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Company Registration No 197200078R

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Ethel Lam

Company Secretary
Singapore Airlines Limited

# Singapore Airlines Limited and its Subsidiary Companies

Annual Financial Statements
31 March 2010

## REPORT BY THE BOARD OF DIRECTORS

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2010.

### 1 Directors of the Company

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

Stephen Lee Ching Yen – Chairman
Chew Choon Seng – Chief Executive Officer
Euleen Goh Yiu Kiang (Independent)
David Michael Gonski (Independent)
James Koh Cher Siang (Independent)
Christina Ong (Independent)
Lucien Wong Yuen Kuai (Independent)
Dr William Fung Kwok Lun (Independent) (appointed on 1 December 2009)
Dr Helmut Gunter Wilhelm Panke (Independent) (appointed on 1 September 2009)

### 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:

| Name of Director | Direct interest 1 4 2009/ date of appointment | Direct interest 31 3 2010 | Deemed interest 1 4 2009/ date of appointment | Deemed interest 31 3 2010 |
|---|---|---|---|---|
| **Interest in Singapore Airlines Limited** | | | | |
| Ordinary shares | | | | |
| Stephen Lee Ching Yen | 9,400 | 9,400 | - | - |
| Chew Choon Seng | 218,500 | 277,852 | - | - |
| William Fung Kwok Lun | - | - | - | 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 | | | | |
| Chew Choon Seng | 1,194,000 | 1,074,000 | - | - |
| Conditional award of restricted shares (Note 1) | | | | |
| Chew Choon Seng - Base Awards | 100,215 | 100,800 | - | - |
| - Final Awards (Pending Release) | 18,472 | 38,854 | - | - |

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

| Name of Director | Direct interest 1 4 2009/ date of appointment | Direct interest 31 3 2010 | Deemed interest 1.4.2009/ date of appointment | Deemed interest 31 3 2010 |
|---|---|---|---|---|
| Conditional award of performance shares (Note 2) | | | | |
| Chew Choon Seng – Base Awards | 134,625 | 173,483 | - | - |
| **Interest in SIA Engineering Company Limited** | | | | |
| Ordinary shares | | | | |
| Chew Choon Seng | 20,000 | 20,000 | - | - |
| Lucien Wong Yuen Kuai | - | - | - | 112,000 |
| **Interest in Singapore Airport Terminal Services Limited** | | | | |
| Ordinary shares | | | | |
| Chew Choon Seng | 10,000 | N A * | - | N A * |
| Lucien Wong Yuen Kuai | - | N A * | 117,000 | N.A * |
| **Interest in Singapore Telecommunications Limited** | | | | |
| Ordinary shares | | | | |
| Stephen Lee Ching Yen | 190 | 190 | 190 | 190 |
| Chew Choon Seng | 10,500 | 10,500 | - | - |
| Euleen Goh Yiu Kiang | 1,537 | 1,537 | - | - |
| James Koh Cher Siang | 10,679 | 10,679 | 990 | 990 |
| Lucien Wong Yuen Kuai | 1,680 | 1,680 | 1,540 | 1,540 |
| **Interest in SMRT Corporation Limited** | | | | |
| Ordinary shares | | | | |
| Chew Choon Seng | 50,000 | 50,000 | - | - |
| James Koh Cher Siang | 5,000 | 5,000 | - | - |
| Lucien Wong Yuen Kuai | - | - | 210,000 | 226,000 |
| **Interest in Neptune Orient Lines Limited** | | | | |
| Ordinary shares | | | | |
| Stephen Lee Ching Yen | 30,000 | 30,000 | - | - |
| Euleen Goh Yiu Kiang | 2,000 | 2,000 | - | - |
| James Koh Cher Siang | 6,632 | 13,000 | 6,000 | 11,000 |
| Lucien Wong Yuen Kuai | - | - | - | 60,000 |
| **Interest in Mapletree Logistics Trust** | | | | |
| Units | | | | |
| James Koh Cher Siang | 177,250 | 177,250 | - | - |
| **Interest in SP AusNet** | | | | |
| Ordinary shares | | | | |
| James Koh Cher Siang | 4,000 | 5,000 | - | - |
| **Interest in StarHub Ltd** | | | | |
| Ordinary shares | | | | |
| Lucien Wong Yuen Kuai | - | - | - | 20,000 |
| **Interest in Singapore Technologies Engineering Limited** | | | | |
| Ordinary shares | | | | |
| Lucien Wong Yuen Kuai | 216,000 | 255,000 | 20,000 | 20,000 |
| Options to subscribe for ordinary shares | | | | |
| Lucien Wong Yuen Kuai | 103,500 | 64,500 | - | - |

**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

* Singapore Airport Terminal Services Limited ("SATS") ceased to be a related corporation of the Company on 1 September 2009

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

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.

Between the end of the financial year and 21 April 2010, Mr Lucien Wong Yuen Kuai's deemed interest in SIA Engineering Company Limited and SMRT Corporation Ltd increased to 142,000 shares and 394,000 shares respectively.

Except as disclosed above, there were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2010

## 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
Dr Helmut Gunter Wilhelm Panke (appointed on 1 September 2009)

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

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

At the end of the financial year, options to take up 52,411,320 unissued shares in the Company were outstanding:

| | Number of options to subscribe for unissued ordinary shares | | | | | |
|---|---|---|---|---|---|---|
| Date of grant | Balance at 1 4 2009 | Cancelled | Exercised | Balance at 31 3.2010 | Exercise price * | Exercisable period |
| 28 3 2000 | 4,337,331 | (836,929) | (3,500,402) | -- | $13.13 | 28 3 2001 - 27 3 2010 |
| 3 7 2000 | 4,605,445 | (349,940) | (595,980) | 3,659,525 | $14 44 | 3.7.2001 - 2 7 2010 |
| 2 7 2001 | 2,316,418 | (144,785) | (307,570) | 1,864,063 | $9 75 | 2 7 2002 - 1 7 2011 |
| 1 7 2002 | 3,406,111 | (124,000) | (358,222) | 2,923,889 | $10 61 | 1 7 2003 - 30 6 2012 |
| 1 7 2003 | 2,524,376 | (118,271) | (419,157) | 1,986,948 | $8 13 | 1 7 2004 - 30 6 2013 |
| 1 7 2004 | 4,219,687 | (130,323) | (678,793) | 3,410,571 | $8 49 | 1 7.2005 - 30 6 2014 |
| 1 7 2005 | 7,441,664 | (63,850) | (1,014,651) | 6,363,163 | $9 07 | 1 7 2006 - 30 6 2015 |
| 3 7 2006 | 10,136,708 | (113,273) | (1,429,299) | 8,594,136 | $10 39 | 3 7 2007 - 2 7 2016 |
| 2 7 2007 | 11,752,920 | (307,420) | (950) | 11,444,550 | $16 51 | 2 7 2008 - 1.7 2017 |
| 1 7 2008 | 12,642,832 | (354,304) | (124,053) | 12,164,475 | $13 12 | 1 7 2009 - 30 6 2018 |
| | 63,383,492 | (2,543,095) | (8,429,077) | 52,411,320 | | |

* 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 adjustment

## 5 Equity Compensation Plans of the Company (continued)

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

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

| Name of participant | Options granted during financial year under review | Exercise price for options granted during financial year under review | Aggregate options granted since commencement of scheme to end of financial year under review | Aggregate options exercised since commencement of scheme to end of financial year under review | Options lapsed | Aggregate options outstanding at end of financial year under review |
|---|---|---|---|---|---|---|
| Chew Choon Seng | - | - | 1,194,000 | 120,000 | - | 1,074,000 |

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.

The last grant of the share options under the ESOP was made in July 2008.

(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

Pursuant to the dividend *in specie* of shares in SATS, RSP Base Awards and Final Awards granted from 2006 to 2009 as well as PSP Base Awards granted from 2007 to 2009, have been increased by 12% to adjust for the drop in value of the share awards. The adjustments have been verified by Ernst & Young LLP, the auditors of the Company and approved by the Board Compensation & Industrial Relations Committee.

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

## 5 Equity Compensation Plans of the Company (continued)

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

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 | Balance as at 1 April 2009 | Base Awards granted during the financial year | Base Awards vested during the financial year | Adjustment arising from dividend *in specie** | Balance as at 31 March 2010 | Aggregate Base Awards granted since commencement of RSP to end of financial year under review |
|---|---|---|---|---|---|---|
| Chew Choon Seng | 100,215 | 36,000 | 46,215 | 10,800 | 100,800 | 177,825 |

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

| Name of Participant | Balance as at 1 April 2009 | Final Awards granted during the financial year[#] | Final Awards released during the financial year | Adjustment arising from dividend *in specie** | Balance as at 31 March 2010 | Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review |
|---|---|---|---|---|---|---|
| Chew Choon Seng | 18,472 | 50,840 | 34,620 | 4,162 | 38,854 | 53,120 |

3. PSP Base Awards [R2]

| Name of Participant | Balance as at 1 April 2009 | Base Awards granted during the financial year | Base Awards vested during the financial year^ | Adjustment arising from dividend *in specie** | Balance as at 31 March 2010 | 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 |
|---|---|---|---|---|---|---|---|
| Chew Choon Seng | 134,625 | 48,000 | 27,729 | 18,587 | 173,483 | 201,212 | 20,796 |

[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
* Arising from the dividend *in specie* of shares in SATS on 1 September 2009
[#] 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
^ 20,796 PSP Final Awards of SIA ordinary shares were released to Mr Chew pursuant to the vesting of 27,729 PSP Base Awards during the financial year

## 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 56,666,363 unissued shares in SIAEC were outstanding. Details and terms of the options have been disclosed in the Directors' Report of SIA Engineering Company Limited.

(ii) SIAEC RSP and SIAEC PSP

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

**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

CHEW CHOON SENG
Chief Executive Officer

Dated this 21st day of May 2010

**STATEMENT BY THE DIRECTORS PURSUANT TO SECTION 201(15)**

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

(i) the accompanying 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 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

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

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

CHEW CHOON SENG
Chief Executive Officer

Dated this 21st day of May 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE AIRLINES LIMITED**

We have audited the accompanying financial statements of Singapore Airlines Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 9 to 91, which comprise the statements of financial position of the Group and the Company as at 31 March 2010, 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 notes.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion,

(i) the consolidated financial statements of the Group and the 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 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

Ernst & Young LLP

ERNST & YOUNG LLP
Public Accountants and
Certified Public Accountants

Dated this 21st day of May 2010
Singapore

## CONSOLIDATED PROFIT AND LOSS ACCOUNT
## For the financial year ended 31 March 2010 (in $ million)

| | Notes | The Group 2009-10 | 2008-09 |
|---|---|---|---|
| **REVENUE** | | 12,707 3 | 15,996 3 |
| **EXPENDITURE** | | | |
| Staff costs | 5 | 2,159 4 | 2,545 9 |
| Fuel costs | | 4,194 5 | 6,408 4 |
| Depreciation | 19, 21 | 1,713 8 | 1,649 7 |
| Impairment of property, plant and equipment | 19 | 6 1 | 41 4 |
| Amortisation of intangible assets | 20 | 42 7 | 45 5 |
| Aircraft maintenance and overhaul costs | | 342 4 | 381 6 |
| Commission and incentives | | 316 5 | 394 5 |
| Landing, parking and overflying charges | | 588 6 | 656 9 |
| Handling charges | | 784 9 | 580 7 |
| Rentals on leased aircraft | | 552 9 | 487 8 |
| Material costs | | 375.4 | 385 3 |
| Inflight meals | | 347 7 | 231 0 |
| Advertising and sales costs | | 210 3 | 240.3 |
| Insurance expenses | | 57 6 | 60 4 |
| Company accommodation and utilities | | 142 0 | 187 2 |
| Other passenger costs | | 130 4 | 146 7 |
| Crew expenses | | 153 4 | 184 7 |
| Other operating expenses | | 525 5 | 464 7 |
| | | 12,644 1 | 15,092 7 |
| **OPERATING PROFIT** | 6 | 63 2 | 903 6 |
| Finance charges | 7 | (68 9) | (89 7) |
| Interest income | 8 | 49 5 | 96 0 |
| Surplus on disposal of aircraft, spares and spare engines | | 25 4 | 60 6 |
| Dividends from long-term investments, gross | | 33.0 | 23 7 |
| Other non-operating items | 9 | 34 2 | 29 4 |
| Share of profits of joint venture companies | 24 | 56 1 | 63 9 |
| Share of profits of associated companies | | 93 0 | 111 1 |
| **PROFIT BEFORE TAXATION** | | 285 5 | 1,198 6 |
| **TAXATION** | 10 | | |
| Taxation expense | | (6 0) | (190 0) |
| Adjustment for reduction in Singapore statutory tax rate | | - | 138 2 |
| | | (6 0) | (51 8) |
| **PROFIT FOR THE FINANCIAL YEAR** | | 279 5 | 1,146 8 |
| **PROFIT ATTRIBUTABLE TO:** | | | |
| **EQUITY HOLDERS OF THE COMPANY** | | 215 8 | 1,061 5 |
| **MINORITY INTERESTS** | | 63 7 | 85 3 |
| | | 279 5 | 1,146 8 |
| **BASIC EARNINGS PER SHARE (CENTS)** | 11 | 18 2 | 89 6 |
| **DILUTED EARNINGS PER SHARE (CENTS)** | 11 | 18 0 | 89 1 |

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 2010 (in $ million)

| | The Group | |
|---|---|---|
| | 2009-10 | 2008-09 |
| **PROFIT FOR THE FINANCIAL YEAR** | 279 5 | 1,146 8 |
| **OTHER COMPREHENSIVE INCOME:** | | |
| Currency translation differences | (31 1) | 8 6 |
| Available-for-sale financial assets | 10 0 | (5 9) |
| Cash flow hedges | 509 5 | (855 6) |
| Surplus on dilution of interest in subsidiary companies due to share options exercised | 7 3 | 8 8 |
| Surplus on dilution of interest in an associated company due to its public listing and share options exercised | 80 5 | - |
| Share of comprehensive expense of associated and joint venture companies | (16 9) | (248 3) |
| **OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR** | 559 3 | (1,092 4) |
| **TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR** | 838 8 | 54 4 |
| **TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:** | | |
| **EQUITY HOLDERS OF THE COMPANY** | 779 6 | (55 1) |
| **MINORITY INTERESTS** | 59 2 | 109 5 |
| | 838 8 | 54 4 |

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

## STATEMENTS OF FINANCIAL POSITION
## At 31 March 2010 (in $ million)

| | Notes | The Group 2010 | The Group 2009 | The Company 2010 | The Company 2009 |
|---|---|---|---|---|---|
| **EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY** | | | | | |
| Share capital | 13 | 1,750.6 | 1,684 8 | 1,750 6 | 1,684 8 |
| Treasury shares | 14 | (0 9) | (44 4) | (0 9) | (44 4) |
| Capital reserve | 15 (a) | 74 8 | 86 3 | 2.5 | (3 7) |
| Foreign currency translation reserve | 15 (b) | (137 0) | (137 9) | - | - |
| Share-based compensation reserve | 15 (c) | 185 3 | 187 3 | 147 9 | 135 0 |
| Fair value reserve | 15 (d) | (140 9) | (660 8) | (85 3) | (496 0) |
| General reserve | | 11,737 0 | 12,815 3 | 11,668 5 | 11,623 3 |
| | | 13,468 9 | 13,930 6 | 13,483 3 | 12,899 0 |
| **MINORITY INTERESTS** | | 280 4 | 559 8 | - | - |
| **TOTAL EQUITY** | | 13,749 3 | 14,490 4 | 13,483 3 | 12,899 0 |
| | | | | | |
| **DEFERRED ACCOUNT** | 16 | 480 7 | 673 9 | 443 9 | 582 3 |
| **DEFERRED TAXATION** | 17 | 2,296 6 | 2,222 0 | 1,945 6 | 1,815 9 |
| **LONG-TERM LIABILITIES AND PROVISIONS** | 18 | 1,438 1 | 1,513 5 | 1,033 1 | 988 1 |
| | | 17,964 7 | 18,899 8 | 16,905 9 | 16,285 3 |
| Represented by, | | | | | |
| **PROPERTY, PLANT AND EQUIPMENT** | 19 | | | | |
| Aircraft, spares and spare engines | | 13,007 4 | 13,042 5 | 10,739 5 | 10,670 1 |
| Land and buildings | | 253 6 | 732 6 | 105 8 | 119 0 |
| Others | | 1,802 9 | 2,217 3 | 1,520 1 | 1,780 1 |
| | | 15,063 9 | 15,992 4 | 12,365 4 | 12,569 2 |
| **INTANGIBLE ASSETS** | 20 | 80 8 | 553 0 | 55 0 | 64.9 |
| **INVESTMENT PROPERTIES** | 21 | - | 7.0 | - | - |
| **SUBSIDIARY COMPANIES** | 22 | - | - | 1,805 8 | 1,780 8 |
| **ASSOCIATED COMPANIES** | 23 | 532 6 | 855 3 | 1,715.7 | 1,719 8 |
| **JOINT VENTURE COMPANIES** | 24 | 108 6 | 127 5 | - | - |
| **LONG-TERM INVESTMENTS** | 25 | 35 3 | 43 2 | 18 8 | 18 8 |
| **OTHER NON-CURRENT ASSETS** | 26 | 114.4 | 403 6 | 114 4 | 391 6 |
| **CURRENT ASSETS** | | | | | |
| Inventories | 27 | 429 5 | 503 2 | 309 8 | 338 7 |
| Trade debtors | 28 | 1,347 8 | 1,485 5 | 958 0 | 994 9 |
| Deposits and other debtors | 29 | 66 3 | 241 9 | 41 9 | 207 6 |
| Prepayments | | 92 6 | 101 9 | 82 0 | 77 8 |
| Amounts owing by subsidiary companies | 22 | - | - | 141 0 | 284 6 |
| Amounts owing by associated companies | 23 | - | 0 4 | - | - |
| Investments | 30 | 140 6 | 655 6 | 80 0 | 587 6 |
| Cash and bank balances | 31 | 4,471 9 | 3,848 0 | 4,260 7 | 3,458 0 |
| | | 6,548 7 | 6,836 5 | 5,873 4 | 5,949 2 |
| | | | | | |
| Less, **CURRENT LIABILITIES** | | | | | |
| Sales in advance of carriage | | 1,338 0 | 1,143 6 | 1,301 9 | 1,111 6 |
| Deferred revenue | | 460 1 | 500 8 | 460 1 | 500 8 |
| Current tax payable | | 120 8 | 348 0 | 96.5 | 272 6 |
| Trade and other creditors | 32 | 2,498.7 | 3,581.5 | 1,876 6 | 2,692 0 |
| Amounts owing to subsidiary companies | 22 | - | - | 1,298 0 | 1,597 8 |
| Amounts owing to associated companies | 23 | 2 0 | 0 6 | - | - |
| Finance lease commitments | 18 | 64 5 | 66 9 | - | - |
| Loans | 18 | - | 32 7 | - | - |
| Notes payable | 18 | - | 200 0 | - | - |
| Provisions | 18 | 35 5 | 35 3 | 9 5 | 26 7 |
| Bank overdrafts | 33 | - | 9 3 | - | 7 5 |
| | | 4,519 6 | 5,918.7 | 5,042 6 | 6,209 0 |
| **NET CURRENT ASSETS / (LIABILITIES)** | | 2,029 1 | 917.8 | 830 8 | (259 8) |
| | | 17,964 7 | 18,899.8 | 16,905 9 | 16,285 3 |

