SINGAPORE AIRLINES

(incorporated in Singapore with limited liability)
(Company registration No. 197200078R)

S$2,000,000,000
Multi-currency Medium Term Note Programme
(the "MTN Programme")

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and the Notes (the "**Notes**") to be issued from time to time by Singapore Airlines Limited (the "**Company**" or "**Singapore Airlines**") pursuant to the MTN Programme are offered by the Company pursuant to exemptions invoked under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, the Notes may not be offered or sold or be made the subject of an invitation for subscription or purchase, nor may this Information Memorandum or any other offering document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor specified in Section 274 of the SFA, (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application has been made to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for permission to deal in, and quotation for, any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Company, its subsidiaries, its associated companies, the MTN Programme or such Notes.

The MTN Programme also permits Notes to be issued on an unlisted basis or to be admitted for listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be decided by the Company.

Arrangers

citi DBS

The date of this Information Memorandum is 28 February 2014.

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NOTICE

Citicorp Investment Bank (Singapore) Limited ("**CIBSL**") and DBS Bank Ltd. ("**DBS**" and together with CIBSL, the "**Arrangers**") have been authorised by the Company to arrange the MTN Programme. Under the MTN Programme, the Company may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum or any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may not be used for the purpose of, and does not constitute, an offer of, or solicitation or invitation by or on behalf of the Company, the Arrangers or any of the Dealers (as defined herein) to subscribe for or purchase, any of the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised, or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offering of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required by the Company, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations. For a description of certain further restrictions on offers and sales of the Notes and distribution of this Information Memorandum, see "Subscription, Purchase and Distribution" below.

No person is authorised to give any information or to make any representation not contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Arrangers or any of the Dealers. The delivery of this Information Memorandum at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to US tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons (as defined in the US Internal Revenue Code of 1986, as amended, and regulations thereunder).

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes from time to time to be issued pursuant to the MTN Programme. This Information Memorandum and any other documents or material in relation to the issue, offering or sale of the Notes are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Sections 274 and/or 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealer(s) or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum (or any part thereof) in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, affairs, business or financial position of the Company or any of its subsidiaries or associated companies or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

None of the Company, either Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty, expressed or implied, as to the merits of the Notes or the subscription, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Company, either Arranger, any of the Dealers or their respective subsidiaries or associated companies. Further, neither Arranger nor any of the Dealers gives any representation or warranty as to the Company, its subsidiaries or associated companies and the Notes or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections

274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum nor do they accept any responsibility therefor.

None of the Arrangers or the Dealers has separately verified the information contained in this Information Memorandum. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in connection with the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, either Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser and/or subscriber shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Company and its subsidiaries and associated companies, and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Company and its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Company, either Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein), the issue of the Notes by the Company to the relevant Dealer(s) pursuant to the Programme Agreement and the Programme Agreement not being terminated for any reason whatsoever. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Company, either Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Company to the Dealer(s) pursuant to the Programme Agreement.

Any statement contained in this Information Memorandum in a document deemed to be incorporated by reference therein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Company, either Arranger or any of the Dealers to subscribe for, or purchase, any of the Notes.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on the resale of the Notes set out under the section "Subscription, Purchase and Distribution".

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Company and/or the Group (including statements as to the Company's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical fact and including the financial forecasts, profit projections, statements as to the expansion plans of the Company and/or the Group, expected growth in the Company and/or the Company and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- changes in competitive conditions; and
- other factors beyond the control of the Company and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, discussion under the section "Risk Factors".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Company or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Company, the Arrangers and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Company or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of any Notes by the Company shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of the Company, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Company, the Group, the Arrangers and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based, even if new information becomes available or other events occur in the future.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

(1) any annual reports or summary financial statements or audited consolidated accounts or unaudited interim results of the Company and its subsidiaries published or issued from time to time after the date hereof;

(2) all amendments and supplements to this Information Memorandum prepared by the Company from time to time; and

(3) all public announcements.

Copies of the documents referred to in sub-paragraphs (1), (2) and (3) of the preceding paragraph are available at the specified offices of each of the Principal Issuing and Paying Agent and the Singapore Issuing and Paying Agent as described in "Corporate Information" and "General Information" below.

