, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

16 Other Reserves (in $ million)

(a) Capital reserve

Capital reserve mainly arises from the revaluation of land and buildings owned by RCMS Properties Private Limited, an associated company, and the gains or losses on the reissuance of treasury shares.

(b) Foreign currency translation reserve

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

(c) Share-based compensation reserve

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

(d) Fair value reserve

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

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

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Balance at 1 April	5.0	(5.0)	-	(1.9)
Net (loss)/gain on fair value changes	(2.0)	10.0	-	1.9
Balance at 31 March	3.0	5.0	-	-
Gain/(Loss) on fair value changes	3.0	10.8	(0.1)	-
Recognised in the profit and loss account on disposal of available-for-sale investments	(5.0)	(0.8)	0.1	1.9
	(2.0)	10.0	-	1.9

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

16 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

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

	The Group 31 March 2011	The Group 31 March 2010	The Company 31 March 2011	The Company 31 March 2010
Balance at 1 April	(145.9)	(655.8)	(85.3)	(494.1)
Net gain/(loss) on fair value changes	4.9	509.9	(8.9)	408.8
Balance at 31 March	(141.0)	(145.9)	(94.2)	(85.3)
(Loss)/Gain on fair value changes	(67.8)	45.8	(69.7)	36.0
Share of associated companies' net (loss)/gain on fair value reserve	(1.7)	0.8	-	-
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	8.1	6.3	8.1	6.3
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in "Fuel costs"	51.5	463.1	41.4	381.8
Foreign currency contracts recognised in "Other operating expenses"	7.7	(14.0)	11.3	(15.3)
Interest rate swap contracts recognised in "Finance charges"	7.1	7.9	-	-
	4.9	509.9	(8.9)	408.8
Total fair value reserve	(138.0)	(140.9)	(94.2)	(85.3)

17 Deferred Account (in $ million)

	The Group 31 March 2011	The Group 31 March 2010	The Company 31 March 2011	The Company 31 March 2010
Deferred gain on sale and leaseback transactions				
- operating leases	9.2	82.0	7.7	62.6
- finance leases	14.9	17.4	-	-
	24.1	99.4	7.7	62.6
Deferred credit	323.0	381.3	323.0	381.3
	347.1	480.7	330.7	443.9

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

18 Deferred Taxation (in $ million)

	The Group				The Company	
	Statement of financial position 31 March		Profit and loss		Statement of financial position 31 March	
	2011	2010	2010-11	2009-10	2011	2010
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	2,142.2	2,315.7	(173.5)	(54.6)	1,777.0	1,941.7
Revaluation of fuel hedging contracts to fair value	6.4	1.2	-	-	5.4	1.2
Revaluation of currency hedging contracts to fair value	0.8	3.1	-	0.3	-	2.4
Revaluation of interest rate cap contracts to fair value	-	0.7	-	-	-	0.7
Revaluation of available-for-sale financial assets to fair value	0.6	1.0	-	-	-	-
Other temporary differences	112.6	79.5	33.1	3.1	104.3	74.4
Gross deferred tax liabilities	2,262.6	2,401.2	(140.4)	(51.2)	1,886.7	2,020.4
Deferred tax assets						
Unabsorbed capital allowances and tax losses	(0.9)	(17.1)	16.2	(5.4)	-	-
Benefits from previously unrecognised tax losses	-	-	(2.4)	-	-	-
Revaluation of fuel hedging contracts to fair value	(0.9)	(19.3)	-	-	(0.9)	(16.1)
Revaluation of currency hedging contracts to fair value	(10.0)	(2.9)	-	-	(8.4)	(2.5)
Revaluation of interest rate swap contracts to fair value	-	(2.2)	-	2.0	-	(2.2)
Revaluation of interest rate cap contracts to fair value	(8.0)	-	-	-	(8.0)	-
Other deferred tax assets	(61.7)	(63.1)	1.4	94.5	(55.3)	(54.0)
Gross deferred tax assets	(81.5)	(104.6)	15.2	91.1	(72.6)	(74.8)
Net deferred tax liabilities	2,181.1	2,296.6			1,814.1	1,945.6
Deferred tax (credited)/charged to profit and loss			(125.2)	39.9		
Deferred tax charged to equity	7.3	34.7			4.6	88.4

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

19 Long-Term Liabilities (in $ million)

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Notes payable	1,700.0	900.0	1,700.0	900.0
Current	(900.0)	-	(900.0)	-
Non-current	800.0	900.0	800.0	900.0
Loans	1.7	-	-	-
Current	(1.7)	-	-	-
Non-current	-	-	-	-
Finance lease commitments	337.2	438.9	-	-
Current	(61.4)	(64.5)	-	-
Non-current	275.8	374.4	-	-
Maintenance reserve	3.4	-	3.4	-
Current	-	-	-	-
Non-current	3.4	-	3.4	-
Total long-term liabilities	1,079.2	1,274.4	803.4	900.0

Notes payable

Notes payable at 31 March 2011 comprise unsecured notes and bonds issued by the Company.

$900 million fixed rate notes due 2011 bear fixed interest at 4.15% (2009-10: 4.15%) per annum are repayable on 19 December 2011. The fair value of notes payable amounted to $920.9 million (2010: $936.4 million) for the Company.

$500 million fixed rate notes due 2020 ("Series 001 Notes") was issued during the financial year, under the $1,000 million multi-currency Medium Term Note programme. The notes bear fixed interest at 3.22% per annum and are repayable on 9 July 2020. The fair value of notes payable amounted to $494.3 million for the Company.

$300 million bonds maturing on 30 September 2015 bearing fixed interest at 2.15% per annum was also issued during the financial year. The fair value of notes payable amounted to $297.6 million for the Company.

Loans

Loans at 31 March 2011 pertain to revolving credit facility denominated in USD taken by a subsidiary company. The loan is unsecured and bears a fixed interest of 2.5% per annum.

Finance lease commitments

SIA Cargo holds 4 B747-400 freighters under finance leases, which will mature between 2014 and 2018, without any options for renewal. 3 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 5 years of three leases are secured by the aircraft pledged as collateral, until 2011. Replacement of the aircraft pledged as collateral by another aircraft is permitted under the mortgage agreement.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

Finance lease commitments (continued)

Interest rates on 3 of SIA Cargo's finance lease commitments are charged at a margin above the London Interbank Offered Rate ("LIBOR"). These ranged from 0.28% to 1.16% (2009-10: 0.29% to 2.46%) per annum. The interest rate on the remaining SIA Cargo's finance lease commitment is fixed at 5.81% (2009-10: 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 $79.0 million (2010: $87.8 million) as at 31 March 2011. Out of this, $56.2 million (2010: $59.1 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.

SIAEC Group has finance leases for certain equipment and vehicles which will mature between 2011 and 2012.

Future lease payments under these finance leases are as follows:

	The Group 31 March			
	2011		2010	
	Minimum Payments	Repayment of Principal	Minimum Payments	Repayment of Principal
Not later than one year	71.1	61.4	78.2	64.5
Later than one year but not later than five years	256.9	234.3	310.5	275.3
Later than five years	44.4	41.5	106.3	99.1
Total future lease payments	372.4	337.2	495.0	438.9
Amounts representing interest	(35.2)	-	(56.1)	-
Principal value of finance lease commitments	337.2	337.2	438.9	438.9

20 Provisions (in $ million)

Included are provisions for warranty claims and provisions made for upgrade costs and return costs for aircraft under sales and leaseback arrangement. It is expected that the return costs will be incurred by the end of the lease terms.

An analysis of the provisions is as follows:

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Balance at 1 April	199.2	155.9	142.6	114.8
Provision during the year	106.9	80.0	99.5	61.2
Provision utilised during the year	(41.2)	(35.8)	(17.4)	(32.5)
Exchange gain	(0.4)	(0.9)	(0.4)	(0.9)
Balance at 31 March	264.5	199.2	224.3	142.6
Current	62.5	35.5	62.3	9.5
Non-current	202.0	163.7	162.0	133.1
	264.5	199.2	224.3	142.6

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

21 Property, Plant and Equipment (in $ million)

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2009	18,707.0	749.6	437.1
Additions	73.7	20.8	0.7
Disposal of a subsidiary company	-	-	-
Transfers	1,639.4	(0.2)	12.0
Transfer to intangible assets	-	-	-
Disposals	(377.3)	(55.6)	(25.0)
Exchange differences	-	-	-
At 31 March 2010	20,042.8	714.6	424.8
Additions	116.4	34.5	6.9
Transfers	657.3	(0.9)	7.8
Transfer to intangible assets	-	-	-
Disposals	(1,205.7)	(61.0)	(45.5)
Exchange differences	-	(0.3)	-
At 31 March 2011	19,610.8	686.9	394.0
Accumulated depreciation and impairment loss			
At 1 April 2009	6,258.8	415.9	176.5
Depreciation	1,509.1	27.7	54.1
Impairment loss	3.3	2.8	-
Disposal of a subsidiary company	-	-	-
Transfers	7.1	(0.1)	(7.0)
Disposals	(210.4)	(41.6)	(21.4)
Exchange differences	-	-	-
At 31 March 2010	7,567.9	404.7	202.2
Depreciation	1,506.9	33.4	29.8
Impairment loss	14.6	1.1	-
Transfers	(30.4)	(6.0)	36.1
Disposals	(560.1)	(42.6)	(43.1)
Exchange differences	-	(0.1)	-
At 31 March 2011	8,498.9	390.5	225.0
Net book value			
At 31 March 2010	12,474.9	309.9	222.6
At 31 March 2011	11,111.9	296.4	169.0

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
17.1	165.8	1,393.5	1,379.9	404.9	1,873.0	25,127.9
-	-	11.1	27.6	11.8	1,430.0	1,575.7
(1.4)	(14.7)	(807.1)	(625.5)	(45.7)	(5.3)	(1,499.7)
-	-	8.5	13.4	14.6	(1,687.7)	-
-	-	-	-	-	(1.8)	(1.8)
-	(0.4)	(31.9)	(48.0)	(55.5)	-	(593.7)
-	-	(0.3)	1.5	-	-	1.2
15.7	150.7	573.8	748.9	330.1	1,608.2	24,609.6
-	-	0.4	48.8	11.9	1,015.5	1,234.4
-	-	45.4	52.5	6.4	(768.5)	-
-	-	-	-	-	(51.5)	(51.5)
-	(2.1)	(0.5)	(176.7)	(64.2)	(7.4)	(1,563.1)
-	-	(1.7)	(1.3)	(0.4)	-	(3.7)
15.7	148.6	617.4	672.2	283.8	1,796.3	24,225.7
-	104.5	739.3	1,115.6	324.9	-	9,135.5
-	4.3	29.4	73.2	15.8	-	1,713.6
-	-	-	-	-	-	6.1
-	(1.9)	(357.2)	(520.5)	(22.7)	-	(902.3)
-	-	-	-	-	-	-
-	(0.4)	(31.1)	(45.5)	(55.2)	-	(405.6)
-	-	(0.3)	(1.3)	-	-	(1.6)
-	106.5	380.1	621.5	262.8	-	9,545.7
-	4.3	18.5	49.0	29.8	-	1,671.7
-	-	-	-	-	-	15.7
-	-	-	0.3	-	-	-
-	(2.0)	(0.2)	(172.1)	(64.2)	-	(884.3)
-	-	(0.1)	(0.5)	-	-	(0.7)
-	108.8	398.3	498.2	228.4	-	10,348.1
15.7	44.2	193.7	127.4	67.3	1,608.2	15,063.9
15.7	39.8	219.1	174.0	55.4	1,796.3	13,877.6

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2009	15,421.5	618.9	339.7
Additions	47.7	12.2	-
Transfers	1,529.6	(0.2)	(19.3)
Disposals	(371.7)	(54.4)	(25.0)
At 31 March 2010	16,627.1	576.5	295.4
Additions	56.0	12.4	-
Transfers	517.7	-	-
Transfers to intangible assets	-	-	-
Disposals	(971.2)	(59.7)	(21.3)
At 31 March 2011	16,229.6	529.2	274.1
Accumulated depreciation and impairment loss			
At 1 April 2009	5,208.9	372.3	128.8
Depreciation	1,263.8	19.5	27.7
Impairment loss	3.3	2.8	-
Transfers	8.6	-	(8.6)
Disposals	(205.0)	(41.4)	(21.2)
At 31 March 2010	6,279.6	353.2	126.7
Depreciation	1,270.9	18.5	23.5
Impairment loss	14.6	1.1	-
Transfers	-	-	-
Disposals	(473.0)	(41.8)	(19.5)
At 31 March 2011	7,092.1	331.0	130.7
Net book value			
At 31 March 2010	10,347.5	223.3	168.7
At 31 March 2011	9,137.5	198.2	143.4