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

**STATEMENTS OF CHANGES IN EQUITY**
**For the financial year ended 31 March 2010 (in $ million)**
**The Group**

| | Notes | Attributable to Equity Holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Treasury shares | Capital reserve | Foreign currency translation reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total | Minority interests | Total equity |
| Balance at 1 April 2009 | | 1,684.8 | (44 4) | 86 3 | (137 9) | 187 3 | (660 8) | 12,815 3 | 13,930 6 | 559 8 | 14,490 4 |
| Total comprehensive (expense)/income for the financial year | | - | - | (17 7) | (22.7) | (3.2) | 519 9 | 303 3 | 779 6 | 59 2 | 838 8 |
| Issuance of share capital by a subsidiary company | | - | - | - | - | - | - | - | - | 1 0 | 1 0 |
| Share-based compensation expense | 5 | - | - | - | - | 43 5 | - | - | 43 5 | - | 43 5 |
| Share options exercised | 13 | 65 8 | - | - | - | (3 4) | - | - | 62.4 | - | 62.4 |
| Share options lapsed | | - | - | - | - | (3 0) | - | 3 0 | - | - | - |
| Treasury shares reissued pursuant to equity compensation plans | 14 | - | 43 5 | 6 2 | - | (13 7) | - | - | 36 0 | - | 36 0 |
| Dividend *in specie* | 12 | - | - | - | 23 6 | (22 2) | - | (1,147 7) | (1,146 3) | - | (1,146 3) |
| Disposal of a subsidiary company | 22 | - | - | - | - | - | - | - | - | (290 2) | (290 2) |
| Dividends | 12 | - | - | - | - | - | - | (236 9) | (236 9) | (49 4) | (286 3) |
| Balance at 31 March 2010 | | 1,750 6 | (0 9) | 74 8 | (137 0) | 185 3 | (140 9) | 11,737 0 | 13,468 9 | 280 4 | 13,749 3 |

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

**STATEMENTS OF CHANGES IN EQUITY**
**For the financial year ended 31 March 2010 (in $ million)**
**The Group**

| | Notes | Attributable to Equity Holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Treasury shares | Capital reserve | Foreign currency translation reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total | Minority interests | Total equity |
| Balance at 1 April 2008 | | 1,682 0 | (33 2) | 95 6 | (130 7) | 136 4 | 443 4 | 12,931 7 | 15,125 2 | 503 7 | 15,628 9 |
| Total comprehensive (expense)/income for the financial year | | - | - | (5 6) | (7 2) | (6 4) | (1,104 2) | 1,068 3 | (55 1) | 109 5 | 54 4 |
| Issuance of share capital by subsidiary companies | | - | - | - | - | - | - | - | - | 8 8 | 8 8 |
| Acquisition of shares in a subsidiary company | | - | - | - | - | - | - | - | - | 15.2 | 15 2 |
| Acquisition of minority interests | | - | - | - | - | - | - | - | - | (3 3) | (3 3) |
| Disposal of shares in a subsidiary company | | - | - | - | - | - | - | - | - | 0 3 | 0 3 |
| Share-based compensation expense | 5 | - | - | - | - | 68 6 | - | - | 68 6 | - | 68 6 |
| Share options exercised | 13 | 2 8 | - | - | - | (0 2) | - | - | 2 6 | - | 2 6 |
| Share options lapsed | | - | - | - | - | (1 1) | - | 1 1 | - | - | - |
| Purchase of treasury shares | 14 | - | (64 1) | - | - | - | - | - | (64 1) | - | (64 1) |
| Treasury shares reissued pursuant to equity compensation plans | 14 | - | 52 9 | (3 7) | - | (10 0) | - | - | 39 2 | - | 39 2 |
| Dividends | 12 | - | - | - | - | - | - | (1,185 8) | (1,185 8) | (74 4) | (1,260 2) |
| Balance at 31 March 2009 | | 1,684 8 | (44 4) | 86 3 | (137 9) | 187 3 | (660 8) | 12,815 3 | 13,930 6 | 559 8 | 14,490 4 |

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 2010 (in $ million)**
**The Company**

| | Notes | Share capital | Treasury shares | Capital reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total |
|---|---|---|---|---|---|---|---|---|
| **2010** | | | | | | | | |
| Balance at 1 April 2009 | | 1,684.8 | (44.4) | (3.7) | 135 0 | (496 0) | 11,623 3 | 12,899 0 |
| Total comprehensive income for the financial year | | - | - | - | - | 410 7 | 1,426 1 | 1,836 8 |
| Share-based compensation expense | | - | - | - | 32 3 | - | - | 32 3 |
| Share options exercised | 13 | 65 8 | - | - | (3 4) | - | - | 62 4 |
| Share options lapsed | | - | - | - | (2 3) | - | 2 3 | - |
| Treasury shares reissued pursuant to equity compensation plans | 14 | - | 43 5 | 6 2 | (13 7) | - | - | 36 0 |
| Dividend *in specie* | 12 | - | - | - | - | - | (1,146 3) | (1,146 3) |
| Dividends | 12 | - | - | - | - | - | (236 9) | (236 9) |
| Balance at 31 March 2010 | | 1,750.6 | (0.9) | 2 5 | 147 9 | (85 3) | 11,668 5 | 13,483.3 |
| **2009** | | | | | | | | |
| Balance at 1 April 2008 | | 1,682 0 | (33 2) | - | 98 6 | 198 6 | 11,589 7 | 13,535 7 |
| Total comprehensive (expense)/income for the financial year | | - | - | - | - | (694 6) | 1,218 7 | 524 1 |
| Share-based compensation expense | | - | - | - | 47 3 | - | - | 47 3 |
| Share options exercised | 13 | 2 8 | - | - | (0.2) | - | - | 2 6 |
| Share options lapsed | | - | - | - | (0 7) | - | 0 7 | - |
| Purchase of treasury shares | 14 | - | (64 1) | - | - | - | - | (64 1) |
| Treasury shares reissued pursuant to equity compensation plans | 14 | - | 52 9 | (3.7) | (10.0) | - | - | 39.2 |
| Dividends | 12 | - | - | - | - | - | (1,185 8) | (1,185 8) |
| Balance at 31 March 2009 | | 1,684 8 | (44 4) | (3.7) | 135 0 | (496 0) | 11,623 3 | 12,899 0 |

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 2010 (in $ million)

| | Notes | The Group 2009-10 | 2008-09 |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | 285 5 | 1,198.6 |
| Adjustments for· | | | |
| Depreciation | 19, 21 | 1,713 8 | 1,649 7 |
| Impairment of property, plant and equipment | 19 | 6 1 | 41 4 |
| Amortisation of intangible assets | 20 | 42 7 | 45.5 |
| Impairment of trade debtors | | - | 12 3 |
| Income from short-term investments | 6 | (1 6) | (1 7) |
| Share-based compensation expense | 5 | 43 5 | 68 6 |
| Exchange differences | | (2 0) | (3 4) |
| Amortisation of deferred gain on sale and operating leaseback transactions | | (64 7) | (86 1) |
| Finance charges | 7 | 68 9 | 89 7 |
| Interest income | 8 | (49 5) | (96 0) |
| Surplus on disposal of aircraft, spares and spare engines | | (25 4) | (60 6) |
| Surplus on disposal of non-current assets | | - | (2 1) |
| Dividends from long-term investments, gross | | (33 0) | (23 7) |
| Other non-operating items | 9 | (34 2) | (29 4) |
| Share of profits of joint venture companies | 24 | (56.1) | (63 9) |
| Share of profits of associated companies | | (93.0) | (111 1) |
| Operating profit before working capital changes | | 1,801 0 | 2,627 8 |
| Decrease in trade and other creditors | | (40 9) | (516 5) |
| Increase/(Decrease) in sales in advance of carriage | | 194 4 | (536 7) |
| (Increase)/Decrease in trade debtors | | (6 6) | 428 6 |
| Decrease/(Increase) in deposits and other debtors | | 157 8 | (160 3) |
| Decrease in prepayments | | 0 6 | 3 0 |
| Decrease in inventories | | 24 2 | 56 5 |
| (Decrease)/Increase in deferred revenue | | (40 7) | 65 1 |
| Decrease in amounts owing by associated companies | | - | 0 1 |
| Increase/(Decrease) in amounts owing to associated companies | | 1 4 | (0 6) |
| Cash generated from operations | | 2,091 2 | 1,967 0 |
| Income taxes paid | | (125 0) | (300 0) |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | | 1,966 2 | 1,667 0 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure | 34 | (1,560 3) | (2,031 1) |
| Purchase of intangible assets | | (33 8) | (21 6) |
| Proceeds from disposal of aircraft and other property, plant and equipment | | 168 5 | 893.3 |
| Disposal/(Purchase) of short-term investments | | 533.4 | (221 6) |
| Proceeds from sale of non-equity investments | | - | 13 6 |
| Investments in associated companies | | (1.0) | - |
| Investments in companies pending incorporation | | - | (3 9) |
| Acquisition of minority interests | | - | (0 6) |
| Acquisition of subsidiary companies, net of cash acquired | | - | (457 8) |
| Disposal of a subsidiary company | 22 | (301 9) | - |
| Repayment of loans by associated companies | | 4 5 | 2.8 |
| Proceeds from disposal of shares in a subsidiary company | | - | 0 3 |
| Proceeds from disposal of non-current assets | | - | 5 2 |
| Dividends received from associated and joint venture companies | | 163 6 | 134 3 |
| Dividends received from investments | | 33 7 | 24.5 |
| Interest received from investments and deposits | | 30 7 | 84.6 |
| Interest received on loans to associated companies | | - | 9 8 |
| **NET CASH USED IN INVESTING ACTIVITIES** | | (962.6) | (1,568 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 2010 (in $ million)

| | Notes | The Group 2009-10 | 2008-09 |
|---|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Dividends paid | | (236 9) | (1,185 8) |
| Dividends paid by subsidiary companies to minority interests | | (49 4) | (74 4) |
| Interest paid | | (66 2) | (69 8) |
| Proceeds from borrowings | | 2 1 | 1 9 |
| Repayment of borrowings | | (25 0) | (15 2) |
| Repayment of long-term finance lease commitments | | (66 9) | (54 8) |
| Proceeds from issuance of share capital by subsidiary companies to minority interests | | 1 0 | 8 8 |
| Proceeds from exercise of share options | | 105 7 | 50 6 |
| Purchase of treasury shares | | - | (64.1) |
| **NET CASH USED IN FINANCING ACTIVITIES** | | (335 6) | (1,402 8) |
| **NET CASH INFLOW/(OUTFLOW)** | | 668 0 | (1,304 0) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR** | | 3,838 7 | 5,119 0 |
| Effect of exchange rate changes | | (34 8) | 23 7 |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR** | | 4,471 9 | 3,838 7 |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS** | | | |
| Fixed deposits | 31 | 4,069 8 | 3,540 8 |
| Cash and bank | 31 | 402 1 | 307 2 |
| Bank overdrafts | 33 | - | (9 3) |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR** | | 4,471 9 | 3,838 7 |

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

**NOTES TO THE FINANCIAL STATEMENTS -- 31 March 2010**

## 1 General

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

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

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

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.

The financial statements for the financial year ended 31 March 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 21 May 2010.

## 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.

## 2 Summary of Significant Accounting Policies (continued)

### (b) New and revised standards

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

On 1 April 2009, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 April 2009.

- FRS 1 Presentation of Financial Statements (Revised)
- Amendments to FRS 23 Borrowing Costs
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 107 Financial Instruments: Disclosures
- FRS 108 Operating Segments
- Improvements to FRSs issued in 2008
- INT FRS 113 Customer Loyalty Programmes
- INT FRS 116 Hedges of a Net Investment in a Foreign Operation
- Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments. Recognition and Measurement – Embedded Derivatives
- INT FRS 118 Transfers of Assets from Customers

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group They did however give rise to additional disclosures.

The principal effects of these changes are as follows:

<u>FRS 1: Presentation of Financial Statements</u>
The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the revised standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as two linked statements.

<u>Amendments to FRS 107: Improving Disclosures about Financial Instruments</u>
The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 37(b) and Note 38(e) to the financial statements respectively.

<u>FRS 108: Operating Segments</u>
FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. As a result of the adoption of FRS 108, the identification of the Group's reportable segments has changed. On top of the existing business segments previously identified under FRS 14: Segment Reporting, an additional segment has been identified. Additional disclosures about each of the segments are shown in Note 4, including revised comparative information.

## 2 Summary of Significant Accounting Policies (continued)

### (b) New and revised standards (continued)

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

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

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

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

| Reference | | Description | Effective date (Annual periods beginning on or after) |
|---|---|---|---|
| Improvements to FRSs | | | 1 July 2009 (unless otherwise stated) |
| FRS 24 | Revised | Related Party Disclosures | 1 January 2011 |
| FRS 27 | Amendments | Consolidated and Separate Financial Statements | 1 July 2009 |
| FRS 32 | Amendments | Financial Instruments Presentation – Classification of Rights Issues | 1 February 2010 |
| FRS 39 | Amendments | Financial Instruments: Recognition and Measurement – Eligible Hedged Items | 1 July 2009 |
| FRS 102 | Amendments | Share-based Payment – Group Cash-settled Share-based Payment Transactions | 1 January 2010 |
| FRS 103 | Revised | Business Combinations | 1 July 2009 |
| INT FRS 114 | Amendments | FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction<br>Prepayments of a Minimum Funding Requirement | 1 January 2011 |
| INT FRS 117 | New | Distributions of Non-cash Assets to Owners | 1 July 2009 |
| INT FRS 119 | New | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2010 |

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

Revised FRS 24 Related Party Disclosures
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 entity has control or joint control over the entity, or has significant influence over the entity. The Group is currently determining the impact of the expanded definition has 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.

## 2 Summary of Significant Accounting Policies (continued)

### (b) New and revised standards (continued)

Revised FRS 103: Business Combinations and Amendments to FRS 27: Consolidated and Separate Financial Statements

The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary company (without loss of control) is accounted for as an equity transaction Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary company as well as the loss of control of a subsidiary company. Other consequential amendments were made to FRS 7 Statement of Cash Flows, FRS 12 Income Taxes, FRS 21 The Effects of Changes in Foreign Exchange Rates, FRS 28 Investments in Associates and FRS 31 Interests in Joint Ventures. The changes from revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied However, the Group does not intend to early adopt.

### (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 for like transactions and events in similar circumstances. A list of the Group's subsidiary companies is shown in Note 22 to the financial statements.

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

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

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

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group and are presented separately in the consolidated profit and loss account and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Company. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

## 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 23 to the financial statements.

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated company is measured in the 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. 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 or loss.

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

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

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

### (e) Intangible assets

#### (i) Goodwill

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

## 2 Summary of Significant Accounting Policies (continued)

### (e) Intangible assets (continued)

#### (i) Goodwill (continued)

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, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. 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) Brands, customer relationships and licences

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

| | | |
|---|---|---|
| Brands | -- | 17 years |
| Customer relationships | -- | 5 years |
| Licences | -- | 14 years |

#### (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

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

### (g) Property, plant and equipment

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

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

## 2 Summary of Significant Accounting Policies (continued)

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

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

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.

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

**(ii) Land and buildings**

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

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

**(iii) Others**

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

### (i) Investment properties

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

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

## 2 Summary of Significant Accounting Policies (continued)

### (i) Investment properties (continued)

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

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

### (j) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment 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).

**(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).

## 2 Summary of Significant Accounting Policies (continued)

### (j) Leases (continued)

#### (iii) Operating lease – as lessor

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

### (k) Inventories

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

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

### (l) Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

A financial asset is derecognised 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 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. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

## 2 Summary of Significant Accounting Policies (continued)

### (l) Financial assets

#### (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.

### (m) Long-term investments

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

### (n) Trade debtors and other receivables

Trade debtors, including amounts owing by subsidiary 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(l).

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

### (o) Investments

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

### (p) Cash and cash equivalents

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

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

## 2 Summary of Significant Accounting Policies (continued)

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

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

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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

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

### (r) Impairment of financial assets

The Group also assesses at 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.

## 2 Summary of Significant Accounting Policies (continued)

### (r) 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 equity to the profit and loss account Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are recognised through the profit and loss account if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

### (s) Financial liabilities

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

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

Subsequent to initial recognition, 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 extinguished. 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.

### (t) Loans, notes payable and borrowings

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

### (u) Trade and other creditors

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

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

## 2 Summary of Significant Accounting Policies (continued)

### (v) Provisions

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

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

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

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

### (w) Share capital and share issue expenses

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

### (x) Treasury shares

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

### (y) Frequent flyer programme

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

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.

## 2 Summary of Significant Accounting Policies (continued)

### (z) Taxation (continued)

#### (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.

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.

## 2 Summary of Significant Accounting Policies (continued)

### (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, the rendering of airport terminal and food operations, engineering services, training of pilots, air charters and tour wholesaling and related activities. Revenue for the Group excludes dividends from subsidiary companies and intra-group transactions.

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

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

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

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

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

### (ab) Income from investments

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

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

### (ac) Employee benefits

#### (i) Equity compensation plans

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

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.

## 2 Summary of Significant Accounting Policies (continued)

### (ac) Employee benefits (continued)

#### (i) Equity compensation plans (continued)

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, 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.

#### (iii) Defined benefit plans

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

### (ad) Aircraft maintenance and overhaul costs

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

## 2 Summary of Significant Accounting Policies (continued)

### (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

The Group also set 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

## 2 Summary of Significant Accounting Policies (continued)

### (ah) Derivative financial instruments and hedging (continued)

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

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value reserve [Note 15(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, airport terminal and food 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 airport terminal and food operations, 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.

## 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.

## 3 Significant Accounting Estimates (continued)

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

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

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

Aircraft are depreciated on a straight-line basis at rates which are calculated to write-down their cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of the fleet are made by the Group based on past experience and these are in line with the industry. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2010 was $12,474.9 million (2009 $12,448.2 million) and $10,347.5 million (2009: $10,212.6 million) respectively.

### (iii) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the 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 2010 was $1,338.0 million (2009: $1,143.6 million) and $1,301.9 million (2009: $1,111 6 million) respectively.

### (iv) Frequent flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage and redemption, which is then used to project the expected utilisation of these benefits. Any remaining unutilised benefits are recognised as revenue upon expiry. The carrying amount of the Group's and the Company's deferred revenue at 31 March 2010 was $460 1 million (2009: $500.8 million).

During the financial year, the Company revised the estimated breakage rate. The impact of the revision in estimate is an increase of $75.4 million in revenue.