This Information Memorandum is to be read in conjunction with (a) all such documents which are incorporated by reference herein; (b) with respect to any series or tranches of Notes, any Pricing Supplement (as defined herein) in respect of such series or tranche; and (c) any applicable laws or regulations of any relevant regulatory, administrative or supervisory body and any modification, extension or re-enactment thereof which is or becomes generally known to the public and which may be relevant to any decision to purchase, own or dispose of Notes. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

More information on the Company can be found on the SGX-ST website at www.sgx.com. Information contained on the SGX-ST website does not constitute part of this Information Memorandum, and no representation or warranty is made in respect of the truth, accuracy or completeness of such information.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

“**Agency Agreement**”	:	The Agency Agreement dated 19 August 2003 between (1) the Company, as issuer, (2) The Bank of New York Mellon, London Branch (formerly known as The Bank of New York, London Branch), as principal issuing and paying agent, (3) The Bank of New York Mellon, London Branch (formerly known as The Bank of New York, London Branch), as the principal agent bank, (4) DBS, as the Singapore issuing and paying agent, (5) DBS, as Singapore agent bank, and (6) HSBC Trustee (Singapore) Limited, as trustee, as amended, varied or supplemented from time to time
“**ANZ**”	:	Australia and New Zealand Banking Group Limited
“**Arrangers**”	:	CIBSL and DBS
“**Business Day**”	:	A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore
“**CDP**”	:	The Central Depository (Pte) Limited
“**CIBSL**”	:	Citicorp Investment Bank (Singapore) Limited
“**Citigroup**”	:	Citigroup Global Markets Singapore Pte. Ltd.
“**Clearstream**”	:	Clearstream Banking, *société anonyme*, and includes a reference to its successors and permitted assigns
“**Companies Act**”	:	Companies Act, Chapter 50 of Singapore
“**Company**” or “**Singapore Airlines**”	:	Singapore Airlines Limited
“**Conditions**”	:	In relation to the Notes of any Series, the terms and conditions of the Notes of any Series, which shall be substantially in the form set out in Part II of Schedule 1 of the Trust Deed or, as the case may be, Part II of Schedule 1 of the Supplemental Trust Deed, as modified, with respect to any Notes represented by a Global Note (as defined in the Trust Deed or, as the case may be, the Supplemental Trust Deed), by the provisions of such Global Note, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Notes (as defined in the Trust Deed or, as the case may be, the Supplemental Trust Deed) subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part II of Schedule 1 of the Trust Deed or, as the case may be, Part II of Schedule 1 of the Supplemental Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly
“**DBS**”	:	DBS Bank Ltd.
“**Dealers**”	:	Persons appointed as dealers under the MTN Programme

"**Directors**"	:	The directors of the Company as at the date of this Information Memorandum
"**Euroclear**"	:	Euroclear Bank S.A./N.V., and includes a reference to its successors and permitted assigns
"**FY**"	:	Financial year ended or ending 31 March
"**HSBC**"	:	The Hongkong and Shanghai Banking Corporation Limited
"**Issuing and Paying Agent**"	:	In relation to Notes cleared through a clearing system other than CDP, the Principal Issuing and Paying Agent, and in relation to Notes cleared through CDP, the Singapore Issuing and Paying Agent
"**km**"	:	Kilometres
"**LIBOR**"	:	The meaning ascribed to such term in the Conditions
"**MAS**"	:	The Monetary Authority of Singapore
"**MTN Programme**"	:	The S$2,000,000,000 Multi-currency Medium Term Note Programme of the Company as described in this Information Memorandum
"**n.m.**"	:	Not meaningful
"**Notes**"	:	The notes to be issued by the Company under the MTN Programme
"**OCBC**"	:	Oversea-Chinese Banking Corporation Limited
"**Pricing Supplement**"	:	In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, issued specifying the relevant issue details in relation to such Series or, as the case may be, Tranche
"**Principal Issuing and Paying Agent**"	:	The Bank of New York Mellon, London Branch (formerly known as The Bank of New York, London Branch)
"**Programme Agreement**"	:	The Programme Agreement dated 19 August 2003, as amended and restated by a Restatement Agreement dated 31 October 2008, made between (1) the Company, as issuer, (2) CIBSL and DBS, as arrangers, and (3) CIBSL, DBS, HSBC, OCBC, Standard Chartered and UBS, as dealers, and as amended and supplemented by a Supplemental Programme Agreement dated 28 February 2014, made between (1) the Company, as issuer, (2) CIBSL and DBS, as arrangers, and (3) ANZ, CIBSL, Citigroup, DBS, HSBC, OCBC, Standard Chartered, UBS and UOB, as dealers, as amended, varied or supplemented from time to time
"**SATS**"	:	Singapore Airport Terminal Services Limited
"**Securities and Futures Act**" or "**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore

"**Series**"	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which (a) are expressed to be consolidated and forming a single series, (b) are identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**SIA Cargo**"	:	Singapore Airlines Cargo Pte Ltd
"**SIAEC**"	:	SIA Engineering Company Limited
"**SIA Group**" or "**Group**"	:	The Company and its subsidiaries
"**SIBOR**"	:	The meaning ascribed to such term in the Conditions
"**SilkAir**"	:	SilkAir (Singapore) Private Limited
"**Singapore Issuing and Paying Agent**"	:	DBS
"**Standard Chartered**"	:	Standard Chartered Bank
"**Supplemental Trust Deed**"	:	The supplemental trust deed dated 19 August 2003 made between (1) the Company, as issuer, and (2) HSBC Trustee (Singapore) Limited, as trustee, as amended and restated by a Restatement Deed dated 31 October 2008 made between (1) the Company, as issuer, and (2) the Trustee, as trustee, pursuant to which any Notes denominated in a currency other than Singapore Dollars will be constituted and issued
"**Swap Rate**"	:	The meaning ascribed to such term in the Conditions
"**Temasek**"	:	Temasek Holdings (Private) Limited
"**Tranche**"	:	Notes which are identical in all respects (including as to listing)
"**Trust Deed**"	:	The trust deed dated 19 August 2003 made between (1) the Company, as issuer, and (2) HSBC Trustee (Singapore) Limited, as trustee, as amended and restated by a Restatement Deed dated 31 October 2008 made between (1) the Company, as issuer, and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time
"**Trustee**"	:	HSBC Institutional Trust Services (Singapore) Limited, which succeeded HSBC Trustee (Singapore) Limited as trustee for the holders of the Notes under the Trust Deed, or its successor
"**UBS**"	:	UBS AG, Singapore Branch
"**UOB**"	:	United Overseas Bank Limited

"**United States**" or "**US**"	:	United States of America
"**CHF**"	:	Swiss Franc
"**Euro**"	:	The single currency of participating member states of the European Union
"**GBP**"	:	Pounds Sterling
"**KRW**"	:	Korean Won
"**S$**" or "**$**" and "**cents**"	:	Singapore Dollars and cents respectively
"**US$**" or "**US Dollars**"	:	United States Dollars
"**%**"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Securities and Futures Act or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or the Securities and Futures Act, as the case may be.

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Stephen Lee Ching Yen Goh Choon Phong William Fung Kwok Lun Christina Ong Jackson Peter Tai Helmut Gunter Wilhelm Panke Lucien Wong Yuen Kuai Hsieh Tsun-Yan Gautam Banerjee
COMPANY SECRETARY	:	Ethel Tan Mei Lian
REGISTERED OFFICE	:	Airline House 25 Airline Road Singapore 819829
AUDITORS TO THE COMPANY	:	Ernst & Young LLP Certified Public Accountants One Raffles Quay North Tower #18-01 Singapore 048583
ARRANGERS	:	Citicorp Investment Bank (Singapore) Limited 8 Marina View 21-00 Asia Square Tower 1 Singapore 018960 DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
PRINCIPAL ISSUING AND PAYING AGENT AND PRINCIPAL AGENT BANK	:	The Bank of New York Mellon, London Branch (formerly known as The Bank of New York, London Branch) One Canada Square 40th Floor London E14 5AL United Kingdom
SINGAPORE ISSUING AND PAYING AGENT AND SINGAPORE AGENT BANK	:	DBS Bank Ltd. 10 Toh Guan Road Level 04-11 (4B) Jurong Gateway Singapore 608838
TRUSTEE	:	HSBC Institutional Trust Services (Singapore) Limited 20 Pasir Panjang Road (East Lobby) #21-21 Mapletree Business City Singapore 117439
LEGAL ADVISERS TO THE ARRANGERS AND DEALERS	:	WongPartnership LLP 12 Marina Boulevard, Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
LEGAL ADVISERS TO THE COMPANY	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989

SUMMARY OF THE MTN PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Company	:	Singapore Airlines Limited
Arrangers	:	CIBSL and DBS
Principal Issuing and Paying Agent	:	The Bank of New York Mellon, London Branch (formerly known as The Bank of New York, London Branch)
Singapore Issuing and Paying Agent	:	DBS
Dealers	:	ANZ, Citigroup, DBS, HSBC, OCBC, Standard Chartered, UBS and UOB
Description	:	S$2,000,000,000 Multi-currency Medium Term Note Programme
Programme Size	:	Subject to the terms of the Programme Agreement, the maximum aggregate principal amount of the Notes outstanding at any time shall be S$2,000,000,000 (or its equivalent in other currencies)
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore Dollars, US Dollars, Euros or any other currency agreed between the Company and the relevant Dealer(s)
Issue Price	:	At par, discount or premium
Issuances in Series	:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. In relation to Notes other than Variable Rate Notes, the Notes of each Series will all be subject to identical terms (including as to listing), except that the issue dates, issue prices and/or dates of the first payment of interest may be different in respect of different Tranches. In relation to Variable Rate Notes, the Notes will be identical in all respects (including as to listing) except for their respective issue prices and rates of interest. The Notes of each Tranche will all be subject to identical terms in all respects (including as to listing)
Pricing Supplements	:	Each Tranche will be the subject of a Pricing Supplement which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and must be read in conjunction with this Information Memorandum. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as supplemented, amended and/or replaced by the relevant Pricing Supplement
Maturities	:	Subject to compliance by the Company with all relevant laws, regulations and directives, Notes shall have maturities as may be agreed between the Company and the Relevant Dealer(s)