	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
	15.7	151.1	341.7	423.6	308.0	1,638.4	19,258.6
	-	-	-	2.1	10.2	1,284.3	1,356.5
	-	-	-	11.6	14.6	(1,536.3)	-
	-	(0.4)	-	(9.8)	(51.1)	-	(512.4)
	15.7	150.7	341.7	427.5	281.7	1,386.4	20,102.7
	-	-	-	38.0	10.4	860.6	977.4
	-	-	-	31.8	4.1	(553.6)	-
	-	-	-	-	-	(51.1)	(51.1)
	-	(2.0)	-	(146.9)	(60.4)	-	(1,261.5)
	15.7	148.7	341.7	350.4	235.8	1,642.3	19,767.5
	-	102.6	286.9	345.2	244.7	-	6,689.4
	-	4.3	8.9	19.5	26.7	-	1,370.4
	-	-	-	-	-	-	6.1
	-	-	-	-	-	-	-
	-	(0.4)	-	(9.7)	(50.9)	-	(328.6)
	-	106.5	295.8	355.0	220.5	-	7,737.3
	-	4.3	8.9	28.2	26.2	-	1,380.5
	-	-	-	-	-	-	15.7
	-	-	-	-	-	-	-
	-	(1.9)	-	(146.8)	(60.4)	-	(743.4)
	-	108.9	304.7	236.4	186.3	-	8,390.1
	15.7	44.2	45.9	72.5	61.2	1,386.4	12,365.4
	15.7	39.8	37.0	114.0	49.5	1,642.3	11,377.4

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

	The Group 31 March 2011	2010
Net book value of property, plant and equipment acquired under finance leases:		
- aircraft	676.5	739.1
- plant and equipment	0.1	0.1
	676.6	739.2

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

During the previous financial year, the depreciation expense of $1,713.8 million presented on the profit and loss account includes depreciation of investment properties ($0.2 million) from SATS Group which was disposed on 1 September 2009 pursuant to the dividend *in specie* distribution.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

22 Intangible Assets (in $ million)

The Group

	Goodwill arising on consolidation	Computer software	Brands	Customer relationships	Licences	Deferred engine development cost	Advance and progress payments	Total
Cost								
At 1 April 2009	242.5	422.3	125.0	77.1	28.6	-	-	895.5
Additions	-	20.0	-	-	-	12.1	3.0	35.1
Disposal of a subsidiary company	(242.5)	(44.1)	(142.7)	(82.3)	(27.3)	-	-	(538.9)
Disposals	-	(33.6)	-	-	-	-	-	(33.6)
Transfer	-	0.5	-	-	-	-	(0.5)	-
Transfer from property, plant and equipment	-	-	-	-	-	-	1.8	1.8
Exchange differences	-	0.9	17.7	5.2	-	-	-	23.8
At 31 March 2010	-	366.0	-	-	1.3	12.1	4.3	383.7
Additions	-	5.3	-	-	-	11.7	2.6	19.6
Disposals	-	(18.6)	-	-	-	-	-	(18.6)
Transfer	-	4.8	-	-	-	-	(4.8)	-
Transfer from property, plant and equipment	-	0.4	-	-	-	-	51.1	51.5
Exchange differences	-	(0.5)	-	-	-	(2.0)	-	(2.5)
At 31 March 2011	-	357.4	-	-	1.3	21.8	53.2	433.7
Accumulated amortisation								
At 1 April 2009	0.2	339.1	-	2.9	0.3	-	-	342.5
Amortisation	-	33.8	0.7	7.2	1.0	-	-	42.7
Disposal of a subsidiary company	(0.2)	(37.4)	(0.7)	(10.1)	(1.0)	-	-	(49.4)
Disposals	-	(33.5)	-	-	-	-	-	(33.5)
Exchange differences	-	0.6	-	-	-	-	-	0.6
At 31 March 2010	-	302.6	-	-	0.3	-	-	302.9
Amortisation	-	23.8	-	-	0.5	-	-	24.3
Disposals	-	(18.6)	-	-	-	-	-	(18.6)
Exchange differences	-	(0.1)	-	-	-	-	-	(0.1)
At 31 March 2011	-	307.7	-	-	0.8	-	-	308.5
Net book value								
At 31 March 2010	-	63.4	-	-	1.0	12.1	4.3	80.8
At 31 March 2011	-	49.7	-	-	0.5	21.8	53.2	125.2

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

22 Intangible Assets (in $ million) (continued)

The Group (continued)

Goodwill arising on consolidation, brands and customer relationships

The opening balance at 1 April 2009 pertained to balances from SATS Group, which was disposed on 1 September 2009 pursuant to the dividend *in specie* distribution.

Licences

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

The disposal of licences in the previous financial year of $27.3 million pertained to balances from SATS Group, which was disposed on 1 September 2009 pursuant to the dividend *in specie* distribution.

The Company

	Computer Software	Advance and Progress Payments	Total
Cost			
At 1 April 2009	308.2	-	308.2
Additions	15.9	-	15.9
Disposal	(31.1)	-	(31.1)
At 31 March 2010	293.0	-	293.0
Additions	4.5	-	4.5
Disposal	(18.5)	-	(18.5)
Transfer from property, plant and equipment	-	51.1	51.1
At 31 March 2011	279.0	51.1	330.1
Accumulated amortisation			
At 1 April 2009	243.3	-	243.3
Amortisation	25.7	-	25.7
Disposal	(31.0)	-	(31.0)
At 31 March 2010	238.0	-	238.0
Amortisation	19.8	-	19.8
Disposal	(18.5)	-	(18.5)
At 31 March 2011	239.3	-	239.3
Net book value			
At 31 March 2010	55.0	-	55.0
At 31 March 2011	39.7	51.1	90.8

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

23 Subsidiary Companies (in $ million)

	The Company 31 March 2011	2010
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	-	50.0
	1,755.8	1,805.8
Funds from subsidiary companies	(1,418.8)	(1,166.7)
Amounts owing to subsidiary companies	(110.2)	(131.3)
	(1,529.0)	(1,298.0)
Amounts owing by subsidiary companies	194.0	141.0
Market value of quoted equity investments	3,523.5	3,088.5

The value is $1.

During the financial year, SIAEC invested an additional $1.9 million and $11.6 million in NexGen Network (1) Holding Pte Ltd ("NGN1") and NexGen Network (2) Holding Pte Ltd ("NGN2") respectively, in accordance to the agreement.

There are no existing loans to subsidiary companies as at 31 March 2011. The two unsecured loans to a subsidiary company that were due for repayment in 2011 and 2014 have been repaid earlier, in December 2010. There are two lines of credit (denominated in SGD) extended to two subsidiary companies for a maximum amount of $50.0 million and $12.9 million respectively. Commitment fees on these lines of credit are charged at 0.0625% per annum on the available commitment and interest on any drawdown is computed using an interest rate equal to SGD Swap-Offer Rate (prevailing at the time of each drawdown) plus 0.80% margin. As at 31 March 2011, there has been no drawdown under either of the lines of credit.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which range from 0.01% to 0.55% (2009-10: 0.03% to 1.00%) per annum for SGD funds, from 0.14% to 0.73% (2009-10: 0.09% to 1.85%) per annum for USD funds and from 4.10% to 4.87% (2009-10: 2.80% to 4.03%) per annum for AUD funds.

As at 31 March 2011, the composition of funds from subsidiary companies held in foreign currencies by the Company is as follows: USD – 10.8% (2010: 21.0%) and AUD – 0.3% (2010: 0.7%).

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

23 Subsidiary Companies (in $ million) (continued)

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2011	2010
SIA Engineering Company Limited	Engineering services	Singapore	79.7	80.5
Aircraft Maintenance Services Australia Pty Ltd*	Providing aircraft maintenance services, including technical and non-technical handling at the airport	Australia	79.7	80.5
NexGen Network (1) Holding Pte Ltd	Investment holding	Singapore	79.7	80.5
NexGen Network (2) Holding Pte Ltd	Investment holding	- do -	79.7	80.5
SIA Engineering (USA), Inc.@	Providing aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	79.7	80.5
SIAEC Global Pte Ltd	Investment holding	Singapore	79.7	80.5
SIA Engineering (Philippines) Corporation*	Providing airframe maintenance and component overhaul services	Philippines	51.8	52.3
Singapore Jamco Pte Ltd	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	51.8	52.3
Aerospace Component Engineering Services Pte Limited	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	- do -	40.7	41.1
Aviation Partnership (Philippines) Corporation*	Providing aircraft maintenance services, including technical and non-technical handling at the airport	Philippines	40.7	41.1
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 -	76.0	76.0
Abacus Travel Systems Pte Ltd	Marketing of Abacus Computer reservations systems	- do -	61.0	61.0
SIA (Mauritius) Ltd@	Pilot recruitment	Mauritius	100.0	100.0

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

* *Audited by member firms of Ernst & Young*

** *Audited by Grant Thornton*

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

24 Associated Companies (in $ million)

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Share of net assets of associated companies at acquisition date	418.3	427.2	-	-
Goodwill on acquisition of associated companies	1,677.2	1,677.2	-	-
Unquoted investments at cost	2,095.5	2,104.4	1,725.1	1,725.1
Accumulated impairment loss	(15.2)	(15.2)	(9.4)	(9.4)
	2,080.3	2,089.2	1,715.7	1,715.7
Goodwill written-off to reserves	(1,612.3)	(1,612.3)	-	-
Foreign currency translation reserve	(179.6)	(136.3)	-	-
Share of post-acquisition reserves				
- general reserve	164.9	156.2	-	-
- fair value reserve	(38.2)	(36.5)	-	-
- capital reserve	89.7	72.3	-	-
	504.8	532.6	1,715.7	1,715.7
Loans to associated companies	4.5	4.5	-	-
Write-down of loans	(4.5)	(4.5)	-	-
	-	-	-	-
	504.8	532.6	1,715.7	1,715.7
Amounts owing to associated companies	-	(2.0)	-	-

During the financial year:

1. RCMS Properties Private Limited recorded a revaluation gain of $86.3 million (2009-10: revaluation loss of $88.6 million) from its annual revaluation exercise of its land and building. The Group's share of the revaluation gain of $17.3 million at 31 March 2011 (2010: revaluation loss of $17.7 million) is included under the share of post-acquisition capital reserve.

2. SIAEC and Southern Airports Corporation incorporated a company, Southern Airports Aircraft Maintenance Services Company Limited ("SAAM") in Vietnam. SIAEC injected $1.1 million for its 49.0% equity in SAAM.

3. During the year, the Company divested its 50% interest in associated company, Service Quality (SQ) Centre Pte Ltd ("SQC") to TUV SUD PSB Pte Ltd, which currently holds the remaining 50% interest of SQC. Following the divestment, SQC has ceased to be an associated company of the Company.

4. The Group has not recognised net liabilities relating to an associated company where its share of net liabilities exceeds the Group's interest in this associated company. The Group's cumulative share of net liabilities at the end of the reporting period was $0.6 million (2010: $73.8 million). The Group has no obligation in respect of these unrecognised liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

24 Associated Companies (in $ million) (continued)

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.

Cost of investment includes cumulative redeemable preference shares of $133.0 million issued by 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 declared but not paid on the due date.

Amounts owing to/by associated companies are unsecured, trade-related, non-interest bearing and are repayable on demand.