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

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

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate as if the engine maintenance and overhaul costs are accounted for under the time and material basis The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2010 was $325 8 million (2009. $139.5 million) and $278.0 million (2009: $89 9 million) respectively The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to $37.8 million (2008-09 $77.8 milion) for the Group and $35.8 million (2008-09: $75.7 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 five reportable operating segments as follows:

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

(ii) The airport terminal and food operations segment is formed by aggregating the airport services segment and the food solutions segment. The airport services segment provides mainly airport terminal services, such as air freight handling services, passenger services, aviation security services, baggage handling services and apron services to the Group's airline customers. The food solutions segment provides mainly inflight catering, food processing and distribution services.

(iii) The engineering services segment is in the business of providing airframe maintenance and overhaul services and line maintenance and technical ground handling services. 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.

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

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

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

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

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

## 4 Segment Information (in $ million) (continued)

### Business segments

The Group's businesses are organised and managed separately according to the nature of the services provided. The following tables present revenue and profit information regarding business segments for the financial years ended 31 March 2010 and 2009 and certain assets and liabilities information of the business segments as at those dates.

| | Airline operations | Airport terminal and food operations | Engineering services | Cargo operations | Others | Total of segments | Elimination* | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 | 2009-10 |
| **TOTAL REVENUE** | | | | | | | | |
| External revenue | 9,635 4 | 370 4 | 370 0 | 2,288 2 | 43 3 | 12,707 3 | - | 12,707 3 |
| Inter-segment revenue | 1,044 6 | 226 5 | 636 4 | 8 2 | 109 9 | 2,025 6 | (2,025 6) | - |
| | 10,680.0 | 596 9 | 1,006 4 | 2,296 4 | 153 2 | 14,732 9 | (2,025 6) | 12,707 3 |
| **RESULTS** | | | | | | | | |
| Segment result | 10 6 | 70 5 | 110 4 | (145 1) | 18 1 | 64 5 | (1 3) | 63 2 |
| Finance charges | (51 2) | (3 3) | - | (18 3) | - | (72 8) | 3 9 | (68 9) |
| Interest income | 48 8 | 0.4 | 1 0 | 2 7 | 0 5 | 53 4 | (3 9) | 49 5 |
| Surplus on disposal of aircraft, spares and spare engines | 25 3 | - | - | 0 2 | - | 25 5 | (0 1) | 25 4 |
| Dividends from subsidiary and associated companies, gross | 199 2 | - | - | 1.5 | - | 200 7 | (200 7) | - |
| Dividends from long-term investments, gross | 17 5 | - | 15 5 | - | - | 33 0 | - | 33 0 |
| Other non-operating items | 34 4 | 0 8 | 6 0 | - | 0 2 | 41 4 | (7 2) | 34 2 |
| Share of profits of joint venture companies | - | - | 56 1 | - | - | 56 1 | - | 56 1 |
| Share of profits/(losses) of associated companies | 5 7 | 16 7 | 73 6 | (3 0) | - | 93 0 | - | 93.0 |
| Taxation | 31 4 | (18 2) | (24.5) | 10 2 | (2.9) | (4 0) | (2.0) | (6.0) |
| Profit/(Loss) for the financial year | 321 7 | 66 9 | 238 1 | (151 8) | 15 9 | 490 8 | (211 3) | 279 5 |
| Attributable to | | | | | | | | |
| Equity Holders of the Company | | | | | | | | 215 8 |
| Minority interests | | | | | | | | 63 7 |
| | | | | | | | | 279 5 |

* 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.

## 4 Segment Information (in $ million) (continued)

### Business segments (continued)

| | Airline operations | Airport terminal and food operations | Engineering services | Cargo operations | Others | Total of segments | Elimination* | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 | 2008-09 |
| **TOTAL REVENUE** | | | | | | | | |
| External revenue | 12,160 4 | 451 2 | 358 5 | 2,965 7 | 60 5 | 15,996 3 | - | 15,996 3 |
| Inter-segment revenue | 1,431 8 | 610.9 | 686 8 | 8 3 | 133 4 | 2,871 2 | (2,871 2) | - |
| | 13,592 2 | 1,062 1 | 1,045 3 | 2,974 0 | 193 9 | 18,867 5 | (2,871 2) | 15,996 3 |
| **RESULTS** | | | | | | | | |
| Segment result | 856 4 | 170 9 | 112 6 | (245 0) | 10.8 | 905 7 | (2 1) | 903 6 |
| Finance charges | (71.4) | (6 7) | - | (25 6) | - | (103 7) | 14.0 | (89 7) |
| Interest income | 97 6 | 6.9 | 3 9 | 10 5 | 0.9 | 119 8 | (23 8) | 96 0 |
| Surplus on disposal of aircraft, spares and spare engines | 12 8 | - | - | 52 7 | - | 65.5 | (4 9) | 60 6 |
| Dividends from subsidiary companies, gross | 341 4 | - | - | 1 0 | 0 1 | 342 5 | (342 5) | - |
| Dividends from long-term investments, gross | 11 5 | 1 1 | 11 1 | - | - | 23.7 | - | 23 7 |
| Other non-operating items | 40 1 | (10 9) | 0 1 | 0 1 | (5 8) | 23 6 | 5 8 | 29 4 |
| Share of profits of joint venture companies | - | - | 63 9 | - | - | 63 9 | - | 63 9 |
| Share of (losses)/profits of associated companies | (20 3) | 22 2 | 109 1 | (9 7) | - | 101 3 | 9 8 | 111 1 |
| Taxation | (38 7) | (35 1) | (37 4) | 52 4 | (2 6) | (61 4) | 9 6 | (51 8) |
| Profit/(Loss) for the financial year | 1,229 4 | 148 4 | 263 3 | (163 6) | 3 4 | 1,480 9 | (334 1) | 1,146 8 |
| Attributable to | | | | | | | | |
| Equity Holders of the Company | | | | | | | | 1,061 5 |
| Minority interests | | | | | | | | 85 3 |
| | | | | | | | | 1,146 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.

## 4 Segment Information (in $ million) (continued)

### Business segments (continued)

| | Airline operations | Airport terminal and food operations | Engineering services | Cargo operations | Others | Total of segments | Elimination* | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2010 | 2010 | 2010 | 2010 | 2010 | 2010 | 2010 |
| **OTHER INFORMATION AT 31 MARCH** | | | | | | | | |
| Segment assets | 19,409 7 | - | 1,075 6 | 2,637 8 | 211 4 | 23,334 5 | (1,529 5) | 21,805 0 |
| Investments in and loans to associated and joint venture companies | 153 0 | - | 470 8 | 16 8 | 0 6 | 641 2 | - | 641 2 |
| Long-term investments | 20 7 | - | 14 6 | - | - | 35 3 | - | 35 3 |
| Accrued interest receivable | 2 6 | - | - | - | 0 2 | 2 8 | - | 2 8 |
| Total assets | 19,586 0 | - | 1,561 0 | 2,654 6 | 212 2 | 24,013 8 | (1,529 5) | 22,484 3 |
| Segment liabilities | 4,193 2 | - | 217 2 | 280 5 | 46 4 | 4,737 3 | 27 1 | 4,764 4 |
| Long-term liabilities and provisions | 1,048 3 | - | - | 389 8 | - | 1,438 1 | - | 1,438 1 |
| Finance lease commitments | - | - | - | 64 5 | - | 64 5 | - | 64 5 |
| Provisions | 22 9 | - | - | 12 6 | - | 35 5 | - | 35 5 |
| Amounts owing to associated companies | - | - | - | 2 0 | - | 2 0 | - | 2.0 |
| Accrued interest payable | 10 9 | - | - | 2 2 | - | 13 1 | - | 13 1 |
| Tax liabilities | 2,105 7 | - | 52 1 | 254 8 | 4 5 | 2,417 1 | 0 3 | 2,417 4 |
| Total liabilities | 7,381 0 | - | 269 3 | 1,006.4 | 50 9 | 8,707.6 | 27.4 | 8,735 0 |
| Capital expenditure | 1,450.4 | 14 9 | 39 6 | 25 8 | 29 6 | 1,560 3 | - | 1,560 3 |
| Purchase of intangible assets | 16 7 | - | 14 3 | 2 5 | 0 3 | 33 8 | - | 33 8 |
| Depreciation | 1,423 7 | 28 3 | 34 4 | 221 1 | 8 9 | 1,716 4 | (2 6) | 1,713 8 |
| Impairment of property, plant and equipment | 6 1 | - | - | - | - | 6 1 | - | 6 1 |
| Amortisation of intangible assets | 26 8 | 10 0 | 4 2 | 1 1 | 0 6 | 42 7 | - | 42 7 |
| Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets | (35 2) | (1 2) | 6 0 | (48 4) | (2 0) | (80 8) | - | (80 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.

## 4 Segment Information (in $ million) (continued)
### Business segments (continued)

| | Airline operations | Airport terminal and food operations | Engineering services | Cargo operations | Others | Total of segments | Elimination* | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 | 2009 |
| **OTHER INFORMATION AT 31 MARCH** | | | | | | | | |
| Segment assets | 19,589 3 | 1,459 6 | 957 2 | 2,890 7 | 200 3 | 25,097 1 | (1,553 4) | 23,543 7 |
| Investments in and loans to associated and joint venture companies | 66 8 | 335 2 | 530 4 | 49 7 | 0 7 | 982 8 | - | 982 8 |
| Goodwill on consolidation | - | 242 3 | - | - | - | 242 3 | - | 242 3 |
| Long-term investments | 20 7 | 7 9 | 14 6 | - | - | 43 2 | - | 43 2 |
| Amounts owing by associated companies | - | 0 2 | - | - | - | 0 2 | 0 2 | 0.4 |
| Accrued interest receivable | 5 8 | - | - | - | 0 3 | 6 1 | - | 6 1 |
| Total assets | 19,682 6 | 2,045 2 | 1,502 2 | 2,940 4 | 201 3 | 26,371 7 | (1,553 2) | 24,818 5 |
| | | | | | | | | |
| Segment liabilities | 5,037 8 | 226 6 | 202 1 | 389 5 | 49 5 | 5,905 5 | (9 8) | 5,895 7 |
| Long-term liabilities and provisions | 1,008 9 | 20 9 | - | 487 7 | - | 1,517 5 | (4 0) | 1,513 5 |
| Note payable, loans and finance lease commitments | - | 232 7 | 0 9 | 66 0 | - | 299 6 | - | 299 6 |
| Provisions | 26 7 | - | - | 8 6 | - | 35 3 | - | 35 3 |
| Amounts owing to associated companies | - | - | - | 0 6 | - | 0 6 | - | 0 6 |
| Accrued interest payable | 12 9 | 0 5 | - | - | - | 13.4 | - | 13 4 |
| Tax liabilities | 2,139 1 | 148 2 | 43 8 | 235 2 | 3 5 | 2,569 8 | 0 2 | 2,570 0 |
| Total liabilities | 8,225 4 | 628 9 | 246 8 | 1,187 6 | 53 0 | 10,341 7 | (13 6) | 10,328 1 |
| | | | | | | | | |
| Capital expenditure | 1,863 4 | 25.3 | 73 1 | 64 3 | 5 0 | 2,031 1 | - | 2,031 1 |
| Purchase of intangible assets | 17 3 | 2 8 | 0 9 | 0 3 | 0 3 | 21 6 | - | 21 6 |
| | | | | | | | | |
| Depreciation | 1,344 4 | 58 5 | 36 6 | 204 7 | 9 0 | 1,653 2 | (3 5) | 1,649 7 |
| Impairment of property, plant and equipment | 41 4 | - | - | - | - | 41 4 | - | 41 4 |
| Impairment of investments | 0 1 | 9 7 | - | - | - | 9 8 | - | 9 8 |
| Amortisation of intangible assets | 30 1 | 6 1 | 5 9 | 2 9 | 0 5 | 45 5 | - | 45 5 |
| Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets | (62 1) | (7 7) | (5 2) | 11 3 | (3 0) | (66 7) | - | (66 7) |

* 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.

## 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 2010 and 2009.

| | By area of original sale | |
|---|---|---|
| | 2009-10 | 2008-09 |
| East Asia | 3,791 5 | 4,636 4 |
| Europe | 1,534 0 | 2,067 6 |
| South West Pacific | 1,291 6 | 1,793 9 |
| Americas | 620 4 | 751 0 |
| West Asia and Africa | 493 6 | 676 2 |
| Systemwide | 7,731 1 | 9,925 1 |
| Non-scheduled services and incidental revenue | 2,948 9 | 3,667.1 |
| | 10,680 0 | 13,592 2 |

## 5 Staff Costs (in $ million)

| | The Group | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Salary, bonuses and other costs | 2,023 1 | 2,356 7 |
| CPF and other defined contributions | 92.8 | 120 6 |
| Share-based compensation expense | 43 5 | 68 6 |
| | 2,159.4 | 2,545.9 |

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. The Scheme was later extended with an additional payment in March 2010 at stepped down rates, where the Group received 6% cash grant on the first $2,500 of each month's wages for each employee on their CPF payroll. The total grant received was $35 2 million (2008-09: $9.5 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 $18.8 million for 2009-10 and $14.7 million for 2008-09. As these are not material to the total staff costs of the Group for 2009-10 and 2008-09, additional disclosures of these defined benefit plans are not shown.

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 | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Employee share option plan | 31 5 | 58 0 |
| Restricted share plan | 9 3 | 8 6 |
| Performance share plan | 2 7 | 2 0 |
| | 43 5 | 68 6 |

## 5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

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

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:

| | 2009-10 | | 2008-09 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance at 1 April | 63,383,492 | $13 88 | 56,670,796 | $13 53 |
| Granted | - | - | 12,836,062 | $14 83 |
| Cancelled | (2,543,095) | $13 21 | (2,491,890) | $14 28 |
| Exercised | (8,429,077) | $11 68 | (3,631,476) | $11 51 |
| Balance at 31 March | 52,411,320 | $9 22 | 63,383,492 | $13 88 |
| Exercisable at 31 March | 37,888,409 | $8 54 | 36,174,505 | $12 57 |

The range of exercise prices for options outstanding at the end of the year is $8.13 to $16.51 (2008-09: $9.84 to $18.22).

Following the expiry of the share option plans in March 2009, the Company ceased to grant options under ESOP The weighted average fair value of options granted during the previous financial year was $1.95. The weighted average share price for options exercised during the year was $13.45 (2008-09: $13 23). The weighted average remaining contractual life for these options is 5.75 years (2008-09: 6.21 years).

## 5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

**Share option plans (continued)**

Fair values of share options granted

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted each year under the ESOP The estimate of the fair value of the services received is measured based on a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the July 2008 grant:

| | July 2008 Grant |
|---|---|
| Expected dividend yield (%) | Management's forecast in line with dividend policy |
| Expected volatility (%) | 22 58 – 28 24 |
| Risk-free interest rate (%) | 2 66 – 3 12 |
| Expected life of options (years) | 5 5 – 7 0 |
| Exercise price ($) | 13 12* |
| Share price at date of grant ($) | 14 60 |

* Following approval by the Company's shareholders of the dividend *in specie* of SATS shares on 31 July 2009, the Board Compensation & Industrial Relations Committee approved a reduction of $1 71 reduction in the exercise prices of the share options outstanding on 28 August 2009 The exercise price reflected here is the exercise price after such adjustment.

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

## 5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

### Share option plans (continued)

Terms of share options outstanding as at 31 March 2010:

| Exercisable period | Exercise price | Number outstanding | | Number exercisable |
|---|---|---|---|---|
| 3 7 2001 - 2 7 2010 | $14 44 | 387,862 | | 387,862 |
| 3 7 2002 - 2 7 2010 | $14 44 | 2,400,428 | | 2,400,428 |
| 3 7 2003 - 2 7 2010 | $14 44 | 425,674 | | 425,674 |
| 3 7 2004 - 2 7 2010 | $14 44 | 445,561 | | 445,561 |
| 2 7 2002 - 1.7 2011 | $9 75 | 253,338 | | 253,338 |
| 2 7 2003 - 1 7 2011 | $9 75 | 1,042,084 | | 1,042,084 |
| 2 7 2004 - 1 7 2011 | $9 75 | 282,141 | | 282,141 |
| 2 7 2005 - 1 7 2011 | $9 75 | 286,500 | | 286,500 |
| 1 7 2003 - 30 6 2012 | $10 61 | 419,826 | | 419,826 |
| 1 7 2004 - 30 6 2012 | $10 61 | 1,580,331 | | 1,580,331 |
| 1 7 2005 - 30 6 2012 | $10 61 | 451,158 | | 451,158 |
| 1 7 2006 - 30 6 2012 | $10 61 | 472,574 | | 472,574 |
| 1 7 2004 - 30 6 2013 | $8 13 | 254,838 | | 254,838 |
| 1 7 2005 - 30 6 2013 | $8 13 | 823,801 | | 823,801 |
| 1 7 2006 - 30 6 2013 | $8 13 | 302,697 | | 302,697 |
| 1 7 2007 - 30 6 2013 | $8 13 | 605,612 | | 605,612 |
| 1 7 2005 - 30 6 2014 | $8 49 | 387,119 | | 387,119 |
| 1 7 2006 - 30 6 2014 | $8 49 | 1,335,751 | | 1,335,751 |
| 1 7 2007 - 30 6 2014 | $8 49 | 729,863 | | 729,863 |
| 1 7 2008 - 30.6 2014 | $8 49 | 957,838 | | 957,838 |
| 1 7 2006 - 30 6 2015 | $9.07 | 654,189 | | 654,189 |
| 1 7 2007 - 30 6 2015 | $9 07 | 3,242,677 | | 3,242,677 |
| 1 7 2008 - 30 6 2015 | $9 07 | 1,188,831 | | 1,188,831 |
| 1 7 2009 - 30 6 2015 | $9 07 | 1,277,466 | | 1,277,466 |
| 3 7 2007 - 2.7 2016 | $10 39 | 850,126 | | 850,126 |
| 3 7 2008 - 2.7 2016 | $10 39 | 5,251,561 | | 5,251,561 |
| 3.7 2009 - 2 7 2016 | $10 39 | 1,165,367 | | 1,165,367 |
| 3 7 2010 - 2.7 2016 | $10 39 | 1,327,082 | | 6,745 |
| 2 7 2008 - 1 7 2017 | $16 51 | 1,260,660 | | 1,260,660 |
| 2 7 2009 - 1 7 2017 | $16 51 | 7,700,632 | | 7,700,632 |
| 2 7.2010 - 1 7 2017 | $16 51 | 1,250,852 | | 22,135 |
| 2 7.2011 - 1 7 2017 | $16 51 | 1,232,406 | | - |
| 1 7 2009 - 30 6 2018 | $13 12 | 1,347,228 | | 1,347,228 |
| 1 7 2010 - 30 6 2018 | $13 12 | 8,143,757 | | 75,796 |
| 1 7 2011 - 30 6 2018 | $13 12 | 1,336,563 | | - |
| 1 7 2012 - 30 6 2018 | $13 12 | 1,336,927 | | - |
| Total number of options outstanding | | 52,411,320 | @ | 37,888,409 |

@ The total number of options outstanding includes:

(a) 4,230,192 (2009: 5,630,522) 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) 236,745 (2009: 377,259) 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 Annual Report of SIA Engineering Company Limited.