Method of Issue	:	Notes may be issued from time to time under the MTN Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement
Mandatory Redemption	:	Unless previously redeemed and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face (if it is shown on its face to be a Fixed Rate Note, Hybrid Note (during the fixed rate period) or Zero Coupon Note) or on the interest payment date falling in the redemption month shown on its face (if it is shown on its face to be a Floating Rate Note, Variable Rate Note or a Hybrid Note (during the floating rate period))
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity
Floating Rate Notes	:	Floating Rate Notes will bear interest at a floating rate determined by reference to a benchmark as stated on the face of such Floating Rate Note, being SIBOR (in which case such Note will be a SIBOR Note), Swap Rate (in which case such Note will be a Swap Rate Note) or LIBOR (in which case such Note will be a LIBOR Note) or in any other case such other benchmark as set out on the face of such Note, as adjusted for any applicable spread Interest periods in relation to the Floating Rate Notes will be agreed between the Company and the relevant Dealer(s) prior to their issue
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes Interest periods in relation to the Variable Rate Notes will be agreed between the Company and the relevant Dealer(s) prior to their issue
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Company and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and at maturity and, during the floating rate period to be agreed between the Company and the relevant Dealer(s), at a floating rate determined by reference to a benchmark as stated on the face of such Hybrid Note, being SIBOR, Swap Rate or LIBOR or in any other case such other benchmark as set out on the face of such Note, as adjusted for any applicable spread, in each case payable at the end of each interest period to be agreed between the Company and the relevant Dealer(s)
Zero Coupon Notes	:	Zero Coupon Notes will bear no interest
Form and Denomination of Notes	:	The Notes will be issued in bearer form and in the denomination of S$250,000 (in respect of Notes which are denominated in Singapore Dollars) each or such other denomination as the Company and the relevant Dealer(s) may agree
Depository	:	CDP, Euroclear and/or Clearstream, or such other depository as may be stipulated in the relevant Pricing Supplement

Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unsubordinated, unconditional and unsecured obligations of the Company. The Notes shall at all times rank *pari passu* amongst themselves (irrespective of whether constituted by the Trust Deed or the Supplemental Trust Deed) and equally with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company
Negative Pledge	:	So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Company will not create or have outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**security**"), except for any Permitted Security, on or over its undertaking, assets, property or revenues, present or future, unless, at the same time or prior thereto, the Company's obligations under the Notes, the Coupons and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee or (b) have the benefit of such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed)

"**Permitted Security**" means any of the following:

(1) any security over any fixed asset existing as at the date of the Trust Deed and disclosed to the Trustee in writing on or prior to the date of the Trust Deed (but, except with the prior consent of the Trustee, the amount secured by such security may not be increased);

(2) any security over any fixed asset arising solely by operation of law;

(3) any security created over any fixed asset acquired by it after the date of the Trust Deed for the sole purpose of financing that acquisition and securing an amount not exceeding the cost of that acquisition;

(4) any security created over any asset to secure its indebtedness provided that the aggregate amount of the assets securing such indebtedness shall not at any one time exceed an amount equal to 33 per cent of the Total Fixed Assets; and

(5) any other security created or outstanding over any fixed asset approved by an Extraordinary Resolution

In this paragraph:

"**Aircraft Amount**" means the aggregate book value, net of depreciation, of aircraft, spares and spare engines, all as shown in the latest balance sheet of the Company made available to its members (whether audited or unaudited); and

"**Total Fixed Assets**" means the Aircraft Amount and the aggregate book value, net of depreciation, of fixed assets (other than aircraft, spares and spare engines), investments in subsidiary companies, associated companies and joint ventures of the Company, and long term investments, all as shown in the latest balance sheet of the Company made available to its members (whether audited or unaudited)