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	
	2011	**2010**
Assets and liabilities		
Current assets	467.5	766.5
Non-current assets	1,946.6	1,163.8
	2,414.1	1,930.3
Current liabilities	(578.1)	(491.5)
Non-current liabilities	(637.0)	(343.2)
	(1,215.1)	(834.7)
	2010-11	**2009-10**
Results		
Revenue	1,723.4	1,380.8
Profit for the period	140.4	86.7

The associated companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2011	2010
Service Quality (SQ) Centre Pte Ltd@	Quality service training	Singapore	-	50.0
Virgin Atlantic Limited*+	Air transportation	United Kingdom	49.0	49.0
Tiger Airways Holdings Limited@	Investment holding	Singapore	32.9	33.7
RCMS Properties Private Limited^++	Hotel ownership and management	- do -	20.0	20.0
Southern Airports Aircraft Maintenance Services Company Limited#++	Provide defect rectification, AOG support, non-destructive testing, cabin cleaning and aircraft polishing	Vietnam	39.1	-
Combustor Airmotive Services Pte Ltd^+++	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	39.1	39.5

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

24 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2011	2010
Eagle Services Asia Private Limited[^++]	Repair and overhaul of aircraft engines	Singapore	39.1	39.5
Fuel Accessory Service Technologies Pte Ltd[^+++]	Repair and overhaul of engine fuel components and accessories	- do -	39.1	39.5
PT JAS Aero-Engineering Services[#++]	Providing aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	39.1	39.5
PWA International Limited[^^+++]	Repair, overhaul and re-manufacture of aircraft turbine engine cases, components and related parts	Republic of Ireland	39.1	39.5
Safran Electronics Asia Pte Ltd[@@@++]	Providing avionics maintenance, repair and overhaul services	Singapore	39.1	39.5
Pan Asia Pacific Aviation Services Ltd[@@@@]	Providing aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	37.5	37.9
Jamco Aero Design & Engineering Pte Ltd[@]	Providing turnkey solutions for aircraft interior modifications	Singapore	35.9	36.2
Messier Services Asia Private Limited[##++]	Repair and overhaul of Boeing and Airbus series landing gears	- do -	31.9	32.3
Goodrich Aerostructures Service Asia Pte Ltd[@++]	Repair and overhaul of aircraft nacelles, thrust reversers and pylons	- do -	31.9	32.3
Asian Surface Technologies Pte Ltd[@@@++]	Repair and overhaul of aircraft engine fan blades	- do -	31.2	31.6
International Aerospace Tubes-Asia Pte Ltd[^++]	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	- do -	26.6	26.8
Turbine Coating Services Private Limited[^+++]	Repair and overhaul of aircraft engine turbine airfoils	- do -	19.5	19.7
Asian Compressor Technology Services Co Ltd[^^++]	Repair and overhaul of aircraft engines high pressure compressor stators	Taiwan	19.5	19.7
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 RSM Chio Lim, Singapore*
@@@@ *Audited by BDO Limited, Hong Kong*
* *Audited by member firms of KPMG*
^ *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*

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

25 Joint Venture Companies (in $ million)

	The Group 31 March 2011	The Group 31 March 2010
Investment in joint venture companies (unquoted, at cost)	56.6	56.6
Share of post-acquisition reserves		
- general reserve	70.6	66.6
- share of other comprehensive income	0.6	-
- foreign currency translation reserve	(25.0)	(14.6)
	102.8	108.6

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

	The Group 31 March 2011	The Group 31 March 2010
Assets and liabilities		
Current assets	61.9	139.4
Non-current assets	138.5	74.8
	200.4	214.2
Current liabilities	(52.9)	(63.0)
Non-current liabiltiies	(44.7)	(42.6)
	(97.6)	(105.6)
	2010-11	**2009-10**
Results		
Revenue	728.1	595.6
Expenses	(653.5)	(539.5)
	74.6	56.1

The joint venture companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2011	Percentage of equity held by the Group 2010
International Engine Component Overhaul Pte Ltd*+	Repair and overhaul of aero engine components and parts	Singapore	39.9	40.3
Singapore Aero Engine Services Private Limited*+	Repair and overhaul of aircraft engines	- do -	39.9	40.3

* *Audited by Ernst & Young LLP, Singapore*

\+ *Financial year end 31 December*

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

26 Long-Term Investments (in $ million)

	The Group 31 March 2011	The Group 31 March 2010	The Company 31 March 2011	The Company 31 March 2010
Unquoted equity investments	44.5	44.5	28.0	28.0
Accumulated impairment loss	(9.2)	(9.2)	(9.2)	(9.2)
	35.3	35.3	18.8	18.8
Accumulated impairment loss:				
Balance at 1 April and 31 March	9.2	9.2	9.2	9.2

27 Other Receivables (in $ million)

The Group's other receivables are stated at amortised cost and are expected to be received over a period of 2 to 10 years. As at 31 March 2011 and 31 March 2010, the entire balance of other receivables is denominated in USD.

28 Inventories (in $ million)

	The Group 31 March 2011	The Group 31 March 2010	The Company 31 March 2011	The Company 31 March 2010
Technical stocks and stores	316.7	368.5	240.5	297.7
Catering and general stocks	18.8	17.1	13.4	12.1
Work-in-progress	54.0	43.9	-	-
Total inventories at lower of cost and net realisable value	389.5	429.5	253.9	309.8

The cost of inventories recognised as an expense amounts to $93.6 million (2009-10: $106.6 million). In addition, the Group wrote down $32.8 million (2009-10: $7.4 million) of inventories which are recognised as other operating expenses in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

29 Trade Debtors (in $ million)

The table below is an analysis of trade debtors as at 31 March:

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Not past due and not impaired	1,280.0	1,236.0	966.4	925.2
Past due but not impaired	121.7	110.5	9.9	32.0
	1,401.7	1,346.5	976.3	957.2
Impaired trade debtors - collectively assessed	10.7	16.3	0.8	2.2
Less: Accumulated impairment losses	(10.4)	(15.0)	(0.4)	(1.4)
	0.3	1.3	0.4	0.8
Impaired trade debtors - individually assessed				
Customers in bankruptcy or other financial reorganisation	11.1	7.9	5.3	5.4
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	3.1	3.1	2.5	1.8
Less: Accumulated impairment losses	(14.1)	(11.0)	(7.8)	(7.2)
	0.1	-	-	-
Total trade debtors, net	1,402.1	1,347.8	976.7	958.0

Trade debtors are non-interest bearing. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

29 Trade Debtors (in $ million) (continued)

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

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Balance at 1 April	26.0	35.8	8.6	11.6
Written back during the year	(1.5)	-	(0.4)	(1.7)
Written off during the year	-	(2.7)	-	(1.3)
Disposal of a subsidiary company	-	(7.1)	-	-
Balance at 31 March	24.5	26.0	8.2	8.6
Bad debts written off directly to profit and loss account, net of debts recovered	0.8	0.8	0.7	0.7

As at 31 March 2011, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 36.8% (2010: 40.1%), AUD – 8.1% (2010: 8.2%), EUR – 6.6% (2010: 7.4%), GBP – 3.9% (2010: 3.9%) and JPY – 4.0% (2010: 3.7%).

There was no loan to directors of the Company and its subsidiary companies.

30 Deposits and Other Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Deposits	15.1	17.0	9.0	10.7
Other debtors	36.9	49.3	24.5	31.2
	52.0	66.3	33.5	41.9

31 Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Available-for-sale investments				
Quoted investments				
Government securities	8.9	11.6	-	-
Equity investments	34.3	34.1	-	-
Non-equity investments	14.7	14.9	-	-
	57.9	60.6	-	-
Unquoted investments				
Government securities	339.9	80.0	339.9	80.0
	397.8	140.6	339.9	80.0

The Group's non-equity investments comprise investments in government securities and corporate bonds.

The interest rates for quoted and unquoted government securities range from 1.10% to 5.88% (2010: 1.63% to 4.63%) per annum and 0.27% to 0.38% (2010: 0.19% to 0.60%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

32 Cash and Bank Balances (in $ million)

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Fixed deposits	7,128.9	4,069.8	7,102.3	4,038.7
Cash and bank	305.3	402.1	115.5	222.0
	7,434.2	4,471.9	7,217.8	4,260.7

As at 31 March 2011, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 13.8% (2010: 11.0%), EUR – 1.1% (2010: 1.5%) and AUD – 1.1% (2010: 1.2%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 4.87% (2009-10: 0.01% to 4.03%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 0.46% (2009-10: 0.35%) per annum.

33 Trade and Other Creditors (in $ million)

Trade and other creditors are non-interest bearing. As at 31 March 2011, 9.7% (2010: 9.6%) of trade and other creditors were held in USD by the Group.

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

	The Group	
	2010-11	2009-10
Purchase of property, plant and equipment	1,234.4	1,575.7
Property, plant and equipment acquired under credit terms	(10.6)	(15.4)
Cash invested in capital expenditure	1,223.8	1,560.3

35 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated $6,556.6 million (2010: $7,581.7 million) for the Group and $6,015.7 million (2010: $6,839.8 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 expenditures totalled $1.0 million (2010: $2.4 million).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(b) Operating lease commitments

As lessee

Aircraft

The Company has 1 B747-400, 4 B777-200, 3 B777-200ER, 7 B777-300, 19 A330-300 and 6 A380-800 aircraft under operating leases with fixed rental rates. Under 5 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 5 to 10.5 years. In one of the aircraft lease agreements, the Company holds an option to extend the lease for a further maximum period of 5 years. In 5 others, the Company holds options to extend the leases for a further maximum period of 3 years and in 24 others, the Company holds the options to extend the leases for a further maximum period of 2 years. Sub-leasing is allowed under all the lease arrangements.

SIA Cargo has 3 B747-400F aircraft under operating leases with fixed rental rates. The lease terms range from 10 to 11 years. In one of the aircraft lease agreements, SIA Cargo holds the option to extend the lease for a further maximum period of 2 years. For the other 2 agreements, there is no option for renewal. Sub-leasing is allowed under all the lease arrangements.

SilkAir (Singapore) Private Limited ("SilkAir") has 5 A320-200s and 2 A319-100s aircraft under operating leases with fixed rental rates. The original lease terms for the 2 A319-100s range from 11.2 to 11.5 years, which SilkAir holds options to extend the leases up to a maximum of 3 years. The original lease terms for the 5 A320-200s range from 4 to 11 years and SilkAir holds options to extend the leases for 2 to 5 years. None of the operating lease agreements confer on SilkAir an option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements.

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

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Not later than one year	587.2	575.0	525.1	516.9
Later than one year but not later than five years	1,717.7	1,735.9	1,508.0	1,540.8
Later than five years	455.0	530.7	360.7	475.5
	2,759.9	2,841.6	2,393.8	2,533.2

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	
	2011	2010	2011	2010
Not later than one year	64.4	48.4	48.0	45.8
Later than one year but not later than five years	93.3	73.1	71.1	69.0
Later than five years	81.6	17.9	12.5	6.9
	239.3	139.4	131.6	121.7

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(b) Operating lease commitments (continued)

As lessee (continued)

Property and equipment (continued)

The minimum lease payments recognised in the profit and loss account amounted to $62.3 million (2009-10: $54.5 million) and $54.8 million (2009-10: $51.2 million) for the Group and the Company respectively.

As lessor

Aircraft

During the year, the Company entered into a commercial aircraft lease for 6 B777-200ER aircraft. This non-cancellable lease is for a basic lease term of 30 months for the first 3 aircraft and 24 months for the other 3 aircraft. The lease rental is fixed throughout the lease term for all 6 aircraft.

SIA Cargo had previously entered into a commercial aircraft lease. This non-cancellable lease has a remaining lease term of 4 years and 5 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		The Company 31 March	
	2011	2010	2011	2010
Not later than one year	122.0	13.6	109.7	-
Later than one year but not later than five years	101.9	54.5	60.1	-
Later than five years	-	5.7	-	-
	223.9	73.8	169.8	-

36 Contingent Liabilities (in $ million)

(a) Flight SQ006

There were 83 fatalities among 179 passengers and crew members aboard the Boeing 747 aircraft, Flight SQ006, that crashed on the runway at the Chiang Kai Shek International Airport, Taipei en route to Los Angeles on 31 October 2000. With the exception of one outstanding passenger claim, all the other lawsuits relating to the crash that were commenced against the Company by both the crew members and the other passengers or their next-of-kin have been settled. These claims are covered by the insurance coverage maintained by the Company and therefore have no material impact on its financial position.

(b) Cargo: Investigations by Competition Authorities and Civil Class Actions

In 2006 and thereafter, SIA Cargo and the Company were among several airlines that received notice of investigations by competition authorities in the US, European Union, Australia, Canada, New Zealand, South Africa, South Korea and Switzerland as to whether surcharges, rates or other competitive aspects of air cargo service were lawfully determined (the "air cargo issues").

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

36 Contingent Liabilities (in $ million) (continued)

(b) Cargo: Investigations by Competition Authorities and Civil Class Actions (continued)

On 8 February 2011, SIA Cargo confirmed its acceptance of a plea bargain offered by the United States Department of Justice. This amount has been reflected as exceptional items in the Group's accounts. The plea agreement has brought the Department of Justice's air cargo investigations in the United States to a close for SIA Cargo.