## 5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

### Share-based incentive plans

The 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<br>• EBITDAR# Margin<br>• Value Added per $ Employment Cost | • Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE)<br>• 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 fulfilment 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

## 5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

**Share-based incentive plans (continued)**

Movement of share awards during the financial year

The details of the shares awarded under the share-based incentive plans are as follows:

| | Number of Restricted shares | | | | | |
|---|---|---|---|---|---|---|
| Date of grant | Balance at 1 4 2009 / date of grant | Adjustment* | Vested | Cancelled | Modification# | Balance at 31 3 2010 |
| **RSP** | | | | | | |
| 27 7 2006 | 139,749 | - | (74,432) | (734) | 7,726 | 72,309 |
| 1 8 2007 | 496,842 | 46,710 | (282,960) | (8,692) | 30,199 | 282,099 |
| 1 7 2008 | 650,612 | - | - | (5,400) | 77,411 | 722,623 |
| 29 7 2009 | 586,811 | - | - | - | 70,398 | 657,209 |
| | 1,874,014 | 46,710 | (357,392) | (14,826) | 185,734 | 1,734,240 |

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

\# Following approval by the Company's shareholders of the dividend *in specie* of SATS shares on 31 July 2009, the Board Compensation & Industrial Relations Committee approved an increase in all restricted shares outstanding on 12 August 2009 under the RSP

| | Number of Performance shares | | | | | |
|---|---|---|---|---|---|---|
| Date of grant | Balance at 1 4 2009 / date of grant | Adjustment* | Vested | Cancelled | Modification# | Balance at 31 3 2010 |
| **PSP** | | | | | | |
| 27 7 2006 | 144,701 | (35,000) | (104,966) | (4,735) | - | - |
| 1 8 2007 | 157,952 | - | - | - | 18,947 | 176,899 |
| 1 7 2008 | 222,200 | - | - | - | 26,664 | 248,864 |
| 29 7 2009 | 195,000 | - | - | - | 23,400 | 218,400 |
| | 719,853 | (35,000) | (104,966) | (4,735) | 69,011 | 644,163 |

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

\# Following approval by the Company's shareholders of the dividend *in specie* of SATS shares on 31 July 2009, the Board Compensation & Industrial Relations Committee approved an increase in all performance shares outstanding on 12 August 2009 under the PSP

Fair values of share awards granted

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

The following table lists the key inputs to the model used for the July 2009 and July 2008 awards:

| | July 2009 Award | | July 2008 Award | |
|---|---|---|---|---|
| | RSP | PSP | RSP | PSP |
| Expected dividend yield (%) | Management's forecast in line with dividend policy | | | |
| Expected volatility (%) | 27 32 – 33 60 | 29 50 | 20 20 – 22 15 | 21 08 |
| Risk-free interest rate (%) | 0 50 – 1 00 | 0 61 | 1 30 – 2 35 | 1.76 |
| Expected term (years) | 1 9 – 3 9 | 2 9 | 2.0 – 4 0 | 3 0 |
| Share price at date of grant ($) | 13 34 | 13 34 | 14.60 | 14 60 |

## 5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

**Share-based incentive plans (continued)**

Fair values of share awards granted (continued)

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

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from $11.99 to $12.62 (2008-09: $11.21 to $12.72) and the estimated fair value at date of grant for each share granted under the PSP is $14 29 (2008-09: $9.62).

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

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

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

The number of contingent shares granted but not released as at 31 March 2010, were 1,734,240 (2009: 1,287,203) and 644,163 (2009· 524,853) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,424,156 (2009: 1,516,694) and 1,199,877 (2009: 787,280) 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 SIA Engineering Company Limited.

## 6 Operating Profit (in $ million)

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

| | The Group | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Interest income from short-term investments | (0 9) | (0 9) |
| Dividend income from short-term investments | (0.7) | (0 8) |
| (Surplus)/Loss on disposal of short-term investments | (3 6) | 4 7 |
| Income from operating lease of aircraft | (1 0) | (10 5) |
| Amortisation of deferred gain on sale and operating leaseback transactions | (64 7) | (86 1) |
| Bad debts written off | 0 8 | 2 4 |
| Impairment of trade debtors | - | 12 3 |
| Surplus on disposal of non-current assets | - | (2 1) |
| Professional fees paid to a firm of which a director is a member | 0 5 | 0 1 |
| Remuneration for auditors of the Company | | |
| Audit fees | 1 6 | 1 7 |
| Non-audit fees | 0 9 | 1 4 |
| Exchange loss, net | 54 3 | 73 3 |
| Currency hedging loss/(gain) | 17 7 | (138 6) |
| Fuel hedging loss recognised in "Fuel costs" | 558 0 | 348 3 |
| Ineffectiveness of fuel hedging contracts recognised in "Fuel costs" | 0 3 | 4 0 |

## 7 Finance Charges (in $ million)

| | The Group | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Notes payable | 39 9 | 43 4 |
| Loans | 0 8 | 0 7 |
| Finance lease commitments | 10 9 | 19 4 |
| Other receivables measured at amortised cost | 7 6 | 20 0 |
| Realised loss on interest rate swap contracts accounted as cash flow hedges | 9 5 | 3 9 |
| Fair value (gain)/loss on interest rate swap contracts accounted as fair value through profit and loss | (2 1) | 2 2 |
| Commitment fees | 2 3 | 0 1 |
| | 68.9 | 89 7 |

## 8 Interest Income (in $ million)

| | The Group | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Fixed deposits | 19 3 | 70 8 |
| Amortised interest income from other receivables | 23 0 | 21 3 |
| Others | 7 2 | 3 9 |
| | 49 5 | 96 0 |

## 9 Other Non-operating Items (in $ million)

| | The Group | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Recognition of liquidated damages | 20.4 | 39 0 |
| Surplus on disposal of other property, plant and equipment | 6 9 | 1 8 |
| Amortisation of deferred gain/(loss) on sale and finance leaseback transactions | 0 5 | (0 5) |
| Gain on disposal of SATS shares | 6 4 | - |
| Impairment of investments | - | (9 8) |
| Loss on disposal of non-equity investments | - | (1.1) |
| | 34 2 | 29 4 |

## 10 Taxation (in $ million)

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2010 and 2009 are:

| | The Group | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Current taxation | | |
| Provision for the year | 79 9 | 226.0 |
| Overprovision in respect of prior years | (127 6) | (0 7) |
| Share of joint venture companies' taxation | 0 6 | 0 6 |
| Share of associated companies' taxation | 13 2 | 11 9 |
| | (33 9) | 237.8 |
| Deferred taxation | | |
| Movement in temporary differences | (43 0) | (38 5) |
| Under/(over)provision in respect of prior years | 82 9 | (9 3) |
| | 39 9 | (47 8) |
| | 6 0 | 190 0 |
| Adjustment to deferred tax for reduction in Singapore statutory corporate tax rate | - | (138 2) |
| | 6 0 | 51 8 |

Deferred taxation related to other comprehensive income:

| | The Group | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Available-for-sale financial assets | 2 0 | 1 0 |
| Cash flow hedges | 110 6 | 153 4 |
| Share of comprehensive expense of associated and joint venture companies | 0 2 | 67 8 |
| | 112 8 | 222.2 |

The Group has tax losses (of which no deferred tax asset has been recognised) of approximately $24.4 million (2009: $21 9 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.

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

## 10 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 | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Profit before taxation | 285 5 | 1,198.6 |
| Taxation at statutory corporate tax rate of 17 0% | 48 5 | 203 8 |
| Adjustments | | |
| Income not subject to tax | (48 3) | (54 5) |
| Expenses not deductible for tax purposes | 35 7 | 33 3 |
| Higher effective tax rates of other countries | 7 6 | 16 7 |
| Overprovision in respect of prior years, net | (44 7) | (10 0) |
| Adjustment to deferred tax for reduction in Singapore statutory corporate tax rate | - | (138 2) |
| Tax benefit not recognised | 6 3 | 0 4 |
| Others | 0 9 | 0 3 |
| Taxation | 6 0 | 51 8 |

## 11 Earnings Per Share

| | The Group | | | |
|---|---|---|---|---|
| | 2009-10 | | 2008-09 | |
| | Basic | Diluted | Basic | Diluted |
| Profit attributable to equity holders of the Company (in $ million) | 215 8 | 215 8 | 1,061 5 | 1,061 5 |
| Adjustment for dilutive potential ordinary shares of subsidiary companies (in $ million) | - | (1 0) | - | (1 1) |
| Adjusted net profit attributable to equity holders of the Company (in $ million) | 215 8 | 214 8 | 1,061 5 | 1,060 4 |
| Weighted average number of ordinary shares in issue (in million) | 1,184 8 | 1,184 8 | 1,184.7 | 1,184 7 |
| Adjustment for dilutive potential ordinary shares (in million) | - | 11 7 | - | 5 2 |
| Weighted average number of ordinary shares in issue used for computing earnings per share (in million) | 1,184 8 | 1,196 5 | 1,184 7 | 1,189 9 |
| Earnings per share (cents) | 18 2 | 18 0 | 89 6 | 89 1 |

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

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

28.4 million (2008-09: 34.0 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous years presented.

## 12 Dividends Paid and Proposed (in $ million)

| | The Group and the Company | |
|---|---|---|
| | 2009-10 | 2008-09 |
| Dividends paid. | | |
| Dividend *in specie* | 1,146 3 | - |
| Final dividend of 20 0 cents per share tax exempt (one-tier) in respect of 2008-09 (2008-09 80 0 cents per share tax exempt [one-tier] in respect of 2007-08) | 236 9 | 948 7 |
| Interim dividend of 20 0 cents per share tax exempt (one-tier) in respect of 2008-09 | - | 237 1 |
| | 1,383 2 | 1,185 8 |

The directors propose that a final tax exempt (one-tier) dividend of 12.0 cents per share (2008-09: final tax exempt [one-tier] dividend of 20.0 cents per share) amounting to $143.0 million (2008-09 $236 9 million) be paid for the financial year ended 31 March 2010.

## 13 Share Capital (in $ million)

| | The Group and the Company | | | |
|---|---|---|---|---|
| | Number of shares | | Amount | |
| Issued and fully paid share capital | 2010 | 2009 | 2010 | 2009 |
| Ordinary shares | | | | |
| Balance at 1 April | 1,186,547,790 | 1,186,334,147 | 1,684 8 | 1,682 0 |
| Share options exercised during the year | 5,060,721 | 213,643 | 65 8 | 2 8 |
| Balance at 31 March | 1,191,608,511 | 1,186,547,790 | 1,750 6 | 1,684 8 |
| Special share | | | | |
| Balance at 1 April and 31 March | 1 | 1 | # | # |

# The value is $0 50

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

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

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

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

During the financial year, the Company issued 5,060,721 shares (2008-09. 213,643) upon exercise of options granted under the Employee Share Option Plan.

## 14 Treasury Shares (in $ million)

| | The Group and the Company | |
|---|---|---|
| | 31 March | |
| | 2010 | 2009 |
| Balance at 1 April | (44.4) | (33 2) |
| Purchase of treasury shares | - | (64.1) |
| Treasury shares reissued pursuant to equity compensation plans | | |
| - For cash on exercise of employee share options | 36 0 | 39 2 |
| - Transferred from share-based compensation reserve | 13 7 | 10 0 |
| - (Gain)/Loss on reissuance of treasury shares | (6 2) | 3 7 |
| | 43 5 | 52 9 |
| Balance at 31 March | (0 9) | (44 4) |

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

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

In the previous financial year, the Company purchased 5,177,000 of its ordinary shares by way of on-market purchases at share prices ranging from $9.48 to $16.07. The total amount paid to purchase the shares was $64.1 million and this is presented as a component within equity attributable to equity holders of the Company

The Company reissued 3,368,356 (2009: 3,417,833) treasury shares pursuant to its employee share option plans at a weighted average exercise price of $10.67 (2009: $11 49) each. In addition, 104,966 (2009: nil) shares and 357,392 (2009: 152,969) shares were reissued pursuant to the PSP and RSP respectively. The number of treasury shares as at 31 March 2010 was 76,484 (2009: 3,907,198).

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.

## 15 Other Reserves (in $ million)

### (a) Capital reserve

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

### (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

## 15 Other Reserves (in $ million) (continued)

### (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 | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Balance at 1 April | (5 0) | 0 9 | (1 9) | (0 4) |
| Net gain/(loss) on fair value changes | 10 0 | (5 9) | 1 9 | (1 5) |
| Balance at 31 March | 5 0 | (5 0) | - | (1 9) |
| | | | | |
| Gain/(Loss) on fair value changes | 10 8 | (4 7) | - | (1 9) |
| Recognised in the profit and loss account | | | | |
| on disposal of available-for-sale investments | (0.8) | (1 2) | 1 9 | 0 4 |
| | 10 0 | (5 9) | 1 9 | (1 5) |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Balance at 1 April | (655 8) | 442 5 | (494 1) | 199 0 |
| Net gain/(loss) on fair value changes | 509 9 | (1,098 3) | 408 8 | (693 1) |
| Balance at 31 March | (145 9) | (655 8) | (85 3) | (494.1) |
| | | | | |
| Net gain/(loss) on fair value changes | 48 3 | (1,099 1) | 35 9 | (904 3) |
| Share of associated companies' net loss | | | | |
| on fair value reserve | (1 7) | (242 7) | - | - |
| Recognised in the carrying value of non-financial assets on | | | | |
| occurrence of capital expenditure commitments | 6 3 | 20 6 | 6 3 | 20 6 |
| Recognised in the profit and loss account on occurrence of | | | | |
| Fuel hedging contracts recognised in "Fuel costs" | 463.1 | 289 1 | 381 8 | 251.5 |
| Foreign currency contracts recognised in | | | | |
| "Other operating expenses" | (14 0) | (69 4) | (15 2) | (60 9) |
| Interest rate swap contracts recognised in | | | | |
| "Finance charges" | 7 9 | 3 2 | - | - |
| | 509 9 | (1,098 3) | 408 8 | (693 1) |
| | | | | |
| Total fair value reserve | (140 9) | (660 8) | (85 3) | (496 0) |

## 16 Deferred Account (in $ million)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Deferred gain on sale and leaseback transactions | | | | |
| - operating leases | 82.0 | 164 3 | 62 6 | 113 5 |
| - finance leases | 17 4 | 40 8 | - | - |
| | 99 4 | 205 1 | 62 6 | 113 5 |
| Deferred credit | 381 3 | 468 8 | 381 3 | 468 8 |
| | 480 7 | 673 9 | 443 9 | 582 3 |

## 17 Deferred Taxation (in $ million)

| | The Group | | | | The Company | |
|---|---|---|---|---|---|---|
| | Statement of financial position | | Profit and loss | | Statement of financial position | |
| | 31 March | | | | 31 March | |
| | 2010 | 2009 | 2009-10 | 2008-09 | 2010 | 2009 |
| The deferred taxation arises as a result of | | | | | | |
| Deferred tax liabilities | | | | | | |
| Differences in depreciation | 2,315 7 | 2,412 5 | (54 6) | (138 5) | 1,941 7 | 1,996 4 |
| Revaluation of fuel hedging contracts to fair value | 1 2 | 0 6 | - | - | 1 2 | 0 4 |
| Revaluation of currency hedging contracts to fair value | 3 1 | 28 9 | 0 3 | - | 2 4 | 24 1 |
| Revaluation of interest rate cap contracts to fair value | 0 7 | - | - | - | 0 7 | - |
| Revaluation of available-for-sale financial assets to fair value | 1 0 | - | - | - | - | - |
| Identified intangible assets | - | 56 5 | - | (0 7) | - | - |
| Other temporary differences | 79 5 | 77 1 | 3 1 | (5 5) | 74 4 | 71 1 |
| Gross deferred tax liabilities | 2,401 2 | 2,575 6 | (51 2) | (144 7) | 2,020 4 | 2,092 0 |
| Deferred tax assets | | | | | | |
| Unabsorbed capital allowances and tax losses | (17 1) | (31 1) | (5.4) | (22 4) | - | - |
| Revaluation of fuel hedging contracts to fair value | (19 3) | (153 0) | - | - | (16 1) | (125 7) |
| Revaluation of currency hedging contracts to fair value | (2 9) | (2 8) | - | - | (2 5) | (2 0) |
| Revaluation of interest rate swap contracts to fair value | (2 2) | (2 4) | 2 0 | - | (2 2) | - |
| Revaluation of interest rate cap contracts to fair value | - | (1 3) | - | - | - | (1 3) |
| Revaluation of available-for-sale financial assets to fair value | - | (1 0) | - | - | - | (0 4) |
| Other deferred tax assets | (63 1) | (162 0) | 94 5 | (18 9) | (54 0) | (146 7) |
| Gross deferred tax assets | (104 6) | (353 6) | 91 1 | (41 3) | (74 8) | (276 1) |
| Net deferred tax liabilities | 2,296 6 | 2,222 0 | | | 1,945 6 | 1,815 9 |
| Deferred tax charged/(credited) to profit and loss | | | 39 9 | (186 0) | | |
| Deferred tax charged/(credited) to equity | 34 7 | (134 1) | | | 88 4 | 185 2 |

## 18 Long-Term Liabilities and Provisions (in $ million)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Notes payable | 900 0 | 1,100 0 | 900 0 | 900 0 |
| Current | - | (200 0) | - | - |
| Non-current | 900 0 | 900 0 | 900 0 | 900 0 |
| Loans | - | 44 0 | - | - |
| Current | - | (32 7) | - | - |
| Non-current | - | 11.3 | - | - |
| Finance lease commitments | 438 9 | 548 5 | - | - |
| Current | (64 5) | (66 9) | - | - |
| Non-current | 374 4 | 481.6 | - | - |
| Provisions | 199 2 | 155 9 | 142 6 | 114.8 |
| Current | (35 5) | (35 3) | (9 5) | (26 7) |
| Non-current | 163 7 | 120 6 | 133 1 | 88 1 |
| Total long-term liabilities and provisions | 1,438 1 | 1,513 5 | 1,033 1 | 988 1 |

## 18 Long-Term Liabilities and Provisions (in $ million) (continued)

### Notes payable

Notes payable at 31 March 2010 comprise unsecured long-term notes issued by the Company, which bear fixed interest at 4.15% (2008-09· 4.15%) per annum and are repayable on 19 December 2011. Notes payable at 31 March 2009 included unsecured medium-term notes issued by SATS, which bore fixed interest at 3 00% per annum. The fair value of notes payable amounted to $936.4 million for the Group (2009· $1,109 3 million) and the Company (2009: $909.0 million)

### Loans

During the financial year, the Group repaid an unsecured loan of $0 8 million which was a revolving credit facility denominated in USD taken by a subsidiary company bearing interest of 1.20% per annum over the bank prevailing Singapore Interbank Offered Rate The Group also repaid unsecured revolving bank loans where interest was charged based on monthly floating rates and the effective interest rates ranged from 1 95% to 3.85% per annum.