Taxation	:	All payments of principal and interest by or on behalf of the Company in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Company shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment: (i) Other connection: by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including without limitation, the holder being a resident of, or having a permanent establishment in, Singapore); or (ii) Presentation more than 30 days after the Relevant Date: more than 30 days after the Relevant Date (as defined in the Conditions) except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or (iii) Declaration of Residence: by or on behalf of a holder to whom payment may be made free and clear of such withholding or deduction by making a declaration of residence or other similar claim for exemption and does not make such declaration or claim For further details, see the section on "Singapore Taxation on the Notes" below
Listing	:	Each Series of Notes may, if so agreed between the Company and the relevant Dealer(s), be listed on the SGX-ST, subject to all necessary approvals having been obtained. The MTN Programme also permits Notes to be issued on an unlisted basis or to be admitted for listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be decided by the Company

Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see "Subscription, Purchase and Distribution". Further restrictions may apply in connection with any particular Series or Tranche of Notes Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S.Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited
Governing Law	:	Notes issued pursuant to the Trust Deed shall be governed by, and construed in accordance with, the laws of Singapore. Notes issued pursuant to the Supplemental Trust Deed shall be governed by, and construed in accordance with, the laws of England

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed dated 19 August 2003 made between (1) the Company, as issuer, and (2) HSBC Trustee (Singapore) Limited as trustee for the Noteholders (as defined below) (the "Trust Deed"), as amended and restated pursuant to a Restatement Deed dated 31 October 2008 made between (1) the Company and (2) HSBC Institutional Trust Services (Singapore) Limited (the "Trustee", which expression shall wherever the context so admits include all persons for the time being the trustee or trustees of the Trust Deed and the Supplemental Trust Deed) as successor trustee under the Trust Deed or (as the case may be) by a supplemental trust deed dated 19 August 2003 made between (1) the Company, as issuer, and (2) HSBC Trustee (Singapore) Limited as trustee for the Noteholders (the "Supplemental Trust Deed"), as amended and restated pursuant to a Restatement Deed dated 31 October 2008 made between (1) the Company and (2) the Trustee, and as amended, varied or supplemented from time to time, and (where applicable) the Notes are issued with the benefit of a deed of covenant (the "Deed of Covenant") dated 19 August 2003, relating to the Notes executed by the Company and as amended, varied or supplemented from time to time. The Company has entered into an Agency Agreement (the "Agency Agreement") dated 19 August 2003 made between (1) the Company, as issuer, (2) The Bank of New York Mellon, London Branch (formerly known as The Bank of New York, London Branch), as principal issuing and paying agent (in such capacity, the "Principal Issuing and Paying Agent"), (3) The Bank of New York Mellon, London Branch (formerly known as The Bank of New York, London Branch), as principal agent bank (in such capacity, the "Principal Agent Bank"), (4) DBS Bank Ltd., as Singapore issuing and paying agent (in such capacity, the "Singapore Issuing and Paying Agent"), (5) DBS Bank Ltd., as Singapore agent bank (in such capacity, the "Singapore Agent Bank"), and (6) HSBC Trustee (Singapore) Limited, as trustee, and as amended, varied or supplemented from time to time. The Noteholders and the holders of the coupons (the "Coupons") appertaining to the interest-bearing Notes (the "Couponholders") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Supplemental Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Supplemental Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of each of the Principal Issuing and Paying Agent and the Singapore Issuing and Paying Agent for the time being.

References in these Conditions to the "Trust Deed" shall include a reference to the Supplemental Trust Deed where allowed or required in terms of the context of such reference.

1. FORM, DENOMINATION AND TITLE

(a) **Form and Denomination**

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "Notes") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face (if any)).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest in these Conditions are not applicable.

(b) **Title**

(i) Subject as set out below, title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by The Central Depository (Pte) Limited ("CDP") or a common depository of Euroclear (as defined in the Trust Deed) and Clearstream (as defined in the Trust Deed), each person who is for the time being shown in the records of CDP or a common depository of Euroclear and Clearstream as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by CDP or a common depository of Euroclear and Clearstream as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Company, the Issuing and Paying Agents, the Agent Banks, all other agents of the Company and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Company, the Issuing and Paying Agents, the Agent Banks, all other agents of the Company and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "Noteholder" and "holder of Notes" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Note and held by CDP or a common depository of Euroclear and Clearstream (as the case may be) will be transferable only in accordance with the rules and procedures for the time being of CDP or a common depository of Euroclear and Clearstream (as the case may be).

(iv) In these Conditions, "Global Note" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "Noteholder" means the bearer of any Definitive Note and "holder" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "Series" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which (1) are expressed to be consolidated and forming a single series and (2) are identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest, and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "Tranche" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. STATUS

The Notes and Coupons of all Series constitute direct, unsubordinated, unconditional and unsecured obligations of the Company. The Notes shall at all times rank *pari passu* amongst themselves (irrespective of whether constituted by the Trust Deed or the Supplemental Trust Deed) and equally with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company.