On 30 November 2010, the Korea Fair Trade Commission ("KFTC") released its adverse decision against 21 air cargo carriers, including SIA Cargo, in respect of fuel surcharges. A fine of KRW3.117 billion ($3.6 million) was imposed on SIA Cargo. The fine was paid in January 2011 in accordance with Korean laws. This amount has been reflected as an exceptional item in the Group's accounts. SIA Cargo contests the validity of the KFTC decision and has filed an appeal before the Seoul District Court.

On 9 November 2010, the European Commission issued an adverse decision against 13 air cargo carriers, including SIA Cargo and the Company, in respect of fuel surcharges, security surcharges and commissions on surcharges. A fine of EUR74.8 million ($135.7 million) was imposed on SIA Cargo and the Company. SIA Cargo paid the fine in February 2011 in accordance with European Union laws. This amount has also been reflected as an exceptional item in the Group's accounts. SIA Cargo and the Company have filed an appeal to the European General Court seeking annulment of the decision.

In July 2010, SIA Cargo was among eight airlines to receive notification that the Competition Commission of South Africa had referred a complaint to the South Africa Competition Tribunal in respect of fuel surcharges. These proceedings have not progressed since the initial issuance of the complaint. SIA Cargo intends to defend this proceeding.

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 14 airlines including both SIA Cargo and the Company. In Australia, statements of claim have been issued against nine airlines including SIA Cargo. These proceedings remain at a preliminary stage. An initial defence has been filed in both proceedings.

After the investigations commenced, civil damage lawsuits were filed in the US, Canada, Australia, South Korea, England and the Netherlands by private parties against several airlines, including SIA Cargo and the Company. Other lawsuits have been threatened by customers of SIA Cargo or shippers that purportedly contracted with SIA Cargo's customers. The filed cases still remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

Apart from the exceptional items noted above, it is premature to make provision in the financial statements for the other pending investigations, court proceedings, civil suits, or threatened claims.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

36 Contingent Liabilities (in $ million) (continued)

(c) Passengers: Civil Class Actions and Investigations by Competition Authorities

The Company and several airlines have been named in civil class action damages lawsuits in the US and Canada alleging an unlawful agreement to fix surcharges and rates on transpacific flights. These cases are currently in procedural stages and none have been tried thus far on their respective substantive legal merits. The Company has also received notice of investigations by competition authorities in various jurisdictions concerning whether competitive aspects of passenger air travel services have been lawfully determined. The Company is cooperating with these criminal and regulatory investigations.

In addition, in July 2010, the Company received notice of an investigation of the Competition Commission of India ("CCI") concerning alleged collusion in the elimination of commissions paid to travel agents in India. The Company has responded to the alleged complaint. In January 2011, the Office of the Director General of the CCI issued a report exonerating the Company and the other defendant airlines. The CCI is expected to adopt a final decision in the case in the near future.

As the civil class action suits have neither been tried nor the damages quantified and the investigations by the competition authorities are ongoing, it is premature to make provision in the financial statements.

(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 Limited, Malaysian Airline System Berhad, and Cathay Pacific Airways Limited] in a claim on behalf of Australian travel agents for alleged non-payment of commissions on fuel surcharges applied to passenger tickets issued in Australia from May 2004 onwards. 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.

By agreement amongst the parties, the first case was heard with one airline from the respondent group as the lead defendant. The subsequent claims against the Company were put on hold until the first case is resolved.

In March 2009, the Court dismissed the first travel agent's claim. The agents appealed and on 4 May 2010 the Full Court of the Federal Court reversed the earlier decision. The other airline's appeal to the High Court of Australia was unsuccessful and the Federal Court recently made orders in order to facilitate the claim against that airline being finalised. That process is still ongoing.

There have been no substantive developments in the claim against the Company during the time the claim against the lead defendant has been progressing but the claim against the Company and the other respondents will now progress further. It is anticipated that the Court will now require all remaining parties to explore options for a potential commercial resolution of the claims. Based on presently available information, the Company does not expect the damages to be material.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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 statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

2011 The Group	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
Assets						
Long-term investments	-	35.3	-	-	-	35.3
Other receivables	119.6	-	-	-	-	119.6
Trade debtors	1,327.8	-	74.3	-	-	1,402.1
Deposits and other debtors	52.0	-	-	-	-	52.0
Investments	-	397.8	-	-	-	397.8
Cash and bank balances	7,434.2	-	-	-	-	7,434.2
Total financial assets	8,933.6	433.1	74.3	-	-	9,441.0
Total non-financial assets						15,103.5
Total assets						24,544.5
Liabilities						
Notes payable	-	-	-	1,700.0	-	1,700.0
Finance lease commitments	-	-	-	337.2	-	337.2
Loans	-	-	-	1.7	-	1.7
Trade and other creditors	-	-	69.3	2,725.7	66.6	2,861.6
Total financial liabilities	-	-	69.3	4,764.6	66.6	4,900.5
Total non-financial liabilities						5,141.2
Total liabilities						10,041.7

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

2011 The Company	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
Assets					
Long-term investments	-	18.8	-	-	18.8
Other receivables	119.6	-	-	-	119.6
Trade debtors	913.6	-	63.1	-	976.7
Deposits and other debtors	33.5	-	-	-	33.5
Amounts owing by subsidiary companies	194.0	-	-	-	194.0
Investments	-	339.9	-	-	339.9
Cash and bank balances	7,217.8	-	-	-	7,217.8
Total financial assets	8,478.5	358.7	63.1	-	8,900.3
Total non-financial assets					15,283.1
Total assets					24,183.4
Liabilities					
Notes payable	-	-	-	1,700.0	1,700.0
Amounts owing to subsidiary companies	-	-	-	1,529.0	1,529.0
Trade and other creditors	-	-	48.5	2,161.8	2,210.3
Total financial liabilities	-	-	48.5	5,390.8	5,439.3
Total non-financial liabilities					4,609.0
Total liabilities					10,048.3

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

2010 The Group	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
Assets						
Long-term investments	-	35.3	-	-	-	35.3
Other receivables	114.4	-	-	-	-	114.4
Trade debtors	1,289.8	-	50.3	-	7.7	1,347.8
Deposits and other debtors	66.3	-	-	-	-	66.3
Investments	-	140.6	-	-	-	140.6
Cash and bank balances	4,471.9	-	-	-	-	4,471.9
Total financial assets	5,942.4	175.9	50.3	-	7.7	6,176.3
Total non-financial assets						16,308.0
Total assets						22,484.3
Liabilities						
Notes payable	-	-	-	900.0	-	900.0
Finance lease commitments	-	-	-	438.9	-	438.9
Amounts owing to associated companies	-	-	-	2.0	-	2.0
Trade and other creditors	-	-	154.9	2,295.1	48.7	2,498.7
Total financial liabilities	-	-	154.9	3,636.0	48.7	3,839.6
Total non-financial liabilities						4,895.4
Total liabilities						8,735.0

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

2010 The Company	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
Assets					
Long-term investments	-	18.8	-	-	18.8
Other receivables	114.4	-	-	-	114.4
Trade debtors	913.1	-	44.9	-	958.0
Deposits and other debtors	41.9	-	-	-	41.9
Amounts owing by subsidiary companies	141.0	-	-	-	141.0
Investments	-	80.0	-	-	80.0
Cash and bank balances	4,260.7	-	-	-	4,260.7
Total financial assets	5,471.1	98.8	44.9	-	5,614.8
Total non-financial assets					16,333.7
Total assets					21,948.5
Liabilities					
Notes payable	-	-	-	900.0	900.0
Amounts owing to subsidiary companies	-	-	-	1,298.0	1,298.0
Trade and other creditors	-	-	121.1	1,755.5	1,876.6
Total financial liabilities	-	-	121.1	3,953.5	4,074.6
Total non-financial liabilities					4,390.6
Total liabilities					8,465.2

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

Derivative financial instruments included in the statements of financial position are as follows:

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Assets*				
Currency hedging contracts	2.5	20.7	1.6	15.8
Fuel hedging contracts	54.2	5.7	43.9	5.2
Cross currency swap contracts	-	7.7	-	-
Interest rate cap contracts	17.6	23.9	17.6	23.9
	74.3	58.0	63.1	44.9
Liabilities#				
Currency hedging contracts	57.3	17.3	48.5	14.5
Fuel hedging contracts	-	112.9	-	93.6
Cross currency swap contracts	63.3	43.5	-	-
Interest rate swap contracts	15.3	29.9	-	13.0
	135.9	203.6	48.5	121.1

* *Included under trade debtors*

\# *Included under trade creditors*

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

37 Financial Instruments (in $ million) (continued)

(b) Fair values

Financial instruments carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	The Group 31 March					
	2011			2010		
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Total	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Total
Financial assets:						
Available-for-sale financial assets (Note 31)						
Quoted investments						
- Government securities	8.9	-	8.9	11.6	-	11.6
- Equity investments	34.3	-	34.3	34.1	-	34.1
- Non-equity investments	14.7	-	14.7	14.9	-	14.9
Unquoted investments						
- Government securities	-	339.9	339.9	-	80.0	80.0
Derivative financial instruments						
Currency hedging contracts	-	2.5	2.5	-	20.7	20.7
Fuel hedging contracts	-	54.2	54.2	-	5.7	5.7
Cross currency swap contracts	-	-	-	-	7.7	7.7
Interest rate cap contracts	-	17.6	17.6	-	23.9	23.9
	57.9	414.2	472.1	60.6	138.0	198.6
Financial liabilities:						
Derivative financial instruments						
Currency hedging contracts	-	57.3	57.3	-	17.3	17.3
Fuel hedging contracts	-	-	-	-	112.9	112.9
Cross currency swap contracts	-	63.3	63.3	-	43.5	43.5
Interest rate swap contracts	-	15.3	15.3	-	29.9	29.9
	-	135.9	135.9	-	203.6	203.6

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

37 Financial Instruments (in $ million) (continued)

(b) Fair values (continued)

Financial instruments carried at fair value (continued)

Determination of fair value

The Group and the Company have carried all investment securities that are classified as available-for-sale financial assets and all derivative instruments at their fair values.

The fair values of jet fuel swap contracts are the mark-to-market values of these contracts. The fair values of jet fuel option contracts are determined by reference to available market information and the Black-Scholes option valuation model. As the Group hedges its jet fuel requirements in Mean of Platts Singapore Jet Kerosene ("MOPS") and that the majority of the Group's fuel uplifts are in MOPS, the MOPS price (2011: USD133.22/BBL, 2010: USD89.59/BBL) is used as the input for market fuel price to the Black-Scholes option valuation model. Consequently, the annualised volatility (2010-11: 26.85%, 2009-10: 23.46%) 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 (2010-11: 0.38%, 2009-10: 0.41%) was also applied to each individual jet fuel option contract to derive their estimated fair values as at the end of the reporting period.

The fair values of 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.

The fair value of quoted investments is generally determined by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions or reference to the current market value of another instrument (which is substantially the same).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

37 Financial Instruments (in $ million) (continued)

(b) Fair values (continued)

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.

Financial instruments carried at other than fair value

Long-term investments amounting to $35.3 million (2010: $35.3 million) for the Group and $18.8 million (2010: $18.8 million) for the Company are stated at cost because the fair values cannot be obtained directly from quoted market price or indirectly using valuation techniques supported by observable market data.

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(a) Jet fuel price risk (continued)

Cash flow hedges

The Group manages this fuel price risk by using swap and option contracts and hedging up to 15 months forward using jet fuel swap and option contracts. The Group no longer enters into new gasoil hedges. Existing gasoil swap contracts will be rolled up into jet fuel equivalents by hedging in the gasoil-jet fuel regrade closer to maturity. As at 31 March 2011, all gasoil contracts have matured.

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 $321.6 million (2010: $458.9 million), with a related deferred tax credit of $93.8 million (2010: $116.9 million), is included in the fair value reserve in respect of these contracts.

Jet fuel price sensitivity analysis

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one USD per barrel of jet fuel affects the Group's and the Company's annual fuel costs by $42.5 million and $35.5 million (2009-10: $44.9 million and $38.1 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are still outstanding as at the end of the reporting period and assumes that all jet fuel hedges (2010: jet fuel, gasoil and regrade hedges) are highly effective. Under these assumptions, with an increase or decrease in jet fuel prices (2010: jet fuel and gasoil prices), each by one USD per barrel, the before tax effects on equity are as follows:

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
($ million)	Effect on equity		Effect on equity	
Increase in one USD per barrel	3.5	5.1	2.8	4.2
Decrease in one USD per barrel	(3.5)	(5.1)	(2.8)	(4.2)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(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 2011, these accounted for 63.5% of total revenue (2009-10: 62.4%) and 64.0% of total operating expenses (2009-10: 58.6%). 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.