Apart from the above loans, the remaining loans as at 31 March 2009 were related to SATS Group that was disposed during the financial year (Note 22).

$17.8 million of the remaining loans were secured over property, plant and equipment and other assets of certain subsidiary companies with a total carrying value of $141.2 million at 31 March 2009 Interest on these loans ranged from 1.50% to 10.20% per annum

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

| | The Group | |
|---|---|---|
| | 31 March | |
| | 2010 | 2009 |
| Not later than one year | - | 32 7 |
| Later than one year but not later than five years | - | 9 2 |
| Later than five years | - | 2 1 |
| | - | 44 0 |

### Finance leases commitments

Singapore Airlines Cargo Pte Ltd ("SIA Cargo") holds four B747-400 freighters under finance leases, which will mature between 2014 and 2018, without any options for renewal. Three leases have options for SIA Cargo to purchase the aircraft at the end of the lease period of 12 years. The fourth lease has an option for SIA Cargo to purchase the aircraft at the end of the 12th or 15th year of the lease period. Sub-leasing is allowed under the lease agreements.

The financing obligations for the first five years of three leases are secured by an aircraft pledged as collateral, until 2011 Replacement of the aircraft pledged as collateral by another aircraft is permitted under the mortgage agreement.

Interest rates on three of SIA Cargo's finance lease commitments are charged at a margin above the London Interbank Offered Rate ("LIBOR"). These ranged from 0.29% to 2.46% (2008-09: 2 20% to 3.78%) per annum. The interest rate on the remaining SIA Cargo's finance lease commitment is fixed at 5 81% (2008-09: 5.81%) per annum.

## 18 Long-Term Liabilities and Provisions (in $ million) (continued)

### Finance leases commitments (continued)

SIA Cargo continues to remain the primary obligor under the lease agreements and as such, there are unpaid lease commitments of $87.8 million (2009: $95 4 million) as at 31 March 2010 Out of this, $59.1 million (2009: $60.8 million) are covered by funds placed with financial institutions under defeasance to provide for payments due at time of exercise of purchase option at the end of the 12th year or 15th year of the lease period. The funds placed with financial institutions are expected to generate interest in order to meet the obligation at time of maturity These arrangements have not been included in the financial statements.

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

Included in the previous financial year were finance lease agreements entered into by SATS Group for the lease of tractors for a period of 10 years from March 2008. The principal is payable by instalments over a period of 120 months, at an interest rate of 5.10% per annum In addition, the SATS Group had finance leases for certain items of plant, machinery and equipment. These lease agreements did not have renewal clauses but provide the SATS Group with options to purchase the leased assets at nominal values at the end of the lease term

Future lease payments under these finance leases are as follows

| | The Group 31 March | | | |
|---|---|---|---|---|
| | 2010 | | 2009 | |
| | Minimum Payments | Repayment of Principal | Minimum Payments | Repayment of Principal |
| Not later than one year | 78 2 | 64 5 | 85 2 | 66 9 |
| Later than one year but not later than five years | 310 5 | 275 3 | 359 4 | 308 2 |
| Later than five years | 106.3 | 99 1 | 188 5 | 173 4 |
| Total future lease payments | 495 0 | 438 9 | 633 1 | 548 5 |
| Amounts representing interest | (56.1) | - | (84 6) | - |
| Principal value of finance lease commitments | 438 9 | 438 9 | 548 5 | 548 5 |

### Provisions

Included are 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 | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Balance at 1 April | 155 9 | 134 3 | 114 8 | 110 2 |
| Provision during the year | 80 0 | 73.9 | 61 2 | 56 9 |
| Provision utilised during the year | (35 8) | (53 5) | (32.5) | (53 5) |
| Exchange (gain)/loss | (0 9) | 1 2 | (0 9) | 1 2 |
| Balance at 31 March | 199 2 | 155 9 | 142 6 | 114 8 |
| Current | 35 5 | 35 3 | 9 5 | 26 7 |
| Non-current | 163 7 | 120 6 | 133 1 | 88 1 |
| | 199 2 | 155 9 | 142 6 | 114 8 |

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

### The Group

| | Aircraft | Aircraft spares | Aircraft spare engines | Freehold land | Freehold buildings | Leasehold land and buildings | Plant and equipment | Office and computer equipment | Advance and progress payments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | | | |
| At 1 April 2008 | 18,180 1 | 845 6 | 469.5 | 15 7 | 151.1 | 1,329 1 | 1,215.9 | 391.2 | 2,241.0 | 24,839 2 |
| Additions | 147 9 | 56 8 | 15.3 | - | 0 7 | 10 3 | 50 1 | 44 5 | 1,741 1 | 2,066 7 |
| Acquisition of subsidiary companies | - | - | - | 1.4 | 14.0 | 81.7 | 131.2 | 13.5 | - | 241 8 |
| Transfer to investment properties | - | - | - | - | - | (16 3) | - | - | - | (16 3) |
| Transfers | 2,113 7 | - | (4 6) | - | - | - | - | - | (2,109 1) | - |
| Disposals | (1,734 7) | (152 8) | (43 1) | - | - | (11 3) | (17 1) | (44 3) | - | (2,003 3) |
| Exchange differences | - | - | - | - | - | - | (0 2) | - | - | (0 2) |
| At 31 March 2009 | 18,707 0 | 749 6 | 437.1 | 17.1 | 165 8 | 1,393 5 | 1,379 9 | 404 9 | 1,873 0 | 25,127 9 |
| Additions | 73.7 | 20.8 | 0 7 | - | - | 11 1 | 27.6 | 11 8 | 1,430 0 | 1,575.7 |
| Disposal of a subsidiary company | - | - | - | (1.4) | (14 7) | (807 1) | (625 5) | (45 7) | (5 3) | (1,499 7) |
| Transfers | 1,639 4 | (0.2) | 12 0 | - | - | 8 5 | 13 4 | 14.6 | (1,687 7) | - |
| Transfer to intangible assets | - | - | - | - | - | - | - | - | (1 8) | (1.8) |
| Disposals | (377 3) | (55 6) | (25 0) | - | (0 4) | (31 9) | (48 0) | (55 5) | - | (593 7) |
| Exchange differences | - | - | - | - | - | (0 3) | 1 5 | - | - | 1 2 |
| At 31 March 2010 | 20,042.8 | 714 6 | 424 8 | 15 7 | 150 7 | 573 8 | 748 9 | 330 1 | 1,608 2 | 24,609 6 |
| Accumulated depreciation and impairment loss | | | | | | | | | | |
| At 1 April 2008 | 5,634 2 | 508.4 | 170.4 | - | 98 3 | 668 3 | 953.5 | 332.0 | - | 8,365 1 |
| Depreciation | 1,427 1 | 30 3 | 43 7 | - | 4 4 | 43 0 | 75 3 | 25 6 | - | 1,649 4 |
| Impairment loss | 41 4 | - | - | - | - | - | - | - | - | 41 4 |
| Acquisition of subsidiary companies | - | - | - | - | 1 8 | 47 3 | 102 7 | 11 1 | - | 162 9 |
| Transfer to investment properties | - | - | - | - | - | (9 0) | - | - | - | (9 0) |
| Transfers | 5.5 | - | (5.5) | - | - | - | - | - | - | - |
| Disposals | (849 4) | (122 8) | (32.1) | - | - | (11 5) | (16.3) | (44 0) | - | (1,076.1) |
| Exchange differences | - | - | - | - | - | 1 2 | 0 4 | 0 2 | - | 1 8 |
| At 31 March 2009 | 6,258 8 | 415 9 | 176 5 | - | 104 5 | 739 3 | 1,115 6 | 324 9 | - | 9,135 5 |
| Depreciation | 1,509.1 | 27.7 | 54 1 | - | 4.3 | 29.4 | 73 2 | 15.8 | - | 1,713.6 |
| Impairment loss | 3 3 | 2 8 | - | - | - | - | - | - | - | 6.1 |
| Disposal of a subsidiary company | - | - | - | - | (1 9) | (357 2) | (520.5) | (22 7) | - | (902 3) |
| Transfers | 7 1 | (0.1) | (7.0) | - | - | - | - | - | - | - |
| Disposals | (210 4) | (41 6) | (21 4) | - | (0 4) | (31 1) | (45.5) | (55 2) | - | (405 6) |
| Exchange differences | - | - | - | - | - | (0 3) | (1 3) | | - | (1 6) |
| At 31 March 2010 | 7,567 9 | 404.7 | 202 2 | - | 106 5 | 380 1 | 621.5 | 262 8 | - | 9,545.7 |
| Net book value | | | | | | | | | | |
| At 31 March 2009 | 12,448 2 | 333 7 | 260 6 | 17.1 | 61 3 | 654 2 | 264 3 | 80 0 | 1,873 0 | 15,992 4 |
| At 31 March 2010 | 12,474 9 | 309 9 | 222 6 | 15 7 | 44.2 | 193 7 | 127.4 | 67 3 | 1,608 2 | 15,063.9 |

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

### The Company

| | Aircraft | Aircraft spares | Aircraft spare engines | Freehold land | Freehold buildings | Leasehold land and buildings | Plant and equipment | Office and computer equipment | Advance and progress payments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | | | |
| At 1 April 2008 | 14,852 4 | 739 2 | 375 2 | 15 7 | 151.1 | 351 7 | 408 3 | 307.4 | 2,096.2 | 19,297 2 |
| Additions | 99 6 | 25.8 | 0 2 | - | - | - | 18.4 | 40.8 | 1,513.8 | 1,698.6 |
| Transfers | 1,974 5 | - | (2 9) | - | - | - | - | - | (1,971 6) | - |
| Disposals | (1,505.0) | (146 1) | (32.8) | - | - | (10 0) | (3 1) | (40 2) | - | (1,737 2) |
| At 31 March 2009 | 15,421 5 | 618 9 | 339 7 | 15.7 | 151.1 | 341 7 | 423 6 | 308 0 | 1,638 4 | 19,258 6 |
| Additions | 47.7 | 12 2 | - | - | - | - | 2 1 | 10.2 | 1,284.3 | 1,356.5 |
| Transfers | 1,529 6 | (0 2) | (19 3) | - | - | - | 11 6 | 14 6 | (1,536 3) | - |
| Disposals | (371 7) | (54.4) | (25 0) | - | (0 4) | - | (9.8) | (51.1) | - | (512 4) |
| At 31 March 2010 | 16,627 1 | 576 5 | 295 4 | 15 7 | 150 7 | 341 7 | 427 5 | 281 7 | 1,386 4 | 20,102 7 |
| Accumulated depreciation and impairment loss | | | | | | | | | | |
| At 1 April 2008 | 4,658.7 | 471 5 | 128 1 | - | 98 3 | 288 0 | 328 3 | 265 3 | - | 6,238 2 |
| Depreciation | 1,202.9 | 19.7 | 30.8 | - | 4.3 | 8 9 | 20 0 | 19.4 | - | 1,306 0 |
| Impairment loss | 41.4 | - | - | - | - | - | - | - | - | 41 4 |
| Transfers | (2.1) | - | 2 1 | - | - | - | - | - | - | - |
| Disposals | (692 0) | (118.9) | (32.2) | - | - | (10 0) | (3 1) | (40 0) | - | (896.2) |
| At 31 March 2009 | 5,208 9 | 372 3 | 128 8 | - | 102 6 | 286 9 | 345 2 | 244 7 | - | 6,689 4 |
| Depreciation | 1,263 8 | 19.5 | 27.7 | - | 4 3 | 8.9 | 19 5 | 26 7 | - | 1,370 4 |
| Impairment loss | 3 3 | 2 8 | - | - | - | - | - | - | - | 6 1 |
| Transfers | 8 6 | - | (8 6) | - | - | - | - | - | - | - |
| Disposals | (205 0) | (41 4) | (21 2) | - | (0 4) | - | (9 7) | (50 9) | - | (328 6) |
| At 31 March 2010 | 6,279 6 | 353 2 | 126.7 | - | 106 5 | 295 8 | 355 0 | 220.5 | - | 7,737 3 |
| Net book value | | | | | | | | | | |
| At 31 March 2009 | 10,212 6 | 246 6 | 210 9 | 15 7 | 48 5 | 54 8 | 78 4 | 63 3 | 1,638 4 | 12,569 2 |
| At 31 March 2010 | 10,347 5 | 223 3 | 168 7 | 15 7 | 44 2 | 45 9 | 72.5 | 61 2 | 1,386 4 | 12,365 4 |

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

| | The Group 31 March | |
|---|---|---|
| | 2010 | 2009 |
| Net book value of property, plant and equipment acquired under finance leases· | | |
| - aircraft | 739 1 | 797 9 |
| - plant and equipment | 0 1 | 56 4 |
| | 739 2 | 854 3 |

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

Property, plant and equipment pledged as security

| | The Group 31 March | |
|---|---|---|
| | 2010 | 2009 |
| Net book value of | | |
| - plant and equipment | - | 21 6 |
| - freehold land | - | 1 4 |
| - freehold buildings | - | 12 8 |
| - leasehold buildings | - | 10 2 |
| | - | 46 0 |

The property, plant and equipment mortgaged under bank loans were related to a subsidiary company that was disposed during the financial year (Note 22).

## 20 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 2008 | 1.5 | 403.0 | - | - | 1 3 | - | - | 405 8 |
| Additions· | | | | | | | | |
| - Internal development | - | 21 6 | - | - | - | - | - | 21 6 |
| - Acquisition of subsidiary companies | 239.3 | - | 126 6 | 77.5 | 27 3 | - | - | 470.7 |
| - Acquisition of minority interest | 1.7 | - | - | - | - | - | - | 1 7 |
| Disposals | - | (2 3) | - | - | - | - | - | (2.3) |
| Exchange differences | - | - | (1 6) | (0 4) | - | - | - | (2 0) |
| At 31 March 2009 | 242 5 | 422.3 | 125.0 | 77.1 | 28 6 | - | - | 895.5 |
| 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 |
| Accumulated amortisation | | | | | | | | |
| At 1 April 2008 | 0 2 | 299 0 | - | - | - | - | - | 299 2 |
| Amortisation | - | 42.3 | - | 2.9 | 0.3 | - | - | 45.5 |
| Disposals | - | (2 2) | - | - | - | - | - | (2 2) |
| At 31 March 2009 | 0.2 | 339 1 | - | 2 9 | 0 3 | - | - | 342.5 |
| 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 |
| Net book value | | | | | | | | |
| At 31 March 2009 | 242 3 | 83 2 | 125 0 | 74.2 | 28 3 | - | - | 553 0 |
| At 31 March 2010 | - | 63 4 | - | - | 1 0 | 12 1 | 4 3 | 80 8 |

## 20 Intangible Assets (in $ million) (continued)

### The Group (continued)

Goodwill arising on consolidation

In 2002-03, SATS acquired 66 7% equity interest in Country Foods Pte Ltd at a cost of $6.0 million. Goodwill on acquisition of $1 5 million was capitalised and amortised in financial years 2003-04 ($0.1 million) and 2004-05 ($0.1 million)

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

Brands, customer relationships and 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.

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

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

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

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

### The Company

| | Computer software | |
|---|---|---|
| | 31 March | |
| | 2010 | 2009 |
| Cost | | |
| At 1 April | 308 2 | 293.0 |
| Additions | 15 9 | 15 2 |
| Disposal | (31 1) | - |
| At 31 March | 293 0 | 308 2 |
| Accumulated amortisation | | |
| At 1 April | 243 3 | 214 0 |
| Amortisation | 25 7 | 29 3 |
| Disposal | (31 0) | - |
| At 31 March | 238 0 | 243 3 |
| Net book value | 55 0 | 64 9 |

## 21 Investment Properties (in $ million)

| | The Group 31 March 2010 | 2009 |
|---|---|---|
| Balance at 1 April | 7 0 | - |
| Transfer from property, plant and equipment | - | 7 3 |
| Disposal of a subsidiary company | (6 8) | - |
| Depreciation | (0 2) | (0 3) |
| Balance at 31 March | - | 7 0 |
| | | |
| Cost | - | 16 3 |
| Accumulated depreciation | - | (9 3) |
| Net book value | - | 7 0 |

The property rental income earned by the Group for the year ended 31 March 2010 from its investment properties which are leased out under operating leases, amounted to $2.5 million (2008-09: $2.1 million).

Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties amounted to $0 8 million (2008-09. $0 7 million).

The investment properties were related to SATS Group that was disposed during the financial year (Note 22). The Group estimated the fair value of the investment properties as at 31 March 2009 to approximate the net book value.

## 22 Subsidiary Companies (in $ million)

| | The Company 31 March 2010 | 2009 |
|---|---|---|
| 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 | 25 0 |
| | 1,805 8 | 1,780 8 |
| | | |
| Funds from subsidiary companies | (1,166 7) | (1,426 6) |
| Amounts owing to subsidiary companies | (131 3) | (171 2) |
| | (1,298 0) | (1,597.8) |
| | | |
| Amounts owing by subsidiary companies | 141.0 | 284 6 |
| | | |
| Market value of quoted equity investments | 3,088 5 | 2,679 6 |

# The value is $1

## The value is $2

During the financial year.

1. SIAEC injected an additional $1.9 million in SIA Engineering Philippines ("SIAE(PH)"). There was no change in SIAEC's 65 0% equity stake in SIAE(PH)

2. SIAEC incorporated two special-purpose, wholly-owned subsidiary companies, NexGen Network (1) Holding Pte Ltd ("NGN1") and NexGen Network (2) Holding Pte Ltd ("NGN2"), to hold investment in the C-series and MRJ aircraft engine programmes. SIAEC injected an initial investment of $3.8 million and $8.4 million in NGN1 and NGN2 respectively.

## 22 Subsidiary Companies (in $ million) (continued)

There are two unsecured loans to a subsidiary company, due for repayment in 2011 and 2014 respectively. Interests on these loans are computed using SGD Swap-Offer Rates plus an agreed margin. The loans are denominated in SGD and interest rates ranged from 1 84% to 4.01% (2008-09: 2.75% to 2 95%) per annum. Net carrying amount of the loans approximate the fair value as interest rates implicit in the loans approximate market interest rate.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which range from 0 03% to 1.00% (2008-09: 0.03% to 1.75%) per annum for SGD funds, from 0.09% to 1.85% (2008-09 0.03% to 6 30%) per annum for USD funds and from 2.80% to 4 03% (2008-09: 3.05% to 7 45%) per annum for AUD funds.

As at 31 March 2010, the composition of funds from subsidiary companies held in foreign currencies by the Company is as follows: USD – 21.0% (2009· 9.4%) and AUD – 0.7% (2009: 0.4%)

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.

**Disposal of a subsidiary company**

Pursuant to the dividend *in specie* distribution on 1 September 2009, the Company had disposed of its entire shareholdings in SATS.