3. NEGATIVE PLEDGE

The Company has covenanted in the Trust Deed that so long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Company shall not create or have outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("security"), except for any Permitted Security, on or over its undertaking, assets, property or revenues, present or future, unless, at the same time or prior thereto, the Company's obligations under the Notes, the Coupons and the Trust Deed (1) are secured equally and rateably therewith to the satisfaction of the Trustee or (2) have the benefit of such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed).

"Permitted Security" means any of the following:

(i) any security over any fixed asset existing as at the date of the Trust Deed and disclosed to the Trustee in writing on or prior to the date of the Trust Deed (but, except with the prior consent of the Trustee, the amount secured by such security may not be increased);

(ii) any security over any fixed asset arising solely by operation of law;

(iii) any security created over any fixed asset acquired by it after the date of the Trust Deed for the sole purpose of financing that acquisition and securing an amount not exceeding the cost of that acquisition;

(iv) any security created over any asset to secure any of its indebtedness provided that the aggregate amount of the assets securing such indebtedness shall not at any one time exceed an amount equal to 33 per cent of the Total Fixed Assets; and

(v) any other security created or outstanding over any fixed asset approved by an Extraordinary Resolution.

In this Condition 3:

(a) "Aircraft Amount" means the aggregate book value, net of depreciation, of aircraft, spares and spare engines, all as shown in the latest balance sheet of the Company made available to its members (whether audited or unaudited); and

(b) "Total Fixed Assets" means the Aircraft Amount and the aggregate book value, net of depreciation, of fixed assets (other than aircraft, spares and spare engines), investments in subsidiary companies, associated companies and joint ventures of the Company, and long term investments, all as shown in the latest balance sheet of the Company made available to its members (whether audited or unaudited).

4. INTEREST

4(I). INTEREST ON FIXED RATE NOTES

(a) **Interest Rate and Accrual**

Subject to Condition 4(I)(b) below, each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(IV)(e)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Reference Date or Reference Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on a Reference Date.

The first payment of interest will be made on the Reference Date next following the Interest Commencement Date (and if the Interest Commencement Date is not a Reference Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not a Reference Date, interest from the preceding Reference Date (or from the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

(b) **Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Fixed Rate Day Basis shown on the face of such Note.

4(II). INTEREST ON FLOATING RATE NOTES OR VARIABLE RATE NOTES

(a) **Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each date ("Interest Payment Date") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "Specified Number of Months") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month. In any such case as aforesaid or if there is no date in the relevant month which corresponds numerically with the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date (i) the Interest Payment Date shall be brought forward to the immediately preceding business day and (ii) each subsequent Interest Payment Date shall be the last business day of the month which is the last of the Specified Number of Months after the month in which the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall have fallen.

The period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is herein called an "Interest Period".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) **Rate of Interest - Floating Rate Notes**

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being SIBOR (in which case such Note will be a SIBOR Note), Swap Rate (in which case such Note will be a Swap Rate Note) or LIBOR (in which case such Note shall be a LIBOR Note) or in any case such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(IV)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "Rate of Interest".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG - SWAP OFFER AND SIBOR FIXING RATES - RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement Screen Page thereof) and as adjusted by the Spread (if any);

(B) if no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears under the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE - SIBOR AND SWAP OFFER RATES - RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof), being the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(C) if no such rate appears on Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page (as defined below) as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore Dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(D) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations;

(E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any); and

(F) if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date;

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG - SWAP OFFER AND SIBOR FIXING RATES - RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace Page ABSI on the monitor of the Bloomberg agency for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(B) if no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE - SIBOR AND SWAP OFFER RATES - RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR	=	the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG - SWAP OFFER AND SIBOR FIXING RATES - RATES AT 11:00AM SINGAPORE TIME" and the column headed "USD SIBOR" (or such other page as may replace Page ABSI for the purpose of displaying Singapore inter-bank US Dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Spot Rate	=	the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks for selling US Dollars spot in exchange for Singapore Dollars in the Singapore inter-bank market and which appear on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG - FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Premium or Discount	=	the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks for buying US Dollars forward in exchange for Singapore Dollars on the last day of the Interest Period concerned which appear on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG - FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and
T	=	the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(D) if on any Interest Determination Date any one of the components for the purposes of calculating the Average Swap Rate under (B) above is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page as aforesaid) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent) of the Swap Rates quoted by the Reference Banks to the Agent Bank) plus the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore Dollars for the Interest

Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate per annum at which US Dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells US Dollars spot in exchange for Singapore Dollars in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium = in relation to the Interest Period concerned, the premium that would have been paid by that Reference Bank in buying US Dollars forward in exchange for Singapore Dollars on the last day of the Interest Period concerned in the Singapore inter-bank market;