Cash flow hedges

As at 31 March 2011, the Company holds USD460.9 million (2010: USD158.3 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 USD and SGD.

The cash flow hedges of the expected future purchases in USD and expected future payments in SGD in the next 12 months are assessed to be highly effective and at 31 March 2011, a net fair value gain before tax of $247.5 million (2010: $302.5 million), with a related deferred tax charge of $75.2 million (2010: $84.6 million), is included in the fair value reserve in respect of these contracts.

Fair value through profit and loss

In addition, the Group has cross currency swap contracts in place with notional amounts ranging from $30.1 million to $109.6 million (2010: $35.9 million to $128.6 million) where it pays SGD and receives USD at USD/SGD exchange rates ranging from 1.3085 to 1.6990 (2010: 1.3085 to 1.6990). These contracts are used to protect the foreign exchange risk exposure of the Group's USD-denominated finance lease commitments. The maturity period of these contracts ranges from 21 August 2015 to 14 February 2018.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(b) Foreign currency risk (continued)

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

The following table details the sensitivity of a 1% strengthening of SGD against the respective foreign currencies. The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates.

	The Group 31 March			
	2011		2010	
($ million)	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
AUD	2.7	(1.6)	1.0	(1.4)
EUR	2.5	(1.3)	3.2	(1.4)
GBP	0.9	(0.5)	1.2	(0.5)
JPY	0.6	(0.6)	0.9	(0.4)
USD	(12.9)	(6.5)	(10.3)	(4.4)

	The Company 31 March			
	2011		2010	
($ million)	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
AUD	2.5	(1.4)	1.0	(1.2)
EUR	2.0	(0.8)	2.3	(0.9)
GBP	0.8	(0.4)	1.1	(0.4)
JPY	0.4	(0.4)	0.6	(0.3)
USD	(12.3)	(6.7)	(8.4)	(4.4)

If the relevant foreign currency strengthens by 1% against SGD, equity and profit before taxation would change by the same amounts in the opposite direction.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(c) Interest rate risk

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

Cash flow hedges

As at 31 March 2011, the Company has interest rate cap contracts at a strike rate of 6.50% (2010: 6.50%), maturing in 6 to 7 years, to hedge against risk of increase in aircraft lease rentals.

The cash flow hedges of the interest rate cap contracts are assessed to be highly effective and as at 31 March 2011, a net fair value loss before tax of $2.3 million (2010: net fair value gain before tax of $4.1 million), with a related deferred tax credit of $0.4 million (2010: deferred tax charge of $0.7 million), is included in the fair value reserve in respect of these contracts.

In the previous financial year, the Company entered into interest rate swap contracts to protect a portion of the future operating lease rent payments from exposure to fluctuations in interest rates. These contracts were settled during the financial year and the balance in the fair value reserve will be recognised in the profit and loss account over the lease term of the respective aircraft. A net fair value loss before tax of $44.9 million (2010: $13.0 million), with a related deferred tax credit of $7.6 million (2010: $2.2 million), was included in the fair value reserve in respect of these contracts.

As at 31 March 2011, other than those instruments entered into by the Company, the Group has interest rate swap agreements in place whereby it pays fixed rates of interest ranging from 3.00% to 4.95% (2010: 3.00% to 4.95%) and receives a variable rate linked to LIBOR. These contracts are used to protect a portion of the finance lease commitments from exposure to fluctuations in interest rates. The maturity period of these swaps range from 1 March 2014 to 5 March 2016.

The cash flow hedges of some of the interest rate swaps for the Group are assessed to be highly effective and as at 31 March 2011, a net fair value loss before tax of $56.8 million (2010: $22.7 million), with a related deferred tax credit of $9.6 million (2010: $2.2 million), is included in the fair value reserve in respect of these contracts.

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(c) Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

Under these assumptions, an increase or decrease in market interest rates of one basis point for all currencies in which the Group has borrowings and derivative financial instruments at 31 March 2011 will have the following effects:

	The Group 31 March			
	2011		2010	
($ million)	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in one basis point in market interest rates	0.1	0.7	0.4	0.5
Decrease in one basis point in market interest rates	(0.1)	(0.7)	(0.4)	(0.5)

	The Company 31 March			
	2011		2010	
($ million)	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in one basis point in market interest rates	0.1	0.6	0.4	0.3
Decrease in one basis point in market interest rates	(0.1)	(0.6)	(0.4)	(0.3)

(d) Market price risk

The Group and the Company own $397.8 million (2010: $140.6 million) and $339.9 million (2010: $80.0 million) in available-for-sale investments respectively at 31 March 2011.

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

Market price sensitivity analysis

If prices for 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	
	2011	2010	2011	2010
($ million)	Effect on equity		Effect on equity	
Increase in 1% of quoted prices	4.0	1.4	3.4	0.8
Decrease in 1% of quoted prices	(4.0)	(1.4)	(3.4)	(0.8)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(e) Liquidity risk

At 31 March 2011, the Group has at its disposal, cash and short-term deposits amounting to $7,434.2 million (2010: $4,471.9 million). In addition, the Group has available short-term credit facilities of about $521.0 million (2010: $535.1 million). The Group also has Medium Term Note Programmes under which it may issue notes up to $1,000.0 million (2010: $1,000.0 million) and as of 31 March 2011, $500.0 million remains unutilised. Under these Programmes, notes issued by the Company may have varying maturities as agreed with the relevant financial institutions.

The Group's holdings of cash and short-term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for the Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The Group's policies in this regard are in line with the funding policies of other major airlines.

The maturity profile of the financial liabilities of the Group and the Company is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

2011	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	949.4	22.6	22.6	22.6	319.3	568.7	1,905.2
Finance lease commitments	71.1	73.4	74.5	57.5	51.5	44.4	372.4
Trade and other creditors	2,725.7	-	-	-	-	-	2,725.7
Derivative financial instruments:							
Currency hedging contracts	57.3	-	-	-	-	-	57.3
Cross currency swap contracts	63.3	-	-	-	-	-	63.3
Interest rate swap contracts	15.3	-	-	-	-	-	15.3
	3,882.1	96.0	97.1	80.1	370.8	613.1	5,139.2
The Company							
Notes payable	949.4	22.6	22.6	22.6	319.3	568.7	1,905.2
Trade and other creditors	2,161.8	-	-	-	-	-	2,161.8
Amounts owing to subsidiary companies	1,529.0	-	-	-	-	-	1,529.0
Derivative financial instruments:							
Currency hedging contracts	48.5	-	-	-	-	-	48.5
	4,688.7	22.6	22.6	22.6	319.3	568.7	5,644.5

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(e) Liquidity risk (continued)

2010	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	37.4	928.0	-	-	-	-	965.4
Finance lease commitments	78.2	80.4	82.5	83.3	64.3	106.3	495.0
Trade and other creditors	2,295.1	-	-	-	-	-	2,295.1
Amounts owing to associated companies	2.0	-	-	-	-	-	2.0
Derivative financial instruments:							
Currency hedging contracts	17.3	-	-	-	-	-	17.3
Fuel hedging contracts	112.9	-	-	-	-	-	112.9
Cross currency swap contracts	43.5	-	-	-	-	-	43.5
Interest rate swap contracts	29.9	-	-	-	-	-	29.9
	2,616.3	1,008.4	82.5	83.3	64.3	106.3	3,961.1
The Company							
Notes payable	37.4	928.0	-	-	-	-	965.4
Trade and other creditors	1,755.5	-	-	-	-	-	1,755.5
Amounts owing to subsidiary companies	1,298.0	-	-	-	-	-	1,298.0
Derivative financial instruments:							
Currency hedging contracts	14.5	-	-	-	-	-	14.5
Fuel hedging contracts	93.6	-	-	-	-	-	93.6
Interest rate swap contracts	13.0	-	-	-	-	-	13.0
	3,212.0	928.0	-	-	-	-	4,140.0

(f) Credit risk

The Group has an independent Group Debts Review Committee to review the follow up actions on outstanding receivables monthly. On a day-to-day basis, the respective Finance divisions have the primary responsibility for measuring and managing specific risk exposures.

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

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Long-term investments	35.3	35.3	18.8	18.8
Other receivables	119.6	114.4	119.6	114.4
Trade debtors	1,402.1	1,347.8	976.7	958.0
Deposits and other debtors	52.0	66.3	33.5	41.9
Prepayments	103.6	92.6	89.5	82.0
Amounts owing by subsidiary companies	-	-	194.0	141.0
Loan to a subsidiary company	-	-	-	50.0
Investments	397.8	140.6	339.9	80.0
Cash and bank balances	7,434.2	4,471.9	7,217.8	4,260.7
	9,544.6	6,268.9	8,989.8	5,746.8

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(f) Credit risk (continued)

There are no significant concentrations of credit risk other than on derivative counterparties where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to a broad diversification. In specific instances, the contract may require special collateral.

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collaterals requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

Allowance is made for doubtful accounts whenever risks are identified.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(g) Counterparty risk (continued)

The Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposures of balances that exceed 5% of the financial assets of the Group and the Company as at 31 March:

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2011	2010	2011	2010	2011	2010	2011	2010
Counterparty profiles								
By industry:								
Travel agencies	348.2	369.0	3.7%	6.0%	327.9	349.3	3.7%	6.2%
Airlines	275.2	178.4	2.9%	2.9%	139.9	108.2	1.6%	1.9%
Financial institutions	7,725.3	4,690.8	81.8%	75.9%	7,549.5	4,462.4	84.8%	79.5%
Others	487.6	581.5	5.2%	9.4%	177.2	298.8	2.0%	5.3%
	8,836.3	5,819.7	93.6%	94.2%	8,194.5	5,218.7	92.1%	92.9%
By region:								
East Asia	3,414.1	2,507.6	36.2%	40.6%	3,037.3	2,144.9	34.1%	38.2%
Europe	3,834.0	2,196.2	40.6%	35.5%	3,729.7	2,114.9	41.9%	37.7%
South West Pacific	1,199.2	164.1	12.7%	2.7%	1,169.7	132.7	13.2%	2.3%
Americas	277.3	388.9	2.9%	6.3%	187.2	315.8	2.1%	5.6%
West Asia and Africa	111.7	562.9	1.2%	9.1%	70.6	510.4	0.8%	9.1%
	8,836.3	5,819.7	93.6%	94.2%	8,194.5	5,218.7	92.1%	92.9%
By Moody's credit ratings:								
Investment grade (A to Aaa)	7,719.8	4,689.2	81.8%	75.9%	7,503.3	4,462.2	84.3%	79.5%
Investment grade (Baa)	3.2	0.5	0.0%	0.0%	0.3	0.5	0.0%	0.0%
Non-rated	1,113.3	1,130.0	11.8%	18.3%	690.9	756.0	7.8%	13.4%
	8,836.3	5,819.7	93.6%	94.2%	8,194.5	5,218.7	92.1%	92.9%

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

39 Capital Management (in $ million)

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

The Company did not breach any gearing covenants during the financial years ended 31 March 2011 or 31 March 2010. 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.