The Group's share of net assets of SATS as at 1 September 2009 were:

| | |
|---|---|
| Property, plant and equipment | 597.4 |
| Investment properties | 6 8 |
| Intangible assets | 489 5 |
| Associated companies | 331 5 |
| Joint venture companies | 0 1 |
| Other non-current assets | 19.9 |
| Trade and other debtors | 297 3 |
| Cash and cash equivalents | 301.9 |
| | 2,044.4 |
| Minority interests | 290 2 |
| Other non-current liabilities | 131.3 |
| Trade and other creditors | 476 6 |
| | 898 1 |
| Net identifiable assets | 1,146.3 |

## 22 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 2010 | 2009 |
|---|---|---|---|---|
| SIA Engineering Company Limited | Engineering services | Singapore | 80 5 | 80 7 |
| Aircraft Maintenance Services Australia Pty Ltd* | Providing aircraft maintenance services, including technical and non-technical handling at the airport | Australia | 80 5 | 80 7 |
| NexGen Network (1) Holding Pte Ltd@ | Investment holding | Singapore | 80 5 | - |
| NexGen Network (2) Holding Pte Ltd@ | Investment holding | - do - | 80 5 | - |
| SIA Engineering (USA), Inc @@ | Providing aircraft maintenance services, including technical and non-technical handling at the airport | United States of America | 80 5 | 80 7 |
| SIAEC Global Pte Ltd | Investment holding | Singapore | 80 5 | 80 7 |
| SIA Engineering (Philippines) Corporation* | Providing airframe maintenance and component overhaul services | Philippines | 52 3 | 52 5 |
| Singapore Jamco Pte Ltd | Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys | Singapore | 52 3 | 52 5 |
| Aerospace Component Engineering Services Pte Ltd | Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft | - do - | 41 1 | 41 2 |
| Aviation Partnership (Philippines) Corporation* | Providing aircraft maintenance services, including technical and non-technical handling at the airport | Philippines | 41 1 | 41 2 |
| 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 | 95 3 |
| 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 |

The following companies are part of SATS Group which was disposed during the financial year:

| | | | | |
|---|---|---|---|---|
| Singapore Airport Terminal Services Limited | Investment holding | Singapore | - | 80 6 |
| Aero Laundry & Linen Services Private Limited | Providing and selling laundry and linen services | - do - | - | 80 6 |
| Asia-Pacific Star Pte Ltd | Dormant | - do - | - | 80 6 |
| Country Foods Pte Ltd | Manufacturing of chilled, frozen and processed foods | - do - | - | 80 6 |
| Country Foods Macau Limited* | Processing and packaging of food and beverage products | Macau | - | 41 1 |
| SATS Airport Services Pte Ltd | Airport ground handling services | Singapore | - | 80 6 |
| SATS Catering Pte Ltd | Inflight catering services | - do - | - | 80 6 |
| SATS Hong Kong Limited* | Aircraft ramp handling and passenger services | Hong Kong | - | 80 6 |
| SATS Security Services Pte Ltd | Aviation security services | Singapore | - | 80 6 |
| Singapore Food Industries Limited# | Food distribution and processing of food | - do - | - | 80 6 |
| International Cuisine Limited and its subsidiary companies## | Production and marketing of chilled ready cooked food | United Kingdom | - | 80 6 |
| Cresset Limited## | Manufacture of food products and chilled ready cooked food | Republic of Ireland | - | 80 6 |
| Swissco Limited## | In liquidation | - do - | - | 80 6 |
| Swissco Manufacturing Limited## | Purchase of goods and services | - do - | - | 80 6 |
| Myanmar ST Food Industries Ltd## | Dormant | Myanmar | - | 80 6 |

## 22 Subsidiary Companies (in $ million) (continued)

| | Principal activities | Country of incorporation and place of business | Percentage of equity held by the Group 2010 | 2009 |
|---|---|---|---|---|
| Primary Industries (Qld) Pty Ltd and its subsidiary companies## | Providing of land logistics support | Australia | - | 80 6 |
| Urangan Fisheries Pty Ltd## | Processing of seafood | - do - | - | 41 1 |
| S Daniels plc and its subsidiary companies## | Investment holding | United Kingdom | - | 80 6 |
| All Square Foods Limited## | Inactive | - do - | - | 80 6 |
| Bilash Foods Limited## | Inactive | - do - | - | 80 6 |
| Brash Brothers Limited## | Inactive | - do - | - | 80 6 |
| Daniels Chilled Foods Limited## | Production and marketing of chilled soup, freshly squeezed juices, fresh salads and sandwich fillings | - do - | - | 80 6 |
| Daniels Foods Limited## | Inactive | - do - | - | 80 6 |
| Daniels Group Limited## | Inactive | - do - | - | 80 6 |
| Farmhouse Fare Limited## | Manufacture and sale of pudding | - do - | - | 80 6 |
| Get Fresh Limited## | Inactive | - do - | - | 80 6 |
| Johnsons Fresh Products Limited## | Inactive | - do - | - | 80 6 |
| Johnsons Freshly Squeezed Juice Limited## | Inactive | - do - | - | 80 6 |
| Juice Limited## | Inactive | - do - | - | 80 6 |
| New Covent Garden Food Company Limited## | Inactive | - do - | - | 80 6 |
| Sun-ripe Limited## | Inactive | - do - | - | 80 6 |
| The New Covent Garden Soup Company Limited## | Inactive | - do - | - | 80 6 |
| SFI Food Pte Ltd# | Providing technical and management services for agri-food business | Singapore | - | 80 6 |
| SFI Manufacturing Pte Ltd# | Supply of food product | - do - | - | 80 6 |
| Singapore Food Development Pte Ltd# | Investment holding | - do - | - | 80 6 |
| Singfood Pte Ltd# | Contract manufacturing of food products | - do - | - | 80 6 |
| Shanghai ST Food Industries Co , Ltd## | Manufacture and sale of frozen foodstuff | People's Republic of China | - | 77 4 |
| Primary Industries Pte Ltd and its subsidiary companies# | Providing abattoir services | Singapore | - | 63 3 |
| Farmers Abattoir Pte Ltd# | Abattoir related activities | - do - | - | 63 3 |
| Hog Auction Market Pte Ltd# | Auctioneers of pigs | - do - | - | 63 3 |
| Aerolog Express Pte Ltd | Airport cargo delivery management services | - do - | - | 56 4 |

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

- * Audited by member firms of Ernst & Young
- ** Audited by Grant Thornton
- # Audited by KPMG LLP, Singapore
- ## Audited by member firms of KPMG
- @ Company newly incorporated and not audited during the financial year
- @@ Not required to be audited in country of incorporation

## 23 Associated Companies (in $ million)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Share of net assets of associated companies at acquisition date | 427 2 | 324 0 | - | - |
| Goodwill on acquisition of associated companies | 1,677 2 | 1,759.6 | - | - |
| Unquoted investments at cost | 2,104 4 | 2,083.6 | 1,725 1 | 1,592 1 |
| Accumulated impairment loss | (15 2) | (18 5) | (9 4) | (9.4) |
| | 2,089 2 | 2,065.1 | 1,715 7 | 1,582.7 |
| Goodwill written-off to reserves | (1,612 3) | (1,613.0) | - | - |
| Accumulated amortisation of intangible assets | - | (43.2) | - | - |
| Foreign currency translation reserve | (136 3) | (122.7) | - | - |
| Share of post-acquisition reserves | | | | |
| - general reserve | 46 9 | 268 6 | - | - |
| - fair value reserve | 72 8 | 72.0 | - | - |
| - capital reserve | 72 3 | 90 0 | - | - |
| | 532 6 | 716 8 | 1,715 7 | 1,582 7 |
| Loans to associated companies | 4 5 | 143.0 | - | 137 1 |
| Write-down of loans | (4 5) | (4.5) | - | - |
| | - | 138.5 | - | 137 1 |
| | 532 6 | 855.3 | 1,715 7 | 1,719 8 |
| Amounts owing by associated companies | - | 0 4 | - | - |
| Amounts owing to associated companies | (2 0) | (0 6) | - | - |
| Amounts owing to associated companies, net | (2 0) | (0.2) | - | - |

During the financial year:

1. RCMS Properties Private Limited recorded a revaluation loss of $88.6 million (2008-09: $29.4 million) from its annual revaluation exercise of its land and building. The Group's share of the revaluation loss of $17.7 million at 31 March 2010 (2009: $5.9 million) is included under the share of post-acquisition capital reserve.

2. SIAEC acquired a 49.0% stake in SAFRAN Electronics Asia Pte Ltd.

3. Tiger Airways Holdings Limited ("TIG") was listed on the SGX-ST in January 2010 and pursuant to the listing, the Group's shareholdings in TIG decreased from 49 0% to 34 0% As a result, the Group recognised a surplus on dilution of interest of $80.5 million in the general reserves. Subsequent to the public listing, the Group's shareholdings in TIG was further reduced to 33.7% due to share options exercised.

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 $73.8 million (2009: $185.6 million). The Group has no obligation in respect of these unrecognised liabilities.

The customer-related intangible assets arose from SATS' acquisition of associated companies. SATS had engaged an independent third party to perform a fair valuation of these separately identified intangible assets. The useful life of these intangible assets was determined to be five years and the assets will be amortised on a straight-line basis over the useful life. The amortisation is included in the line of share of profits of associated companies in the consolidated profit and loss account. Subsequent to the disposal of SATS, there are nil balances for the intangible assets and related accumulated amortisation.

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.

Loans to associated companies of $4 5 million were repaid during the financial year

## 23 Associated Companies (in $ million) (continued)

An amount of $133 0 million, which was previously recorded as a loan, has been reclassified as cost of investment. This amount represents cumulative redeemable preference shares issued by Virgin Atlantic Limited ("VAL"). On 20 October 2009, the terms and conditions of the cumulative preference shares were changed to remove the automatic right of the preference shareholders to receive cumulative dividends and VAL had accordingly reclassified the liability in their books to share capital.

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 | |
| | 2010 | 2009 |
| Assets and liabilities | | |
| Current assets | 2,969 5 | 3,833 7 |
| Non-current assets | 1,969 1 | 2,661 3 |
| | 4,938 6 | 6,495 0 |
| Current liabilities | (2,308 2) | (3,976 4) |
| Non-current liabilities | (1,127 3) | (1,197 1) |
| | (3,435 5) | (5,173 5) |
| Results | 2009-10 | 2008-09 |
| Revenue | 6,364 2 | 7,702 1 |
| Loss for the period | (25 8) | (28 2) |

## 23 Associated Companies (in $ million) (continued)

The associated companies at 31 March are:

| | Principal activities | Country of incorporation and place of business | Percentage of equity held by the Group 2010 | 2009 |
|---|---|---|---|---|
| Service Quality (SQ) Centre Pte Ltd@ | Quality service training | Singapore | 50 0 | 50 0 |
| Virgin Atlantic Limited*+ | Air transportation | United Kingdom | 49 0 | 49 0 |
| Tiger Airways Holdings Limited@ | Investment holding | Singapore | 33 7 | 49 0 |
| RCMS Properties Private Limited^++ | Hotel ownership and management | - do - | 20 0 | 20 0 |
| Combustor Airmotive Services Pte Ltd^+++ | Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts | - do - | 39 5 | 39 5 |
| Eagle Services Asia Private Limited^++ | Repair and overhaul of aircraft engines | - do - | 39 5 | 39 5 |
| Fuel Accessory Service Technologies Pte Ltd^+++ | Repair and overhaul of engine fuel components and accessories | - do - | 39 5 | 39 5 |
| PT JAS Aero-Engineering Services#++ | Providing aircraft maintenance services, including technical and non-technical handling at the airport | Indonesia | 39 5 | 39 5 |
| PWA International Limited^^+++ | Repair, overhaul and re-manufacture of aircraft turbine engine cases, components and related parts | Republic of Ireland | 39 5 | 39 5 |
| Safran Electronics Asia Pte Ltd@@@++ | Providing avionics maintenance, repair and overhaul services | Singapore | 39 5 | - |
| Pan Asia Pacific Aviation Services Ltd@@@@ | Providing aircraft maintenance services, including technical and non-technical handling at the airport | Hong Kong | 37 9 | 38 0 |
| Jamco Aero Design & Engineering Private Limited^ | Providing turnkey solutions for aircraft interior modifications | Singapore | 36 2 | 36 3 |
| Messier Services Asia Private Limited##++ | Repair and overhaul of Boeing and Airbus series landing gears | - do - | 32 2 | 32 3 |
| Goodrich Aerostructures Services Asia Pte Ltd @++ | Repair and overhaul of aircraft nacelles, thrust reversers and pylons | - do - | 32 2 | 32 3 |
| Asian Surface Technologies Pte Ltd@@@++ | Repair and overhaul of aircraft engine fan blades | - do - | 31 6 | 31 6 |
| International Aerospace Tubes-Asia Pte Ltd^++ | Repair of tubes, ducts and manifolds for aircraft engines and airframe application | - do - | 26 8 | 26 9 |
| Asian Compressor Technology Services Co Ltd^^++ | Repair and overhaul of aircraft engines high pressure compressor stators | Taiwan | 19 7 | 19 8 |
| Turbine Coating Services Private Ltd^+++ | Repair and overhaul of aircraft engine turbine airfoils | Singapore | 19 7 | 19 8 |
| PT Purosani Sri Persada | Hotel ownership and management | Indonesia | 20 0 | 20 0 |
| Great Wall Airlines Company Limited++ | Air cargo transportation | People's Republic of China | 25 0 | 25 0 |

The following companies are part of SATS Group which was disposed during the financial year:

| | | | | |
|---|---|---|---|---|
| PT Jasa Angkasa Semesta Tbk#++ | Ground and cargo handling services | Indonesia | - | 40 1 |
| Asia Airfreight Terminal Co Ltd* | Air cargo handling services | Hong Kong | - | 39 5 |
| Aviserv Ltd**++ | Inflight catering services | Pakistan | - | 39 5 |
| Servair-SATS Holding Company Pte Ltd##++ | Investment holding company | Singapore | - | 39 5 |
| Taj SATS Air Catering Limited# | Catering services | India | - | 39 5 |
| Beijing Airport Inflight Kitchen Ltd*** | Inflight catering services | People's Republic of China | - | 32 2 |
| Beijing Aviation Ground Services Co , Ltd*** | Airport ground handling services | - do - | - | 32 2 |
| Maldives Inflight Catering Private Limited@@ | Inflight catering services | Maldives | - | 28 2 |
| Taj Madras Flight Kitchen Pvt Limited# | Inflight catering services | India | - | 24 2 |
| Tan Son Nhat Cargo Services Ltd#++ | Air cargo handling services | Vietnam | - | 24 2 |
| Evergreen Air Cargo Services Corporation^^++ | Air cargo handling services | Taiwan | - | 20 2 |
| Evergreen Airline Services Corporation#++ | Airport ground handling services | - do - | - | 16 1 |
| MacroAsia Catering Services, Inc **** | Inflight catering services | Philippines | - | 16 1 |

@ 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 Messrs Riaz Ahmed, Saqib, Gohar and Co, Pakistan
*** Audited by Zhongrui Yuehua Certified Public Accountants Co , Ltd
**** Audited by Syclp Gorres Velayo & Co
^ Audited by Pricewaterhouse Coopers LLP, Singapore
^^ Audited by member firms of Pricewaterhouse Coopers
# Audited by member firms of Deloitte Touche Tohmatsu
## Audited by Deloitte and Touche LLP, Singapore
+ Financial year end 28 February
++ Financial year end 31 December
+++ Financial year end 30 November

## 24 Joint Venture Companies (in $ million)

| | The Group 31 March 2010 | 2009 |
|---|---|---|
| Investment in joint venture companies (unquoted, at cost) | 56 6 | 56 9 |
| Share of post-acquisition reserves | | |
| - general reserve | 66 6 | 74 7 |
| - foreign currency translation reserve | (14 6) | (4 1) |
| | 108 6 | 127 5 |

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

| | The Group 31 March 2010 | 2009 |
|---|---|---|
| Assets and liabilities | | |
| Current assets | 139 4 | 177 7 |
| Non-current assets | 74 8 | 63 8 |
| | 214 2 | 241 5 |
| Current liabilities | (63 0) | (80 4) |
| Non-current liabilities | (42 6) | (33 6) |
| | (105 6) | (114 0) |
| Results | 2009-10 | 2008-09 |
| Revenue | 595 6 | 654 6 |
| Expenses | (539 5) | (590 7) |
| | 56 1 | 63 9 |

The joint venture companies at 31 March are:

| | Principal activities | Country of incorporation and place of business | Percentage of equity held by the Group 2010 | 2009 |
|---|---|---|---|---|
| International Engine Component Overhaul Pte Ltd*+ | Repair and overhaul of aero engine components and parts | Singapore | 40 3 | 40 4 |
| Singapore Aero Engine Services Private Limited*+ | Repair and overhaul of aircraft engines | - do - | 40 3 | 40 4 |
| SembCorp Network Pte Ltd**+@ | Provision of logistics support and services | - do - | - | 40 3 |

* Audited by Ernst & Young LLP, Singapore
** Audited by KPMG LLP, Singapore
\+ Financial year end 31 December
@ This company is part of SATS Group which was disposed during the financial year

## 25 Long-Term Investments (in $ million)

| | The Group 31 March | | The Company 31 March | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Unquoted equity investments | 44 5 | 52 4 | 28 0 | 28 0 |
| Accumulated impairment loss | (9 2) | (9 2) | (9 2) | (9 2) |
| | 35 3 | 43 2 | 18 8 | 18 8 |
| | | | | |
| Analysis of accumulated impairment loss | | | | |
| Balance at 1 April | 9 2 | 9.1 | 9 2 | 9 1 |
| Charged during the year | - | 0.1 | - | 0 1 |
| Balance at 31 March | 9 2 | 9 2 | 9 2 | 9 2 |

During the previous financial year, the Group and the Company recorded an impairment loss in the profit and loss account of $0.1 million pertaining to unquoted equity investments.

## 26 Other Non-Current Assets (in $ million)

| | The Group 31 March | | The Company 31 March | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Other receivables | 114 4 | 391 6 | 114 4 | 391 6 |
| Investments in companies pending incorporation | - | 12 0 | - | - |
| | 114 4 | 403 6 | 114 4 | 391 6 |

The Group's other receivables are stated at amortised cost and are expected to be received over a period of 2 to 10 years As at 31 March 2010 and 31 March 2009, the entire balance of other receivables is denominated in USD.

The remaining non-current assets as at the end of the previous financial year was related to capital expenditure incurred by SATS for the setting up of associated companies which were not legally incorporated as at 31 March 2009.

## 27 Inventories (in $ million)

| | The Group 31 March | | The Company 31 March | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Technical stocks and stores | 368 5 | 383 4 | 297 7 | 321 4 |
| Catering and general stocks | 17 1 | 70 8 | 12 1 | 17 3 |
| Work-in-progress | 43 9 | 49 0 | - | - |
| Total inventories at lower of cost and net realisable value | 429 5 | 503 2 | 309 8 | 338 7 |

The cost of inventories recognised as an expense amounts to $106.6 million (2008-09: $107.7 million). In addition, the Group wrote down $7.4 million (2008-09: $22.7 million) of inventories which are recognised as other operating expenses in the profit and loss account.