Discount = in relation to the Interest Period concerned, the discount that would have been received by that Reference Bank in buying US Dollars forward in exchange for Singapore Dollars on the last day of the Interest Period concerned in the Singapore inter-bank market; and

T = the number of days in the Interest Period concerned;

(E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Agent Bank) plus the Spread (if any); and

(F) if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the Rate of Interest determined on the previous Interest Determination Date;

(3) in the case of Floating Rate Notes which are LIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in US Dollars for a period equal to the duration of such Interest Period which appears on Page BBAM on the monitor of the Bloomberg agency under the caption “BRITISH BANKERS’ ASSOCIATION - 1) OFFICIAL BBA LIBOR FIXINGS AT 11:00 LONDON TIME” under the column headed “USD” (or such other page as may replace that page on that service, or such other service as may be nominated by the information vendor, for the purpose of displaying comparable rates) (or such other Screen Page as may be provided hereon) plus the Spread (if any);

(B) if no such rate appears on Page BBAM on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears under the Reuters Screen LIBOR1 Page under the caption “BRITISH BANKERS ASSOCIATION INTEREST SETTLEMENT RATES - RATES AT 11:00 LONDON TIME” and under the column headed “USD” (or such other replacement page thereof), being the offered rate for deposits in US Dollars for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(C) if no such rate appears on the Reuters Screen LIBOR1 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen LIBOR1 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will:

(aa) request the principal London office of each of four major banks as selected by the Agent Bank in the London inter-bank market to provide a quotation of the rate at which deposits in US Dollars are offered by it in the London inter-bank market at approximately the Relevant Time on the Interest Determination Date to prime banks in the London inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent) of such offered quotations plus the Spread (if any), as determined by the Agent Bank; and

(bb) if fewer than two such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded up, if necessary, as aforesaid) of the rates quoted by major banks in New York City, selected by the Agent Bank, at approximately the Relevant Time on such Interest Determination Date for loans in US Dollars to leading banks for a period equal to or comparable to the relevant Interest Period and in an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period plus the Spread (if any), as determined by the Agent Bank; and

(4) in the case of Floating Rate Notes which are not SIBOR Notes, Swap Rate Notes or LIBOR Notes, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

plus the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(4)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(4)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date plus the Spread (if any); and

(C) if paragraph (b)(ii)(4)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Company will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) **Rate of Interest - Variable Rate Notes**

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "<u>Agreed Yield</u>" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "<u>Rate of Interest</u>".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9 a.m. (local time in the Relevant Financial Centre) on the ninth business day nor later than 3 p.m. (local time in the Relevant Financial Centre) on the third business day prior to the commencement of each Interest Period, the Company and the VRN Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Company and the VRN Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Company and the VRN Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Company and the VRN Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "Agreed Rate") and, in the event of the Company and the VRN Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Company and the VRN Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3 p.m. (local time in the Relevant Financial Centre) on the third business day prior to the commencement of such Interest Period, or if there shall be no VRN Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Company has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (local time in the Relevant Financial Centre) on the next following business day:

(1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no VRN Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "Fall Back Rate") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore Dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark (including LIBOR) as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(IV)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "Rate of Interest" shall mean "Fall Back Rate".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Company will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Company will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

4(III). INTEREST ON HYBRID NOTES

(a) **Interest Rate and Accrual**

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) **Fixed Rate Period**

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Reference Date or Reference Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on a Reference Date.

(ii) The first payment of interest will be made on the Reference Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not a Reference Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not a Reference Date, interest from the preceding Reference Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Fixed Rate Day Basis shown on the face of the Note during the Fixed Rate Period.

(c) **Floating Rate Period**

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each date ("Interest Payment Date") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "Specified Number of Months") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month. In any such case as aforesaid or if there is no date in the relevant month which corresponds numerically with the preceding Interest Payment Date or, as the case may be, the first day of the Floating Rate Period (i) the Interest Payment Date shall be brought forward to the immediately preceding business day and (ii) each subsequent Interest Payment Date shall be the last business day of the month which is the last of the Specified Number of Months after the month in which the preceding Interest Payment Date or, as the case may be, the first day of the Floating Rate Period shall have fallen.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "Interest Period".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

4(IV). RATE OF INTEREST, INTEREST AMOUNTS, REDEMPTION AMOUNT AND DEFINITIONS

(a) **Determination of Rate of Interest and Calculation of Interest Amounts and Redemption Amount**