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Notes payable	1,700.0	900.0	1,700.0	900.0
Finance lease commitments	337.2	438.9	-	-
Loans	1.7	-	-	-
Total debt	2,038.9	1,338.9	1,700.0	900.0
Share capital	1,832.4	1,750.6	1,832.4	1,750.6
Reserves	12,372.0	11,718.3	12,302.7	11,732.7
Total capital	14,204.4	13,468.9	14,135.1	13,483.3
Gearing ratio (times)	0.14	0.10	0.12	0.07

40 Related Party Transactions (in $ million)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	The Group	
	2010-11	2009-10
Purchases of services from associated companies	30.0	34.8
Services rendered to associated companies	(23.0)	(5.7)
Purchases of services from joint venture companies	0.5	0.3
Services rendered to joint venture companies	(11.9)	(10.3)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

Directors' and key executives' remuneration of the Company

	The Company 31 March 2010-11	2009-10
Directors		
Salary, bonuses and other costs	3.6	4.0
CPF and other defined contributions	*	*
Share-based compensation expense	1.4	0.9
	5.0	4.9
Key executives (excluding executive directors)		
Salary, bonuses and other costs	2.3	3.4
CPF and other defined contributions	*	*
Share-based compensation expense	2.6	1.1
	4.9	4.5

* Amount less than $0.1 million

Share options granted to and exercised by directors and key executives of the Company are as follows:

Directors and key executives in office during the financial year

Name of participant	Aggregate options granted since commencement of scheme up to cessation of employment	Aggregate options exercised since commencement of scheme up to cessation of employment	Aggregate options outstanding at cessation of employment
Chew Choon Seng	1,194,000	150,000	1,044,000
Bey Soo Khiang	762,000	762,000	-
Huang Cheng Eng	747,000	456,750	290,250

Directors and key executives in office at the end of the financial year

Name of participant	Aggregate options granted since commencement of scheme up to end of financial year under review	Aggregate options exercised since commencement of scheme up to end of financial year under review	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	444,075	124,800	319,275
Mak Swee Wah	362,750	156,650	206,100
Ng Chin Hwee	214,025	83,500	130,525

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

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:

Directors and key executives in office during the financial year

RSP Base Awards

Name of participant	Balance as at 1 April 2010	Base Awards granted during the financial year till cessation of employment	Base Awards vested during the financial year till cessation of employment	Balance as at cessation of employment	Aggregate Base Awards granted since commencement of RSP up to cessation of employment
Chew Choon Seng	100,800	36,000	60,480	76,320	213,825
Bey Soo Khiang^	44,800	20,000	22,400	42,400	92,015
Huang Cheng Eng	38,080	-	-	38,080	59,646

RSP Final Awards (Pending Release) [R1]

Name of participant	Balance as at 1 April 2010	Final Awards granted during the financial year till cessation of employment#	Final Awards released during the financial year till cessation of employment	Balance as at cessation of employment	Aggregate ordinary shares released to participant since commencement of RSP up to cessation of employment
Chew Choon Seng	38,854	43,550	46,394	36,010	99,514
Bey Soo Khiang^	13,824	16,130	16,670	13,284	35,290
Huang Cheng Eng	11,163	-	-	11,163	14,525

Time-based RSP Awards

Name of participant	Balance as at 1 April 2010	Awards granted during the financial year till cessation of employment	Awards vested during the financial year till cessation of employment	Balance as at cessation of employment	Aggregate Awards granted since commencement of time-based RSP up to cessation of employment	Aggregate ordinary shares released to participant since commencement of time-based RSP up to cessation of employment
Chew Choon Seng	-	60,000	30,000	30,000	60,000	30,000
Bey Soo Khiang^	-	100,000	-	100,000	100,000	-
Huang Cheng Eng	-	13,000	6,500	6,500	13,000	6,500

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

Directors and key executives in office during the financial year (continued)

PSP Base Awards [R2]

Name of participant	Balance as at 1 April 2010	Base Awards granted during the financial year till cessation of employment	Base Awards vested during the financial year till cessation of employment	Balance as at cessation of employment	Aggregate Base Awards granted since commencement of PSP up to cessation of employment	Aggregate ordinary shares released to participant since commencement of PSP up to cessation of employment
Chew Choon Seng	173,483	48,000	55,211	166,272	249,212	103,616
Bey Soo Khiang^	69,984	22,000	20,704	71,280	105,848	41,458
Huang Cheng Eng	47,402	-	-	47,402	57,672	7,702

Directors and key executives in office at the end of the financial year

RSP Base Awards

Name of participant	Balance as at 1 April 2010	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2011	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	36,400	17,000	21,840	31,560	71,885
Mak Swee Wah	38,080	17,000	19,040	36,040	70,998
Ng Chin Hwee	38,080	17,000	19,040	36,040	55,080

RSP Final Awards (Pending Release) [R1]

Name of participant	Balance as at 1 April 2010	Final Awards granted during the financial year #	Final Awards released during the financial year	Balance as at 31 March 2011	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Goh Choon Phong	9,270	15,730	13,812	11,188	26,647
Mak Swee Wah	8,396	13,710	11,928	10,178	22,463
Ng Chin Hwee	-	13,710	6,855	6,855	6,855

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

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

Directors and key executives in office at the end of the financial year (continued)

Time-based RSP Awards

Name of participant	Balance as at 1 April 2010	Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2011	Aggregate Awards granted since commencement of time-based RSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of time-based RSP to end of financial year under review
Goh Choon Phong	-	100,000	-	100,000	100,000	-
Mak Swee Wah	-	100,000	-	100,000	100,000	-
Ng Chin Hwee	-	100,000	-	100,000	100,000	-

PSP Base Awards [R2]

Name of participant	Balance as at 1 April 2010	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2011	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Goh Choon Phong	26,613	15,000	6,901	34,712	49,829	16,522
Mak Swee Wah	40,501	15,000	6,901	48,600	63,306	16,213
Ng Chin Hwee	33,600	15,000	-	48,600	48,600	-

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

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

^ *Pursuant to the rules of the SIA Share Plans, the PSP and RSP granted to Mr Bey Soo Khiang lapsed upon his resignation on 1 March 2011.*

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

41 Subsequent Events

On 6 April 2011, SIAEC and Panasonic Avionics Corporation together formed a joint venture in Singapore – Panasonic Avionics Services Singapore. SIAEC injected a paid-up capital of USD2.125 million, equivalent to a shareholding of 42.5%.

On 15 April 2011, the Company and SilkAir announced an increase of the fuel surcharge for tickets issued on or after 21 April 2011. The adjustments will offer only partial relief of higher operating costs arising from recent increases in price of jet fuel. The Company and SilkAir will continue to monitor closely the price of fuel and keep surcharges under constant review.

On 25 April 2011, SIA Cargo injected $63.5 million (RMB328 million) in cash into China Cargo Airlines Ltd ("CK") for a 16.0% equity interest in the company. Subsequent to this, CK will purchase Great Wall Airlines' ("GWL") assets and liabilities. Upon completion of the purchase, GWL will be liquidated and the proceeds of the liquidation will be distributed to the shareholders of GWL.

ADDITIONAL INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

1 Interested Person Transactions (in $ million)

The aggregate values of all interested person transactions entered into during the financial year 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) 2010-11	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) 2010-11
PT Bank Danamon Indonesia TBK Group		
PT Bank Danamon Indonesia TBK	-	0.2
SATS Ltd. Group		
Aero Laundry & Linen Services Private Limited	-	12.0
Air India SATS Airport Services Private Limited	-	3.2
Asia Airfreight Terminal Co Ltd	-	11.3
Beijing Airport Inflight Kitchen Limited	-	3.8
Beijing Aviation Ground Services Company Ltd	-	6.6
Maldives Inflight Catering Pte Ltd	-	1.3
PT Jasa Angkasa Semesta Tbk	-	10.0
SATS Airport Services Pte Ltd	-	28.3
SATS Catering Pte Ltd	-	19.0
SATS HK Limited	-	3.1
SATS Ltd	-	423.1
SATS Security Services Private Limited	-	16.3
Taj Madras Flight Kitchen Pvt Limited	-	0.6
Taj SATS Air Catering Ltd	-	4.1
Tan Son Nhat Cargo Services Ltd (TCS)	-	0.8
SembCorp Industries Ltd Group		
Singapore Precision Industries Pte Ltd	-	0.1
Singapore Telecommunications Limited Group		
Singapore Telecommunications Limited	-	0.2
Trusted Hub Limited	-	0.3
Temasek Holdings (Private) Limited and Associates		
Great Wall Airlines Company Limited	-	0.6
MediaCorp Pte Ltd	-	0.3
PSA Corporation Limited *	0.2	-
Tiger Airways Holdings Limited Group		
Tiger Airways Singapore Pte Ltd	-	0.2
Total Interested Person Transactions	0.2	545.4

* *PSA Corporation Limited subscribed for 2,000,000 Singapore Airlines 2.15% bonds offered under placement for an aggregate amount of $2,000,000 during the Initial Public Offer in September 2010. Pursuant to Rule 909(3) of the SGX Listing Manual, the value of the transaction is the interest payable on the borrowing, $215,000 for 5 years.*

Note: All the above interested person 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						
2010-11	($ million)	3,465.8	3,631.2	3,841.0	3,586.8	14,524.8
2009-10	($ million)	2,871.4	3,082.1	3,418.0	3,335.8	12,707.3
TOTAL EXPENDITURE						
2010-11	($ million)	3,215.3	3,285.5	3,331.7	3,421.0	13,253.5
2009-10	($ million)	3,190.7	3,263.5	3,095.1	3,094.8	12,644.1
OPERATING PROFIT/(LOSS)						
2010-11	($ million)	250.5	345.7	509.3	165.8	1,271.3
2009-10	($ million)	(319.3)	(181.4)	322.9	241.0	63.2
PROFIT/(LOSS) BEFORE TAXATION						
2010-11	($ million)	317.5	480.4	409.4	211.7	1,419.0
2009-10	($ million)	(269.9)	(122.1)	396.6	280.9	285.5
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT						
2010-11	($ million)	252.5	380.2	288.3	171.0	1,092.0
2009-10	($ million)	(307.1)	(158.8)	403.7	278.0	215.8
EARNINGS/(LOSS) (AFTER TAXATION) PER SHARE - BASIC						
2010-11	(cents)	21.2	31.8	24.1	14.3	91.4
2009-10	(cents)	(26.0)	(13.4)	34.1	23.4	18.2
EARNINGS/(LOSS) (AFTER TAXATION) PER SHARE - DILUTED						
2010-11	(cents)	20.9	31.4	23.8	14.1	90.2
2009-10	(cents)	(26.0)	(13.4)	33.7	23.1	18.0

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2010-11	2009-10	2008-09	2007-08	2006-07
PROFIT AND LOSS ACCOUNT ($ million)					
Total revenue	14,524.8	12,707.3	15,996.3	15,972.5	14,494.4
Total expenditure	(13,253.5)	(12,644.1)	(15,092.7)	(13,848.0)	(13,180.0)
Operating profit	1,271.3	63.2	903.6	2,124.5	1,314.4
Finance charges	(70.1)	(68.9)	(89.7)	(100.2)	(124.1)
Interest income	37.3	49.5	96.0	181.2	181.8
Surplus on disposal of aircraft, spares and spare engines	103.3	25.4	60.6	49.1	237.9
Dividend from long-term investments	23.8	33.0	23.7	34.8	38.8
Other non-operating items	80.1	34.2	29.4	96.8	77.9
Share of profits of joint venture companies	74.6	56.1	63.9	50.8	57.9
Share of profits of associated companies	100.5	93.0	111.1	110.2	79.0
Profit before exceptional items	1,620.8	285.5	1,198.6	2,547.2	1,863.6
Surplus on sale of SIA Building	-	-	-	-	223.3
Surplus on sale of investment in					
Singapore Aircraft Leasing Enterprise Pte Ltd	-	-	-	-	197.7
Cargo fines	(201.8)	-	-	-	-
Profit before taxation	1,419.0	285.5	1,198.6	2,547.2	2,284.6
Profit attributable to owners of the Parent	1,092.0	215.8	1,061.5	2,049.4	2,128.8
STATEMENT OF FINANCIAL POSITION ($ million)					
Share capital	1,832.4	1,750.6	1,684.8	1,682.0	1,494.9
Treasury shares	(43.0)	(0.9)	(44.4)	(33.2)	-
Capital reserve	91.8	74.8	86.3	95.6	44.9
Foreign currency translation reserve	(186.1)	(137.0)	(137.9)	(130.7)	(59.5)
Share-based compensation reserve	172.6	185.3	187.3	136.4	97.3
Fair value reserve	(138.0)	(140.9)	(660.8)	443.4	(45.5)
General reserve	12,474.7	11,737.0	12,815.3	12,931.7	13,567.9
Equity attributable to owners of the Parent	14,204.4	13,468.9	13,930.6	15,125.2	15,100.0
Non-controlling interests	298.4	280.4	559.8	503.7	443.3
Total equity	14,502.8	13,749.3	14,490.4	15,628.9	15,543.3
Property, plant and equipment	13,877.6	15,063.9	15,992.4	16,474.1	16,311.7
Intangible assets	125.2	80.8	553.0	106.6	100.2
Investment properties	-	-	7.0	-	-
Associated companies	504.8	532.6	855.3	1,121.0	897.5
Joint venture companies	102.8	108.6	127.5	95.1	86.6
Long-term investments	35.3	35.3	43.2	43.3	43.3
Other non-current assets	119.6	114.4	403.6	361.8	303.9
Current assets	9,779.2	6,548.7	6,836.5	8,313.3	8,248.8
Total assets	24,544.5	22,484.3	24,818.5	26,515.2	25,992.0
Deferred account	347.1	480.7	673.9	787.3	973.6
Deferred taxation	2,181.1	2,296.6	2,222.0	2,542.1	2,410.9
Long-term liabilities and provisions	1,281.2	1,438.1	1,513.5	1,689.4	1,805.8
Current liabilities	6,232.3	4,519.6	5,918.7	5,867.5	5,258.4
Total liabilities	10,041.7	8,735.0	10,328.1	10,886.3	10,448.7
Net assets	14,502.8	13,749.3	14,490.4	15,628.9	15,543.3