## 28 Trade Debtors (in $ million)

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

| | The Group 31 March | | The Company 31 March | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Not past due and not impaired | 1,236 0 | 1,330 5 | 925 2 | 961 2 |
| Past due but not impaired | 110 5 | 149 2 | 32 0 | 31 7 |
| | 1,346 5 | 1,479 7 | 957 2 | 992 9 |
| Impaired trade debtors - collectively assessed | 16 3 | 26 7 | 2 2 | 4 0 |
| Less Accumulated impairment losses | (15 0) | (21 3) | (1 4) | (3 0) |
| | 1 3 | 5 4 | 0 8 | 1 0 |
| Impaired trade debtors - individually assessed | | | | |
| Customers in bankruptcy or other financial reorganisation | 7 9 | 9 5 | 5 4 | 5 7 |
| Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan | 3 1 | 5 4 | 1 8 | 3 9 |
| Less· Accumulated impairment losses | (11 0) | (14 5) | (7 2) | (8 6) |
| | - | 0 4 | - | 1 0 |
| Total trade debtors, net | 1,347 8 | 1,485 5 | 958 0 | 994 9 |

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

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

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

| | The Group 31 March | | The Company 31 March | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Balance at 1 April | 35 8 | 17.1 | 11 6 | 4 4 |
| Charged/(Written Back) during the year | - | 12 3 | (1 7) | 7 2 |
| Written off during the year | (2 7) | (0 6) | (1 3) | - |
| Disposal of a subsidiary company | (7 1) | - | - | - |
| Acquisition of a subsidiary company | - | 7 0 | - | - |
| Balance at 31 March | 26 0 | 35 8 | 8 6 | 11 6 |
| Bad debts written off directly to profit and loss account, net of debts recovered | 0 8 | 2 4 | 0 7 | 1 2 |

As at 31 March 2010, the composition of trade debtors held in foreign currencies by the Group is as follows. USD – 40 1% (2009: 36.8%), AUD – 8.2% (2009: 7.1%), EUR – 7 4% (2009· 8.2%) and JPY – 3.7% (2009: 3 9%).

There was no loan to directors of the Company and its subsidiary companies in accordance with schemes approved by shareholders of the Company.

## 29 Deposits and Other Debtors (in $ million)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Deposits | 17 0 | 203 3 | 10 7 | 194 3 |
| Other debtors | 49.3 | 38 6 | 31 2 | 13 3 |
| | 66 3 | 241 9 | 41 9 | 207 6 |

$182.4 million margin calls were placed with a financial institution by the Group and the Company in the previous financial year. This amount was denominated in USD and had been refunded by the financial institution during the financial year.

## 30 Investments (in $ million)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Available-for-sale investments | | | | |
| Quoted investments | | | | |
| Government securities | 11 6 | 10 4 | - | - |
| Equity investments | 34 1 | 20 1 | - | - |
| Non-equity investments | 14 9 | 104 8 | - | 87 7 |
| | 60 6 | 135 3 | - | 87 7 |
| Unquoted investments | | | | |
| Government securities | 80 0 | 499 9 | 80 0 | 499 9 |
| Non-equity investments | - | 20 4 | - | - |
| | 80 0 | 520 3 | 80 0 | 499 9 |
| | 140 6 | 655 6 | 80 0 | 587 6 |

The Group's non-equity investments comprise investments in government securities and corporate bonds. During the previous financial year, the Group recorded an impairment loss in the profit and loss account of $9.7 million pertaining to unquoted non-equity investments.

The interest rates for quoted and unquoted government securities range from 1.63% to 4.63% (2009: 1.63% to 4.63%) per annum and 0.19% to 0.60% (2009: 0 23% to 0.74%) per annum respectively The interest rates for unquoted non-equity investments range from 1.81% to 4.00% per annum for the previous financial year.

## 31 Cash and Bank Balances (in $ million)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Fixed deposits | 4,069 8 | 3,540 8 | 4,038 7 | 3,432 0 |
| Cash and bank | 402 1 | 307.2 | 222 0 | 26 0 |
| | 4,471 9 | 3,848 0 | 4,260 7 | 3,458 0 |

As at 31 March 2010, the composition of cash and bank balances held in foreign currencies by the Group is as follows. USD – 11.0% (2009: 21.6%), EUR – 1.5% (2009: 1.5%) and AUD – 1.2% (2009. 0.9%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 4.03% (2008-09: 0.02% to 7.50%) 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 35% (2008-09· 1.14%) per annum.

## 32 Trade and Other Creditors (in $ million)

Trade and other creditors are non-interest bearing As at 31 March 2010, 9.6% (2009· 12 7%) of trade and other creditors were held in USD by the Group.

## 33 Bank Overdrafts (in $ million)

There are no bank overdrafts for both the Group and the Company as at 31 March 2010.

Included in the Group's bank overdrafts as at 31 March 2009, was a secured banking facility of $1.8 million offered to certain subsidiary companies. It was secured on the property, plant and equipment and other assets of these subsidiary companies with a total carrying value of $141 2 million as at 31 March 2009. The effective interest rate ranged from 2.00% to 3 00% per annum.

The Company's bank overdrafts of $7 5 million as at 31 March 2009 were unsecured $1.3 million of the bank overdrafts bore interest at a rate of 5 00% per annum

As at 31 March 2009, the composition of bank overdrafts held in foreign currencies by the Group was as follows: GBP – 14.1% and AUD – 5 3%.

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

| | The Group | |
|---|---|---|
| | 31 March | |
| | 2009-10 | 2008-09 |
| Purchase of property, plant and equipment | 1,575 7 | 2,066 7 |
| Property, plant and equipment acquired under credit terms | (15.4) | (35 6) |
| Cash invested in capital expenditure | 1,560 3 | 2,031 1 |

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

### (a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated $7,581.7 million (2009: $9,277.1 million) for the Group and $6,839 8 million (2009: $8,154 5 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 $2.4 million (2009: $21.8 million).

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

### (b) Operating lease commitments

**As lessee**

Aircraft

The Company has two B747-400, four B777-200, three B777-200ER, seven B777-300, eleven A330-300 and five A380-800 aircraft under operating leases with fixed rental rates. Under five of the aircraft lease agreements, the rentals will be adjusted if one-month LIBOR exceeds 6 50% per annum. The original lease terms range from 5 to 10.5 years. In five of the aircraft lease agreements, the Company holds options to extend the leases for a further maximum period of three years and in 22 others, the Company holds the options to extend the leases for a further maximum period of two years None of the operating lease agreements confer on the Company an option to purchase the related aircraft Sub-leasing is allowed under all the lease arrangements

SIA Cargo has three 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 two years. For the other two agreements, there is no option for renewal Sub-leasing is allowed under all the lease arrangements.

SilkAir (Singapore) Private Limited ("SilkAir") has four A320-232 and two A319-132 aircraft under operating leases with fixed rental rates. The lease terms for the two A319-132 aircraft are 5.5 years, which SilkAir holds an option to extend the leases for one year. The lease terms for two of the A320-232 aircraft are 4 and 4 5 years, which SilkAir holds an option to extend the leases for four years. The lease terms for the other two of the A320-232 aircraft are 7.5 and 8.5 years, which SilkAir holds an option to extend the leases for two to five years. None of the operating lease arrangements confer on SilkAir the option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Not later than one year | 575 0 | 591 8 | 516 9 | 488 0 |
| Later than one year but not later than five years | 1,735 9 | 1,758 7 | 1,540 8 | 1,522 7 |
| Later than five years | 530 7 | 867 1 | 475 5 | 792.1 |
| | 2,841 6 | 3,217 6 | 2,533 2 | 2,802 8 |

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 | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Not later than one year | 48 4 | 62 6 | 45 8 | 49 1 |
| Later than one year but not later than five years | 73 1 | 101 8 | 69 0 | 73 6 |
| Later than five years | 17 9 | 54 2 | 6 9 | 8 4 |
| | 139 4 | 218 6 | 121 7 | 131 1 |

The minimum lease payments recognised in the profit and loss account amounted to $54.5 million (2008-09 $63.7 million) and $51 2 million (2008-09· $53 3 million) for the Group and the Company respectively.

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

### (b) Operating lease commitments

**As lessor**

Aircraft

The Group had previously entered into a commercial aircraft lease. This non-cancellable lease has a remaining lease term of five years and five months The lease rental is fixed throughout the lease term.

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

| | The Group | |
|---|---|---|
| | 31 March | |
| | 2010 | 2009 |
| Not later than one year | 13 6 | - |
| Later than one year but not later than five years | 54 5 | 59 1 |
| Later than five years | 5 7 | 20 9 |
| | 73 8 | 80 0 |

## 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

SIA Cargo and the Company are among several airlines that have received notice of criminal and/or regulatory investigations by competition authorities in the US, European Union, Australia, Canada, New Zealand, South Africa, South Korea, and Switzerland on whether surcharges, rates or other competitive aspects of air cargo service were lawfully determined ("the air cargo issues") These investigations remain ongoing. SIA Cargo and the Company are cooperating in relation to these inquiries concerning the air cargo issues.

In addition to the notices mentioned above, SIA Cargo and the Company are among several airlines to have received a Statement of Objections ("SO") from the European Commission ("EC") in December 2007. The SO sets out the EC's preliminary view of its case against the airlines with respect to alleged competition law infringements but does not prejudge the outcome. SIA Cargo and the Company responded to the SO in writing and during an oral hearing in the first half of 2008. The timing and content of any decision by the EC are uncertain, but a decision could be issued in the coming months.

In December 2008, the competition authorities in New Zealand and Australia initiated civil penalty proceedings concerning the air cargo issues. In New Zealand, a statement of claim was issued against fourteen airlines including both SIA Cargo and the Company. In Australia, statements of claim have been issued against nine airlines including SIA Cargo, but the competition authority has indicated that additional proceedings will be brought against other carriers. These proceedings are at a preliminary stage. An initial defence has been filed in both proceedings

## 36 Contingent Liabilities (in $ million) (continued)

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

In October 2009, SIA Cargo was among several airlines to have received notification of alleged infringements in South Korea in the form of an Examiner's Report and Recommendations to the South Korean Fair Trade Commission ("KFTC"). The Examiner's Report is a preliminary document and does not constitute findings by the KFTC against SIA Cargo SIA Cargo has provided its written response to the Examiner's Report and hearings are scheduled for May 2010. A decision is anticipated shortly thereafter, but the exact timing and content of any decision are uncertain.

After the investigations commenced, civil class action damages lawsuits were filed in the US, Canada, Australia and South Korea by external parties against several airlines, including SIA Cargo and the Company. These cases still remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

As no competition authority has adopted any adverse decision against SIA Cargo and the Company, and as the civil class action suits have neither been tried on their respective substantive legal merits nor have damages been quantified, it is premature to make a determination regarding whether the investigations, proceedings or civil suits can be regarded as contingent liabilities and, therefore, no provision has been made in the financial statements.

### (c) Passengers: Civil 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

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 a determination regarding whether the civil suits or investigations can be regarded as contingent liabilities and, therefore, no provision has been made 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 Federal Court reversed the earlier decision The other airline has 28 days from 4 May 2010 to appeal to the High Court of Australia.

In the meantime, there have been no substantive developments in the claim against the Company The Company continues to deny the claim and is defending the action.

## 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.

| | 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 |
|---|---|---|---|---|---|---|
| **2010** | | | | | | |
| **The Group** | | | | | | |
| **Assets** | | | | | | |
| Long-term investments | - | 35 3 | - | - | - | 35 3 |
| Other non-current assets | 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 |

| | Loans and receivables | Available-for-sale financial assets | Derivatives used for hedging | Financial liabilities at amortised cost | Total |
|---|---|---|---|---|---|
| **The Company** | | | | | |
| **Assets** | | | | | |
| Long-term investments | - | 18 8 | - | - | 18 8 |
| Other non-current assets | 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 |

## 37 Financial Instruments (in $ million) (continued)

### (a) Classification of financial instruments (continued)

| | Loans and receivables | Available-for-sale financial assets | Derivatives used for hedging | Financial liabilities at amortised cost | Derivatives at fair value through profit and loss | Total |
|---|---|---|---|---|---|---|
| **2009** | | | | | | |
| **The Group** | | | | | | |
| **Assets** | | | | | | |
| Long-term investments | - | 43 2 | - | - | - | 43 2 |
| Other non-current assets | 403.6 | - | - | - | - | 403 6 |
| Trade debtors | 1,264 5 | - | 194 6 | - | 26 4 | 1,485 5 |
| Deposits and other debtors | 241 9 | - | - | - | - | 241 9 |
| Amounts owing by associated companies | 0 4 | - | - | - | - | 0 4 |
| Investments | - | 655 6 | - | - | - | 655 6 |
| Cash and bank balances | 3,848.0 | - | - | - | - | 3,848 0 |
| Total financial assets | 5,758 4 | 698 8 | 194 6 | - | 26 4 | 6,678.2 |
| Total non-financial assets | | | | | | 18,140 3 |
| Total assets | | | | | | 24,818 5 |
| **Liabilities** | | | | | | |
| Notes payable | - | - | - | 1,100 0 | - | 1,100 0 |
| Loans | - | - | - | 44 0 | - | 44 0 |
| Finance lease commitments | - | - | - | 548 5 | - | 548 5 |
| Bank overdrafts | - | - | - | 9 3 | - | 9 3 |
| Amounts owing to associated companies | - | - | - | 0 6 | - | 0 6 |
| Trade and other creditors | - | - | 928 2 | 2,616 2 | 37 1 | 3,581 5 |
| Total financial liabilities | - | - | 928 2 | 4,318 6 | 37 1 | 5,283 9 |
| Total non-financial liabilities | | | | | | 5,044 2 |
| Total liabilities | | | | | | 10,328 1 |

| | Loans and receivables | Available-for-sale financial assets | Derivatives used for hedging | Financial liabilities at amortised cost | Total |
|---|---|---|---|---|---|
| **The Company** | | | | | |
| **Assets** | | | | | |
| Long-term investments | - | 18 8 | - | - | 18 8 |
| Other non-current assets | 391.6 | - | - | - | 391 6 |
| Trade debtors | 831 8 | - | 163 1 | - | 994 9 |
| Deposits and other debtors | 207 6 | - | - | - | 207 6 |
| Amounts owing by subsidiary companies | 284 6 | - | - | - | 284 6 |
| Investments | - | 587 6 | - | - | 587 6 |
| Cash and bank balances | 3,458 0 | - | - | - | 3,458 0 |
| Total financial assets | 5,173 6 | 606 4 | 163 1 | - | 5,943 1 |
| Total non-financial assets | | | | | 16,551 2 |
| Total assets | | | | | 22,494 3 |
| **Liabilities** | | | | | |
| Notes payable | - | - | - | 900 0 | 900 0 |
| Bank overdrafts | - | - | - | 7 5 | 7 5 |
| Amounts owing to subsidiary companies | - | - | - | 1,597 8 | 1,597.8 |
| Trade and other creditors | - | - | 751 6 | 1,940 4 | 2,692 0 |
| Total financial liabilities | - | - | 751 6 | 4,445 7 | 5,197 3 |
| Total non-financial liabilities | | | | | 4,398.0 |
| Total liabilities | | | | | 9,595 3 |

## 37 Financial Instruments (in $ million) (continued)

### (a) Classification of financial instruments (continued)

Derivative financial instruments included in the statements of financial position are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Assets* | | | | |
| Currency hedging contracts | 20 7 | 173 7 | 15 8 | 143 6 |
| Fuel hedging contracts | 5 7 | 8 8 | 5 2 | 7 4 |
| Cross currency swap contracts | 7 7 | 26 4 | - | - |
| Interest rate cap contracts | 23 9 | 12 1 | 23 9 | 12 1 |
| | 58 0 | 221 0 | 44 9 | 163.1 |
| Liabilities# | | | | |
| Currency hedging contracts | 17 3 | 14 5 | 14 5 | 11 8 |
| Fuel hedging contracts | 112 9 | 899 2 | 93 6 | 739 8 |
| Cross currency swap contracts | 43 5 | 29 8 | - | - |
| Interest rate swap contracts | 29 9 | 21 8 | 13 0 | - |
| | 203 6 | 965 3 | 121 1 | 751 6 |

* Included under trade debtors
# Included under trade creditors

### (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 | | |
| | 2010 | | |
| | 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 30) | | | |
| Quoted investments | | | |
| - Government securities | 11.6 | - | 11 6 |
| - Equity investments | 34 1 | - | 34 1 |
| - Non-equity investments | 14 9 | - | 14 9 |
| Unquoted investments | | | |
| - Government securities | - | 80 0 | 80 0 |
| Derivative financial instruments | | | |
| Currency hedging contracts | - | 20 7 | 20 7 |
| Fuel hedging contracts | - | 5 7 | 5 7 |
| Cross currency swap contracts | - | 7 7 | 7 7 |
| Interest rate cap contracts | - | 23 9 | 23.9 |
| | 60 6 | 138 0 | 198 6 |
| Financial liabilities. | | | |
| 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 |
| | - | 203 6 | 203.6 |

## 37 Financial Instruments (in $ million) (continued)

### (b) Fair values (continued)

**Financial instruments carried at fair value (continued)**

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)

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 (2010: USD 89.59/BBL, 2009: USD 57.47/BBL) is used as the input for market fuel price to the Black-Scholes option valuation model. Consequently, the annualised volatility (2009-10: 23.46%, 2008-09: 60 30%) 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 (2009-10: 0.41%, 2008-09: 0.88%) 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).

**Financial instruments whose carrying amounts approximate fair value**

The carrying amounts of the following financial assets and liabilities approximate their fair values due to their short-term nature: cash and bank balances, bank overdrafts, funds from subsidiary companies, amounts owing to/by subsidiary and associated companies, trade debtors, other debtors, trade and other creditors.

## 37 Financial Instruments (in $ million) (continued)

### (b) Fair values (continued)

**Financial instruments carried at other than fair value**

Long-term investments amounting to $35.3 million (2009: $43.2 million) for the Group and $18.8 million (2009: $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.

<u>Cash flow hedges</u>

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 will no longer enter into new gasoil hedges. Existing gasoil swap contracts will all be rolled up into jet fuel equivalents by hedging in the gasoil-jet fuel regrade closer to maturity

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 $458.9 million (2009: $1,249.6 million), with a related deferred tax credit of $116.9 million (2009: $251.3 million), is included in the fair value reserve in respect of these contracts.

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

### (a) Jet fuel price risk (continued)

Jet fuel price sensitivity analysis
The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one USD per barrel of jet fuel affects the Group's and the Company's annual fuel costs by $44.9 million and $38.1 million (2008-09. $54.4 million and $45.7 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, gasoil and regrade hedges are highly effective Under these assumptions, with an increase or decrease in both jet fuel and gasoil prices, each by one USD per barrel, the before tax effects on equity are as follows.

| | The Group | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| | Effect on equity | | Effect on equity | |
| Increase in one USD per barrel | 5 1 | 14 3 | 4 2 | 11 8 |
| Decrease in one USD per barrel | (5 1) | (14 3) | (4 2) | (11 8) |

### (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 2010, these accounted for 62.4% of total revenue (2008-09: 63.0%) and 58.6% of total operating expenses (2008-09: 69.0%) The Group's largest exposures are from USD, Euro, UK Sterling Pound, Swiss Franc, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan, Korean Won and Malaysian Ringgit. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for USD and SGD. The Group also uses forward foreign currency contracts and foreign currency option contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell currencies at predetermined forward rates, buying either USD or SGD depending on forecast requirements, with settlement dates that range from one month up to one year. The Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements.