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2010-11	2009-10	2008-09	2007-08	2006-07
CASH FLOW ($ million)					
Cash flow from operations	3,547.5	2,091.2	1,967.0	4,401.8	3,175.8
Internally generated cash flow [R1]	4,434.2	2,423.3	2,994.6	5,028.3	4,823.0
Capital expenditure	1,223.8	1,560.3	2,031.1	2,088.6	3,026.7
PER SHARE DATA					
Earnings before tax (cents)	118.8	24.1	101.2	209.5	185.2
Earnings after tax (cents) - basic	91.4	18.2	89.6	168.5	172.6
- diluted	90.2	18.0	89.1	166.1	170.8
Cash earnings ($) [R2]	2.35	1.67	2.36	2.94	2.84
Net asset value ($)	11.89	11.30	11.78	12.77	12.11
SHARE PRICE ($)					
High	16.50	15.94	16.34	20.20	18.00
Low	13.00	10.12	9.39	14.12	12.00
Closing	13.68	15.20	10.00	15.60	16.60
DIVIDENDS					
Gross dividends (cents per share)	140.0 [R3]	12.0	40.0	100.0	100.0 [R4]
Dividend cover (times)	0.7	1.5	2.2	1.7	1.7
PROFITABILITY RATIOS (%)					
Return on equity holders' funds [R5]	7.9	1.6	7.3	13.6	14.9
Return on total assets [R6]	4.9	1.2	4.5	8.1	8.9
Return on turnover [R7]	7.9	2.2	7.2	13.4	15.2
PRODUCTIVITY AND EMPLOYEE DATA					
Value added ($ million)	5,419.2	4,276.4	5,570.8	7,082.1	6,510.1
Value added per employee ($) [R8]	246,361	159,151	174,995	235,380	223,523
Revenue per employee ($) [R8]	660,308	472,918	502,491	530,859	497,662
Average employee strength	21,997	33,222	31,834	30,088	29,125
SGD per USD exchange rate as at 31 March	1.2602	1.4005	1.5203	1.3807	1.5171

R1 *Internally generated cash flow comprises cash generated from operations, dividends from associated and joint venture companies, and proceeds from sale of aircraft and other property, plant and equipment.*

R2 *Cash earnings is defined as profit attributable to owners of the Parent plus depreciation and amortisation.*

R3 *Includes 80.0 cents per share special dividend.*

R4 *Includes 50.0 cents per share special dividend.*

R5 *Return on equity holders' funds is the profit attributable to owners of the Parent expressed as a percentage of the average equity holders' funds.*

R6 *Return on total assets is the profit after tax expressed as a percentage of the average total assets.*

R7 *Return on turnover is the profit after tax expressed as a percentage of the total revenue.*

R8 *Based on average staff strength.*

TEN-YEAR STATISTICAL RECORD

		2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
SINGAPORE AIRLINES											
FINANCIAL [R1]											
Total revenue	($ million)	11,739.1	10,145.0	13,049.5	12,759.6	11,343.9	10,302.8	9,260.1	7,187.6	8,047.0	7,694.7
Total expenditure	($ million)	10,887.8	10,183.6	12,226.6	11,115.6	10,316.9	9,651.8	8,562.2	7,046.1	7,838.0	7,281.6
Operating profit/(loss)	($ million)	851.3	(38.6)	822.9	1,644.0	1,027.0	651.0	697.9	141.5	209.0	413.1
Profit before taxation	($ million)	1,194.0	233.3	1,252.4	2,077.6	2,291.1	940.8	1,570.4	319.7	460.1	740.7
Profit after taxation	($ million)	1,011.2	279.8	1,218.7	1,758.8	2,213.2	746.0	1,283.6	420.6	618.0	567.2
Capital disbursements [R2]	($ million)	981.9	1,372.4	1,698.6	1,814.4	2,792.7	1,458.6	1,608.9	2,051.3	2,766.2	2,885.7
Passenger											
- yield	(cents/pkm)	11.9	10.4	12.5	12.1	10.9	10.6	10.1	9.2	9.1	9.0
- unit cost	(cents/ask)	8.9	8.6	9.2	8.4	7.9	7.5	7.0	6.7	6.7	6.4
- breakeven load factor	(%)	74.8	82.7	73.6	69.4	72.5	70.8	69.3	72.8	73.6	71.1
OPERATING PASSENGER FLEET											
Aircraft	(numbers)	108	108	103	98	94	90	89	85	96	92
Average age	(months)	75	75	74	77	75	76	64	60	71	69
Industry-wide average age	(months)	163	162	162	162	161	159	157	156	155	155
PASSENGER PRODUCTION											
Destination cities	(numbers)	64	68	66	65	64	62	59	56	60	64
Distance flown	(million km)	354.1	342.4	379.8	365.9	353.1	341.8	325.4	266.7	296.2	288.4
Time flown	(hours)	460,096	443,141	492,103	474,432	458,936	441,510	419,925	342,715	384,652	368,204
Available seat-km	(million)	108,060.2	105,673.7	117,788.7	113,919.1	112,543.8	109,483.7	104,662.3	88,252.7	99,565.9	94,558.5
TRAFFIC											
Passengers carried	('000)	16,647	16,480	18,293	19,120	18,346	16,995	15,944	13,278	15,326	14,765
Revenue passenger-km	(million)	84,801.3	82,882.5	90,128.1	91,485.2	89,148.8	82,741.7	77,593.7	64,685.2	74,183.2	69,994.5
Passenger load factor	(%)	78.5	78.4	76.5	80.3	79.2	75.6	74.1	73.3	74.5	74.0
STAFF											
Average strength	(numbers)	13,588	13,934	14,343	14,071	13,847	13,729	13,572	14,010	14,418	14,205
Seat capacity per employee [R3]	(seat-km)	7,952,620	7,583,874	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)	588,714	563,318	598,047	618,295	613,211	577,784	549,904	448,513	495,617	471,300
Revenue per employee	($)	863,931	728,075	909,817	906,801	819,232	750,441	682,294	513,034	558,122	541,690
Value added per employee	($)	310,480	219,678	294,666	368,382	368,831	258,810	301,024	179,272	191,566	189,806
SIA CARGO											
Cargo and mail carried	(million kg)	1,156.4	1,122.4	1,219.5	1,308.0	1,284.9	1,248.5	1,149.5	1,050.9	1,043.2	938.5
Cargo load	(million tonne-km)	7,174.0	6,659.1	7,299.3	7,959.2	7,995.6	7,874.4	7,333.2	6,749.4	6,913.6	6,039.8
Gross capacity	(million tonne-km)	11,208.5	10,510.1	12,292.5	12,787.8	12,889.8	12,378.9	11,544.1	10,156.5	9,927.1	8,950.3
Cargo load factor	(%)	64.0	63.4	59.4	62.2	62.0	63.6	63.5	66.5	69.6	67.5
Cargo yield	(cents/ltk)	36.2	32.0	38.2	38.7	38.4	38.6	35.9	36.7	34.2	32.2
Cargo unit cost	(cents/ctk)	22.3	21.9	24.9	23.4	24.5	23.5	21.3	23.0	23.9	23.2
Cargo breakeven load factor	(%)	61.6	68.4	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)	15,173.5	14,508.4	15,876.9	16,659.2	16,486.8	15,806.8	14,796.5	13,033.1	14,059.5	12,734.6
Overall capacity	(million tonne-km)	21,897.7	20,962.1	23,946.0	24,052.1	24,009.7	23,208.0	21,882.5	18,873.8	19,773.7	18,305.1
Overall load factor	(%)	69.3	69.2	66.3	69.3	68.7	68.1	67.6	69.1	71.1	69.6
Overall yield	(cents/ltk)	83.8	74.7	88.6	85.0	77.5	74.6	70.8	65.0	64.5	64.9
Overall unit cost	(cents/ctk)	54.6	53.8	57.7	52.3	50.0	47.7	44.5	43.4	45.5	44.9
Overall breakeven load factor	(%)	65.2	72.0	65.1	61.5	64.5	63.9	62.9	66.8	70.5	69.2

R1 *SIA Cargo was corporatised on 1 July 2001. Statistics for 2001-02 includes cargo operations for the first three months only (April to June 2001).*

R2 *Capital disbursements comprised capital expenditure in property, plant and equipment, intangible assets, investments in subsidiary, associated and joint venture 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.*

THE GROUP FLEET PROFILE

As at 31 March 2011, Singapore Airlines Group operating fleet consisted of 137 aircraft - 126 passenger aircraft and 11 freighters. 108 and 18 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 2011-12	Expiry of operating lease 2012-13	On firm order	On option
Singapore Airlines:										
B747-400	6		1	7	375	11 y 6 m	1			
B777-200	7		1	8	288	13 y 1 m	1			
B777-200A	6		1	7	323	9 y 7 m				
B777-200R	9		2	11	266	7 y 6 m				
B777-200ER	6		3	9	285	8 y 5 m				
B777-300	4		7	11	332	9 y 5 m	4	1		
B777-300R	1			1	284	9 y 6 m				
B777-300ER	19			19	278	3 y 7 m				
A340-500	5			5	100	7 y 1 m				
A380-800	5		6	11	471	2 y 4 m			8	6
A330-300			19	19	285	1 y 4 m				
B787-9 [R1]									20	20 [R2]
A350-900 XWB [R1]									20	20
Sub-total	68		40	108	N.A	6 y 3 m	6	1	48	46
SIA Cargo:										
B747-400F	4	4	3	11	N.A.	9 y 2 m			2 [R3]	
SilkAir:										
A319-100	4		2	6	128	5 y 2 m				
A320-200	7		5	12	150	6 y 4 m			6	4
Sub-total	11		7	18	N.A.	5 y 11 m			6	4
Total	**83**	**4**	**50**	**137**	**N.A.**	**6 y 5 m**	**6**	**1**	**56**	**50**

N.A. not applicable

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

[R2] *The B787-9 aircraft are on purchase rights.*

[R3] *Refers to converted passenger-to-freighter aircraft from Singapore Airlines.*

GROUP CORPORATE STRUCTURE

31 March 2011

SINGAPORE AIRLINES LIMITED

- **79.7%** SIA Engineering Company Limited
  - **100%** Aircraft Maintenance Services Australia Pty Ltd
  - **100%** NexGen Network (1) Holding Pte Ltd
  - **100%** NexGen Network (2) Holding Pte Ltd
  - **100%** SIAEC Global Pte Ltd
  - **100%** SIA Engineering (USA), Inc.
  - **65%** Singapore Jamco Pte Ltd
  - **65%** SIA Engineering (Philippines) Corporation
  - **51%** Aerospace Component Engineering Services Pte Limited
  - **51%** Aviation Partnership (Philippines) Corporation
  - **50%** International Engine Component Overhaul Pte Ltd
  - **50%** Singapore Aero Engine Services Pte Ltd
  - **49%** Combustor Airmotive Services Pte Ltd
  - **49%** Eagle Services Asia Private Limited
  - **49%** Fuel Accessory Service Technologies Pte Ltd
  - **49%** PWA International Limited
  - **49%** PT JAS Aero - Engineering Services
  - **49%** Safran Electronics Asia Pte Ltd
  - **49%** Southern Airports Aircraft Maintenance Services Company Limited
  - **47.1%** Pan Asia Pacific Aviation Services Ltd
  - **45%** Jamco Aero Design & Engineering Pte Ltd
  - **40%** Goodrich Aerostructures Service Center-Asia Pte Ltd
  - **40%** Messier Services Asia Private Limited
  - **39.2%** Asian Surface Technologies Pte Ltd
  - **33.3%** International Aerospace Tubes - Asia Pte Ltd
  - **24.5%** Asian Compressor Technology Services Co Ltd
  - **24.5%** Turbine Coating Services Private Limited
- **100%** SilkAir (Singapore) Private Limited
  - **100%** Tradewinds Tours & Travel Private Limited
  - **5%** Abacus Travel Systems Pte Ltd
- **56%** Abacus Travel Systems Pte Ltd
- **100%** Singapore Aviation and General Insurance Company (Pte) Limited
- **100%** 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 Pte Ltd
  - **51%** Cargo Community Network Pte Ltd
    - **100%** Cargo Community (Shanghai) Co Ltd
  - **25%** Great Wall Airlines Company Limited
- **100%** SIA (Mauritius) Ltd
- **76%** Singapore Airport Duty-Free Emporium (Private) Limited
- **49%** Virgin Atlantic Limited
- **32.9%** Tiger Airways Holdings Limited
- **20%** Ritz-Carlton, Millenia Singapore Properties Private Limited