Cash flow hedges
As at 31 March 2010, the Company holds USD 158 3 million (2009: USD 268.7 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 2010, a net fair value gain before tax of $302.5 million (2009: $455.1 million), with a related deferred tax charge of $84 6 million (2009· $110.5 million), is included in the fair value reserve in respect of these contracts.

Fair value through profit and loss
In addition, there are cross currency swap contracts in place where the Group pays SGD and receives USD with exchange rates ranging from 1.3085 to 1.6990 (2009: 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.

## 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 | | | |
| | 2010 | | 2009 | |
| | Effect on equity | Effect on profit before taxation | Effect on equity | Effect on profit before taxation |
| AUD | (0 9) | (1 4) | (4 4) | (1.5) |
| EUR | (3 3) | (1 4) | (2 6) | (1 3) |
| GBP | (1 3) | (0 5) | (2 6) | (0 2) |
| JPY | (0 9) | (0 4) | (2 4) | (0 5) |
| USD | - | (6 6) | - | (2 7) |

| | The Company | | | |
|---|---|---|---|---|
| | 31 March | | | |
| | 2010 | | 2009 | |
| | Effect on equity | Effect on profit before taxation | Effect on equity | Effect on profit before taxation |
| AUD | (0 9) | (1 2) | (4 1) | (1 4) |
| EUR | (2.4) | (0 9) | (1.8) | (0 9) |
| GBP | (1 1) | (0.4) | (2 3) | (0 2) |
| JPY | (0 6) | (0 3) | (1 5) | (0.4) |
| USD | - | (6 6) | - | (2 8) |

If the relevant foreign currency weakens by 1% against SGD, equity and profit before taxation would increase by the same amounts.

### (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 2010, the Company had interest rate cap contracts at a strike rate of 6.50% (2009: 6.50%), maturing in 7 to 8 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 2010, a net fair value gain before tax of $4.1 million (2009. net fair value loss before tax of $6.5 million), with a related deferred tax charge of $0.7 million (2009: deferred tax credit of $1.3 million), was included in the fair value reserve in respect of these contracts.

The Group also has interest rate swap contracts in place whereby it pays fixed rates of interest ranging from 3.00% to 4.95% (2009: 3 00% to 4.95%) and receives the USD Swap rate then prevailing at the delivery of certain aircraft on operating lease 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 contracts ranges from 7 September 2015 to 25 October 2015.

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

### (c) Interest rate risk (continued)

Cash flow hedges (continued)

The cash flow hedges of some of the interest rate swap contracts are assessed to be highly effective and as at 31 March 2010, a net fair value loss before tax of $22.7 million (2009· $14.4 million), with a related deferred tax credit of $2.2 million (2009. $2.4 million), was 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.

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 2010 will have the following effects:

| | The Group | | | |
|---|---|---|---|---|
| | 31 March | | | |
| | 2010 | | 2009 | |
| | 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 | 0.4 | 0 5 | * | 0 4 |
| Decrease in one basis point in market interest rates | (0 4) | (0 5) | * | (0 4) |

* Amount less than $0 1 million

| | The Company | | | |
|---|---|---|---|---|
| | 31 March | | | |
| | 2010 | | 2009 | |
| | 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 4 | 0 3 | * | 0 2 |
| Decrease in one basis point in market interest rates | (0 4) | (0 3) | * | (0 2) |

* Amount less than $0 1 million.

### (d) Market price risk

The Group and the Company owned $140.6 million (2009· $655.6 million) and $80.0 million (2009: $587.6 million) in available-for-sale investments respectively at 31 March 2010.

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

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

### (d) Market price risk (continued)

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 2010 Effect on equity | The Group 31 March 2009 Effect on equity | The Company 31 March 2010 Effect on equity | The Company 31 March 2009 Effect on equity |
|---|---|---|---|---|
| Increase in 1% of quoted prices | 1 4 | 6 6 | 0 8 | 5 9 |
| Decrease in 1% of quoted prices | (1 4) | (6 6) | (0 8) | (5 9) |

### (e) Liquidity risk

At 31 March 2010, the Group had at its disposal, cash and short-term deposits amounting to $4,471.9 million (2009: $3,848.0 million). In addition, the Group had available short-term credit facilities of about $535.1 million (2009: $486.1 million). The Group also has Medium Term Note Programmes under which it may issue notes up to $1,000.0 million (2009: $1,300 0 million). 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.

| | Within 1 year | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| **2010** | | | | | | | |
| **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 |

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

**(e) Liquidity risk (continued)**

| | Within 1 year | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| **2009** | | | | | | | |
| **The Group** | | | | | | | |
| Notes payable | 239 9 | 37 4 | 928 0 | - | - | - | 1,205 3 |
| Finance lease commitments | 85 2 | 87 3 | 89 2 | 91 1 | 91 8 | 188 5 | 633 1 |
| Bank overdrafts | 9 3 | - | - | - | - | - | 9 3 |
| Loans | 33 1 | 5 4 | 3 2 | 0 5 | 0 2 | 2 2 | 44 6 |
| Trade and other creditors | 2,616 2 | - | - | - | - | - | 2,616 2 |
| Amounts owing to associated companies | 0 6 | - | - | - | - | - | 0 6 |
| Derivative financial instruments. | | | | | | | |
| Currency hedging contracts | 14 5 | - | - | - | - | - | 14 5 |
| Fuel hedging contracts | 899 2 | - | - | - | - | - | 899 2 |
| Cross currency swap contracts | 29 8 | - | - | - | - | - | 29 8 |
| Interest rate swap contracts | 21 8 | - | - | - | - | - | 21 8 |
| | 3,949 6 | 130 1 | 1,020 4 | 91.6 | 92.0 | 190 7 | 5,474 4 |
| **The Company** | | | | | | | |
| Notes payable | 37 4 | 37 4 | 928 0 | - | - | - | 1,002 8 |
| Trade and other creditors | 1,940 4 | - | - | - | - | - | 1,940 4 |
| Amounts owing to subsidiary companies | 1,597 8 | - | - | - | - | - | 1,597 8 |
| Bank overdrafts | 7 5 | - | - | - | - | - | 7 5 |
| Derivative financial instruments· | | | | | | | |
| Currency hedging contracts | 11 8 | - | - | - | - | - | 11 8 |
| Fuel hedging contracts | 739 8 | - | - | - | - | - | 739 8 |
| | 4,334 7 | 37 4 | 928 0 | - | - | - | 5,300 1 |

**(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 | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| Long-term investments | 35 3 | 43.2 | 18 8 | 18 8 |
| Other non-current assets | 114 4 | 403 6 | 114.4 | 391 6 |
| Trade debtors | 1,347 8 | 1,485 5 | 958 0 | 994.9 |
| Deposits and other debtors | 66 3 | 241 9 | 41 9 | 207 6 |
| Prepayments | 92 6 | 101 9 | 82 0 | 77 8 |
| Amounts owing by subsidiary companies | - | - | 141 0 | 284 6 |
| Amounts owing by associated companies | - | 0 4 | - | - |
| Loan to a subsidiary company | - | - | 50 0 | 25 0 |
| Loans to associated companies | - | 138 5 | - | 137.1 |
| Investments | 140 6 | 655 6 | 80 0 | 587 6 |
| Cash and bank balances | 4,471 9 | 3,848.0 | 4,260 7 | 3,458 0 |
| | 6,268 9 | 6,918 6 | 5,746 8 | 6,183 0 |

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

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

### (f) Credit risk (continued)

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

The Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposures of balances that exceed 5% of the financial assets of the Group and the Company as at 31 March:

| | The Group | | | | The Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Outstanding balance | | Percentage of total financial assets | | Outstanding balance | | Percentage of total financial assets | |
| **Counterparty profiles** | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| By industry | | | | | | | | |
| Travel agencies | 369 0 | 348 1 | 6 0% | 5 2% | 349 3 | 334 6 | 6 2% | 5 6% |
| Airlines | 178 4 | 231 0 | 2.9% | 3 5% | 108 2 | 135 3 | 1 9% | 2 3% |
| Financial institutions | 4,690 8 | 4,357 5 | 75 9% | 65.2% | 4,462 4 | 3,878 0 | 79 5% | 65 3% |
| Others | 581 5 | 1,456 1 | 9 4% | 21 8% | 298 8 | 1,084 2 | 5 3% | 18 2% |
| | 5,819 7 | 6,392 7 | 94 2% | 95 7% | 5,218 7 | 5,432 1 | 92 9% | 91 4% |
| By region. | | | | | | | | |
| East Asia | 2,507 6 | 2,918 1 | 40 6% | 43.7% | 2,144 9 | 2,259 1 | 38 2% | 38 0% |
| Europe | 2,196 2 | 2,531 1 | 35 5% | 37 9% | 2,114 9 | 2,409 1 | 37.7% | 40 6% |
| South West Pacific | 164 1 | 388 8 | 2.7% | 5 8% | 132 7 | 357 7 | 2 3% | 6 0% |
| Americas | 388 9 | 442.7 | 6 3% | 6 6% | 315 8 | 364 6 | 5 6% | 6 1% |
| West Asia and Africa | 562 9 | 112 0 | 9 1% | 1 7% | 510 4 | 41 6 | 9 1% | 0 7% |
| | 5,819 7 | 6,392 7 | 94 2% | 95 7% | 5,218 7 | 5,432 1 | 92 9% | 91 4% |
| By Moody's credit ratings. | | | | | | | | |
| Investment grade (A to Aaa) | 4,689 2 | 4,884 2 | 75 9% | 73 1% | 4,462 2 | 4,376 8 | 79 5% | 73 7% |
| Investment grade (Baa) | 0 5 | 3 1 | 0 0% | 0 0% | 0 5 | 1 1 | 0 0% | 0 0% |
| Non-rated | 1,130 0 | 1,505 4 | 18 3% | 22 6% | 756 5 | 1,054 2 | 13.4% | 17 7% |
| | 5,819 7 | 6,392 7 | 94 2% | 95 7% | 5,219 2 | 5,432.1 | 92 9% | 91 4% |

## 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

## 39 Capital Management (in $ million) (continued)

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 2010 or 31 March 2009. 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 | | The Company | |
|---|---|---|---|---|
| | 31 March | | 31 March | |
| | 2010 | 2009 | 2010 | 2009 |
| Notes payable | 900 0 | 1,100 0 | 900 0 | 900 0 |
| Finance lease commitments | 438 9 | 548 5 | - | - |
| Loans | - | 44 0 | - | - |
| Bank overdrafts | - | 9 3 | - | 7 5 |
| Total debt | 1,338 9 | 1,701 8 | 900 0 | 907 5 |
| Share capital | 1,750 6 | 1,684 8 | 1,750 6 | 1,684 8 |
| Reserves | 11,718 3 | 12,245.8 | 11,732 7 | 11,214 2 |
| Total capital | 13,468 9 | 13,930 6 | 13,483 3 | 12,899 0 |
| Gearing ratio (times) | 0 10 | 0 12 | 0 07 | 0 07 |

## 40 Related Party Transactions (in $ million)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, these were the following significant related party transactions which were carried out in the normal course of business on terms that prevail in arm's length transactions during the financial year:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Purchases of services from subsidiary companies | - | - | 493.4 | 781 4 |
| Services rendered to subsidiary companies | - | - | (1,045 3) | (1,432 8) |
| Purchases of services from associated companies | 34 8 | 132 8 | 20 1 | 82 0 |
| Services rendered to associated companies | (5 7) | (40 7) | (4 0) | (14 6) |
| Purchases of services from joint venture companies | 0 3 | 1 2 | 0 3 | 1 2 |
| Services rendered to joint venture companies | (10 3) | (10 8) | - | (0 8) |

<u>Directors' and key executives' remuneration of the Company</u>

| | The Company | |
|---|---|---|
| | 2009-10 | 2008-09 |
| <u>Directors</u> | | |
| Salary, bonuses and other costs | 4 0 | 6 3 |
| CPF and other defined contributions | * | * |
| Share-based compensation expense | 0 9 | 1 2 |
| | 4 9 | 7 5 |
| <u>Key executives (excluding executive directors)</u> | | |
| Salary, bonuses and other costs | 3 4 | 5 7 |
| CPF and other defined contributions | * | * |
| Share-based compensation expense | 1 1 | 1 2 |
| | 4 5 | 6 9 |

* Amount less than $0 1 million

## 40 Related Party Transactions (in $ million) (continued)

Share options granted to and exercised by directors and key executives of the Company are as follows

| Name of participant | Options granted during financial year under review | Exercise price for options granted during financial year under review | Aggregate options granted since commencement of scheme to end of financial year under review | Aggregate options exercised since commencement of scheme to end of financial year under review | Options lapsed | Aggregate options outstanding at end of financial year under review |
|---|---|---|---|---|---|---|
| Chew Choon Seng | - | - | 1,194,000 | 120,000 | - | 1,074,000 |
| Bey Soo Khiang | - | - | 762,000 | 342,000 | - | 420,000 |
| Huang Cheng Eng | - | - | 747,000 | 456,750 | - | 290,250 |
| Mak Swee Wah | - | - | 362,750 | 156,650 | - | 206,100 |
| Ng Chin Hwee | - | - | 214,025 | 83,500 | - | 130,525 |
| Goh Choon Phong | - | - | 364,275 | 18,000 | - | 346,275 |

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:

RSP Base Awards

| Name of Participant | Balance as at 1 April 2009 | Base Awards granted during the financial year | Base Awards vested during the financial year | Adjustment arising from dividend *in specie** | Balance as at 31 March 2010 | Aggregate Base Awards granted since commencement of RSP to end of financial year under review |
|---|---|---|---|---|---|---|
| Chew Choon Seng | 100,215 | 36,000 | 46,215 | 10,800 | 100,800 | 177,825 |
| Bey Soo Khiang | 36,945 | 20,000 | 16,945 | 4,800 | 44,800 | 72,015 |
| Huang Cheng Eng | 30,864 | 17,000 | 13,864 | 4,080 | 38,080 | 59,646 |
| Mak Swee Wah | 27,783 | 17,000 | 10,783 | 4,080 | 38,080 | 53,998 |
| Ng Chin Hwee | 17,000 | 17,000 | - | 4,080 | 38,080 | 38,080 |
| Goh Choon Phong | 30,283 | 13,000 | 10,783 | 3,900 | 36,400 | 54,885 |

RSP Final Awards (Pending Release) [R1]

| Name of Participant | Balance as at 1 April 2009 | Final Awards granted during the financial year# | Final Awards released during the financial year | Adjustment arising from dividend *in specie** | Balance as at 31 March 2010 | Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review |
|---|---|---|---|---|---|---|
| Chew Choon Seng | 18,472 | 50,840 | 34,620 | 4,162 | 38,854 | 53,120 |
| Bey Soo Khiang | 6,124 | 18,640 | 12,420 | 1,480 | 13,824 | 18,620 |
| Huang Cheng Eng | 4,642 | 15,250 | 9,925 | 1,196 | 11,163 | 14,525 |
| Mak Swee Wah | 3,062 | 11,870 | 7,435 | 899 | 8,396 | 10,535 |
| Ng Chin Hwee | - | - | - | - | - | - |
| Goh Choon Phong | 4,642 | 11,870 | 8,235 | 993 | 9,270 | 12,835 |

## 40 Related Party Transactions (in $ million) (continued)

PSP Base Awards [R2]

| Name of Participant | Balance as at 1 April 2009 | Base Awards granted during the financial year | Base Awards vested during the financial year | Adjustment arising from dividend *in specie** | Balance as at 31 March 2010 | 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 |
|---|---|---|---|---|---|---|---|
| Chew Choon Seng | 134,625 | 48,000 | 27,729 | 18,587 | 173,483 | 201,212 | 20,796 |
| Bey Soo Khiang | 54,350 | 22,000 | 13,864 | 7,498 | 69,984 | 83,848 | 10,398 |
| Huang Cheng Eng | 37,594 | 15,000 | 10,270 | 5,078 | 47,402 | 57,672 | 7,702 |
| Mak Swee Wah | 28,967 | 15,000 | 7,805 | 4,339 | 40,501 | 48,306 | 5,853 |
| Ng Chin Hwee | 15,000 | 15,000 | - | 3,600 | 33,600 | 33,600 | - |
| Goh Choon Phong | 23,978 | 8,000 | 8,216 | 2,851 | 26,613 | 34,829 | 6,162 |

[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
* Arising from the dividend *in specie* of shares in SATS on 1 September 2009
[#] 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

## 41 Subsequent Events

The Company signed an agreement on 29 April 2010 to lease out six B777-200ER aircraft to an airline for a lease period of 2 to 2.5 years each

In addition, an agreement was signed on 3 May 2010 for the sale of four B777-200 aircraft to another airline. The four aircraft are to be delivered in 2010 after their scheduled releases from the operating fleet.

## 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) | 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) |
|---|---|---|
| | 2009-10 | 2009-10 |
| Singapore Airport Terminal Services Limited Group | | |
| Aero Laundry & Linen Services Private Limited | - | 6 7 |
| Air India - SATS Joint Venture (50 50) | - | 0 8 |
| Beijing Airport Inflight Kitchen Limited | - | 2 4 |
| Beijing Aviation Ground Services Company Ltd | - | 2 9 |
| Maldives Inflight Catering Pte Ltd | - | 0 7 |
| PT Jasa Angkasa Semesta Tbk | - | 5 2 |
| SATS Airport Services Pte Ltd | - | 15 3 |
| SATS Catering Pte Ltd | - | 10 4 |
| SATS HK Limited | - | 0 9 |
| SATS Security Services Private Limited | - | 13 1 |
| Singapore Airport Terminal Services Limited | - | 237 2 |
| Taj Madras Flight Kitchen Pvt Limited | - | 0 4 |
| Taj SATS Air Catering Ltd | - | 2 3 |
| Tan Son Nhat Cargo Services Ltd (TCS) | - | 0 5 |
| Temasek Holdings (Private) Limited Group | | |
| Asprecise Pte Ltd | - | 0 6 |
| Certis CISCO Security Pte Ltd | - | 0 5 |
| Great Wall Airlines Company Ltd | - | 2 3 |
| MediaCorp Pte Ltd | - | 0 2 |
| PT Bank Danamon Indonesia TBK | - | 0 2 |
| Temasek Holdings (Private) Limited | - | 0 4 |
| Tiger Airways Singapore Pte Ltd | - | 0 1 |
| Singapore Technologies Engineering Ltd Group | | |
| ST Aerospace Engineering Pte Ltd | - | 0 5 |
| Singapore Telecommunications Ltd Group | | |
| NCS Pte Ltd | - | 1 3 |
| Singapore Telecommunications Ltd | - | 1 0 |
| Trusted Hub Limited | - | 0 2 |
| Total interested person transactions | - | 306 1 |

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.