INFORMATION ON SHAREHOLDINGS

as at 6 June 2011

No. of Issued Shares:	1,197,928,581
No. of Issued Shares (excluding Treasury Shares):	1,195,030,135
No./Percentage of Treasury Shares:	2,898,446 (0.24%)
Class of Shares:	Ordinary shares One Special share held by the Minister for Finance
Voting Rights (excluding Treasury shares):	1 vote per share

Range of shareholdings	Number of shareholders	%*	Number of shares	%*
1 - 999	4,050	12.04	2,006,405	0.17
1,000 - 10,000	27,271	81.10	71,088,222	5.95
10,001 - 1,000,000	2,288	6.80	78,878,248	6.60
1,000,001 and above	20	0.06	1,043,057,260	87.28
Total	33,629	100.00	1,195,030,135	100.00

INFORMATION ON SHAREHOLDINGS

as at 6 June 2011

Twenty largest shareholders

	Name	Number of shares	%*
1	Temasek Holdings (Private) Limited	657,306,600	55.00
2	Citibank Nominees Singapore Pte Ltd	108,932,615	9.12
3	DBS Nominees Pte Ltd	102,214,594	8.55
4	HSBC (Singapore) Nominees Pte Ltd	46,323,914	3.88
5	DBSN Services Pte Ltd	41,910,767	3.51
6	United Overseas Bank Nominees Pte Ltd	24,645,999	2.06
7	BNP Paribas Securities Services Singapore	20,182,659	1.69
8	Raffles Nominees Pte Ltd	11,390,603	0.95
9	DB Nominees (S) Pte Ltd	4,625,267	0.39
10	DBS Vickers Securities (S) Pte Ltd	4,569,477	0.38
11	Bank of Singapore Nominees Pte Ltd	3,093,964	0.26
12	UOB Kay Hian Pte Ltd	2,836,640	0.24
13	Merrill Lynch (S'pore) Pte Ltd	2,433,828	0.20
14	Tan Leng Yeow	2,384,000	0.20
15	Morgan Stanley Asia (S'pore)	2,184,512	0.18
16	Chang Shyh Jin	2,007,940	0.17
17	OCBC Nominees Singapore Private Limited	1,637,050	0.14
18	ABN AMRO Nominees Singapore Pte Ltd	1,600,680	0.13
19	BNP Paribas Nominees Singapore Pte Ltd	1,538,004	0.13
20	Phillip Securities Pte Ltd	1,238,147	0.10
	Total	1,043,057,260	87.28

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

	Number of shares			
Substantial shareholder	Direct Interest	%*	Deemed Interest**	%*
Temasek Holdings (Private) Limited	657,306,600	55.00	4,485,268	0.38

* *Based on 1,195,030,134 ordinary shares issued as at 6 June 2011 (this is based on 1,197,928,580 shares in issue as at 6 June 2011, excluding the 2,898,446 shares held in Treasury as at 6 June 2011).*

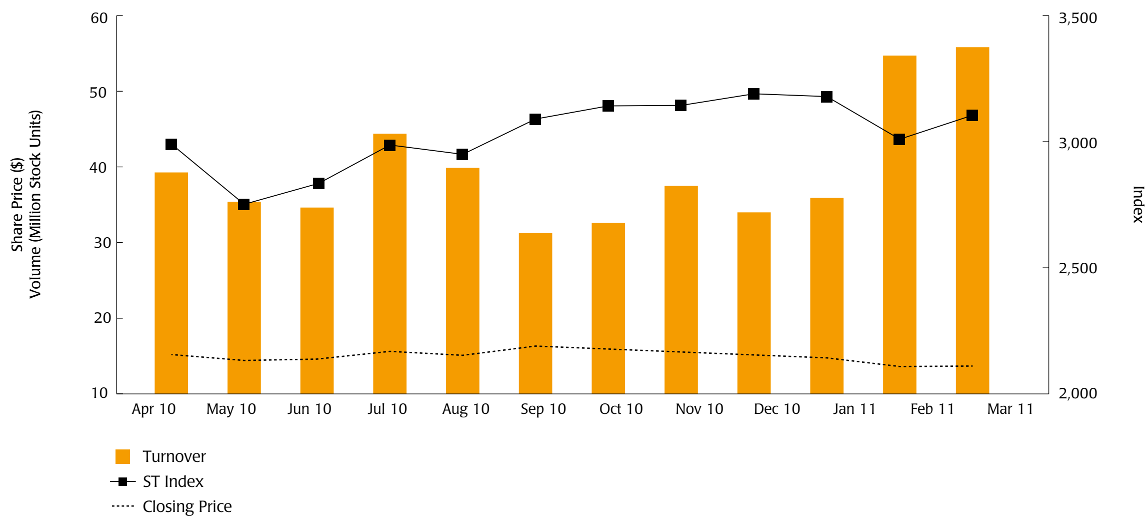
** *Deemed interest means interest determined pursuant to Section 7 of the Companies Act.*

Shareholdings held by the public

Based on the information available to the Company as at 6 June 2011, 44.59 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

Singapore Airlines Share Price and Turnover



Share Price ($)	**2010-11**	**2009-10**
Highest closing price	16.50	15.94
Lowest closing price	13.00	10.12
31 March closing price	13.68	15.20
Market Value Ratios [R1]		
Price/Earnings	14.97	83.52
Price/Book value	1.15	1.35
Price/Cash earnings [R2]	5.82	9.10

[R1] *Based on closing price on 31 March and Group numbers.*

[R2] *Cash earnings is defined as profit attributable to owners of the Parent plus depreciation and amortisation.*

NOTICE OF ANNUAL GENERAL MEETING

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

Notice is hereby given that the Thirty-Ninth 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, 29 July 2011 at 2.00 p.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 March 2011 and the Auditors' Report thereon.

2. To declare a final dividend of 40 cents per ordinary share and a special dividend of 80 cents per ordinary share for the year ended 31 March 2011.

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) Ms Euleen Goh Yiu Kiang
   (c) Mr Lucien Wong Yuen Kuai

4. To re-elect Mr Goh Choon Phong, a Director who is retiring in accordance with Article 89 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

5. To approve Directors' fees of up to $1,650,000 for the financial year ending 31 March 2012 (FY 2010/2011: up to $1,650,000).

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

Special Business

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

7.1 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

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 5 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

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

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

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

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

7.2 That the Directors be and are hereby authorised to:

(a) grant awards in accordance with the provisions of the SIA Performance Share Plan and/or the SIA Restricted Share Plan; and

(b) allot and issue from time to time such number of fully paid ordinary shares as may be required to be issued pursuant to the vesting of awards under the SIA Performance Share Plan and/or the SIA Restricted Share Plan,

NOTICE OF ANNUAL GENERAL MEETING

provided that the maximum number of new ordinary shares under awards to be granted pursuant to the SIA Performance Share Plan and the SIA 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, (excluding new ordinary shares arising from any adjustments made from time to time pursuant to the SIA Performance Share Plan and the SIA Restricted Share Plan) shall not exceed 8,963,913 ordinary shares, which represents 0.75 per cent of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company as at 31 March 2011.

8. To transact any other business as may properly be transacted at an Annual General Meeting.

Closure of Books

Notice is hereby given that, subject to the approval of shareholders to the final and special dividends being obtained at the Thirty-Ninth Annual General Meeting to be held on 29 July 2011, the Transfer Books and the Register of Members of the Company will be closed on 5 August 2011 for the preparation of dividend warrants.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 up to 5.00 p.m. on 4 August 2011 will be registered to determine shareholders' entitlements to the final and special dividends. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 4 August 2011 will be entitled to the final and special dividends.

The final and special dividends, if so approved by shareholders, will be paid on 18 August 2011.

By Order of the Board

Ethel Tan (Mrs)
Company Secretary
30 June 2011
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes

1. In relation to Ordinary Resolution Nos. 3(a), 3(b) and 3(c), Mr Stephen Lee Ching Yen will, upon re-election, continue to serve as Chairman of the Board, Chairman of the Board Executive Committee and the Board Compensation and Industrial Relations Committee, and a member of the Board Nominating Committee. Ms Euleen Goh Yiu Kiang will, upon re-election, continue to serve as Chairman of the Board Audit Committee and a member of the Board Executive Committee. Mr Lucien Wong Yuen Kuai will, upon re-election, continue to serve as Chairman of the Board Nominating Committee and a member of the Board Audit Committee. 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 Board 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. Ms Goh and Mr Wong are considered independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the Annual Report for further details on Mr Lee, Ms Goh and Mr Wong, respectively.

2. In relation to Ordinary Resolution No. 4, Article 89 of the Company's Articles of Association permits the Directors to appoint any person approved in writing by the Special Member to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election. Mr Goh Choon Phong was appointed on 1 October 2010 and is seeking re-election at the forthcoming Thirty-Ninth Annual General Meeting. Mr Goh will, upon re-election, continue to serve as a member of the Board Executive Committee. Mr Goh, being the Chief Executive Officer, is considered a non independent Director. Please refer to the sections on Board of Directors and Corporate Governance in the Annual Report for further details on Mr Goh.

3. Ordinary Resolution No. 5, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during Financial Year 2011-12. Directors' fees are computed based on the anticipated number of Board and Committee meetings for Financial Year 2011-12, 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 additional Directors, additional unscheduled Board meetings and/or the formation of additional Board Committees. In the event that the amount proposed is insufficient, approval will be sought at the next Annual General Meeting before payments are made to Directors for the shortfall. Mr Goh Choon Phong, being the Chief Executive Officer, does not receive any Director's fees.

4. Ordinary Resolution No. 7.1, if passed, will empower Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments. The number of shares which the Directors may issue under this Resolution will not exceed 50 per cent of the issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 5 per cent for issues other than on a *pro rata* basis. The 5 per cent sub-limit for non-*pro rata* issues is lower than the 20 per cent sub-limit allowed under the Listing Manual of the Singapore Exchange Securities Trading Limited. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed and (b) any subsequent bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

5. Ordinary Resolution No. 7.2, 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 ("**Shares**") pursuant to the SIA Performance Share Plan and the SIA Restricted Share Plan provided that the maximum number of new 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 (excluding new ordinary shares arising from any adjustments made from time to time pursuant to the SIA Performance Share Plan and the SIA Restricted Share Plan) shall not exceed 8,963,913 Shares, which represents 0.75 per cent of the total number of issued Shares (excluding treasury shares) as at 31 March 2011.

   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. The SIA Employee Share Option Plan was adopted at the Extraordinary General Meeting of the Company held on 8 March 2000 and modified at the Extraordinary General Meetings of the Company held on 14 July 2001, 26 July 2003 and 31 July 2009. The last grant of options made under the SIA Employee Share Option Plan was on 1 July 2008 and these options are exercisable up to 30 June 2018.

   As at 6 June 2011, the latest practicable date prior to the printing of this Notice (the "**Latest Practicable Date**"):

   (a) 63,001,274 Shares, representing approximately 5.27 per cent of the issued Shares (excluding treasury shares) as at the Latest Practicable Date, have been allotted and issued pursuant to the exercise of options under the SIA Employee Share Option Plan and the vesting of awards under the SIA Performance Share Plan and the SIA Restricted Share Plan since the inception of the respective plans;

   (b) 41,904,407 Shares, representing approximately 3.51 per cent of the issued Shares (excluding treasury shares) as at the Latest Practicable Date, are comprised in outstanding and unexercised options granted under the SIA Employee Share Option Plan; and

   (c) 2,529,361 Shares, representing approximately 0.21 per cent of the issued Shares (excluding treasury shares) as at the Latest Practicable Date, are comprised in outstanding awards granted under the SIA Performance Share Plan and the SIA Restricted Share Plan.

   The maximum number of new Shares which may be issued under the SIA Employee Share Option Plan, the SIA Performance Share Plan and the SIA Restricted Share Plan is limited to 13 per cent of the total number of issued Shares (excluding treasury shares), as determined in accordance with the respective plans.

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.*

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) 093/04/2011

Singapore Company Registration Number
197200078R

www.singaporeair.com

SINGAPORE
AIRLINES

A STAR ALLIANCE MEMBER