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank may be required to calculate any Redemption Amount in respect of any Notes, determine the Rate of Interest and calculate the amount of interest payable (the "Interest Amounts") in respect of each Calculation Amount of the Floating Rate Notes, Variable Rate Notes or Hybrid Notes for the relevant Interest Period or calculate the Redemption Amount in respect of such Notes. The Interest Amounts shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying such product by the actual number of days in the Interest Period concerned (including the first, but excluding the last, day of such Interest Period), divided by the FRN Day Basis or as the case may be, VRN Day Basis shown on the face of such Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination or calculation, as the case may be, of the Rate of Interest, the Interest Amounts and the Redemption Amount by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) **Notification of Rate of Interest and Interest Amounts**

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount to be notified to the Issuing and Paying Agent, the Company and the Noteholders in accordance with Condition 12 (and where applicable, the Stock Exchange (as defined in the Trust Deed)) as soon as possible after their determination but in no event later than the second business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, the Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, the Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) **Determination of Rate of Interest by the Trustee**

The Trustee shall (if the Agent Bank does not at any material time determine the Rate of Interest) determine or procure the determination of such Rate of Interest in accordance with the provisions of this Condition 4(IV). In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) **Agent Bank and Reference Banks**

The Company will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks and an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts or the Redemption Amount, the Company will appoint the local office of a leading bank or merchant bank operating in the Relevant Financial Centre and engaged in the local inter-bank market to act as such in its place. An Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(e) **Definitions**

As used in these Conditions:

"Benchmark" means the rate specified as such in the applicable Pricing Supplement;

"business day" means:

(i) (in the case of Notes denominated in Singapore Dollars) a day (other than a Saturday or Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore; and

(ii) (in the case of Notes denominated in a currency other than Singapore Dollars), a day (other than a Saturday or Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"Calculation Amount" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"Interest Commencement Date" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"Interest Determination Date" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"LIBOR" means the relevant rate for deposits in US Dollars, in an amount comparable to the outstanding amount of the relevant Notes for the relevant Interest Period as determined in accordance with Condition 4(II)(b)(ii)(3);

"Reference Banks" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank in the inter-bank market that is most closely connected with the Benchmark;

"Relevant Currency" means the currency in which payments in respect of the Notes and/or Coupons of the relevant Series are to be made as indicated in the applicable Pricing Supplement;

"Relevant Financial Centre" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note, Variable Rate Note or Hybrid Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"Relevant Rate" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

"Screen Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency ("Bloomberg") and the Reuters Monitor Money Rates Service ("Reuters")) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"VRN Relevant Dealer" means, in respect of any Variable Rate Note, the dealer party to the Programme Agreement (as defined in the Trust Deed) with whom the Company has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement.

5. PAYMENTS

(a) **Principal and Interest**

Payments of the Redemption Amount and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which that payment is due on, or, at the option of the holders, by transfer to an account maintained with a bank in the principal financial centre for that currency.

(b) **Payments subject to law etc.**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) **Appointment of Agents**

The Issuing and Paying Agent appointed by the Company and its specified office are listed below. The Company reserves the right at any time to vary or terminate the appointment of any of the Issuing and Paying Agent and/or the Agent Bank in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that it will at all times maintain (i) a Singapore Issuing and Paying Agent having a specified office in Singapore and (ii) an Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 12.

The Agency Agreement may be amended by the Company and the Trustee, without the consent of any Issuing and Paying Agent, any Agent Bank or any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Company and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Company and the Trustee, materially and adversely affect the interests of the holders. Any such amendment shall be binding on the Noteholders and the Couponholders.

(d) **Unmatured Coupons**

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto (and in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within the prescription period relating thereto under Condition 8.

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Company may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) **Non-business days**

Subject as provided in the relevant Pricing Supplement and/or in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of such delay.

6. <u>REDEMPTION AND PURCHASE</u>

(a) **Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) **Purchase at the Option of Company**

If so provided hereon, the Company shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount (i) (in the case of Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes) on any date on which interest is due to be paid on such Notes or (ii) (in the case of Zero Coupon Notes) on any date prior to the Maturity Date as provided for on the face of such Note, and the Noteholders shall be bound to sell such Notes to the Company accordingly. To exercise such option, the Company shall give irrevocable notice to the Noteholders within the Company's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Company, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 14.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Company in such place and in such manner as may be agreed between the Company and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Stock Exchange, the Company shall comply with the rules of such Stock Exchange (if any) in relation to the publication of any purchase of Notes.

(c) **Purchase at the Option of Noteholders**

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Company at their Redemption Amount on any Interest Payment Date and the Company will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and

Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Company. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Company, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 14.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes, Hybrid Notes or Zero Coupon Notes purchased by the Company at their Redemption Amount (i) (in the case of Fixed Rate Notes, Floating Rate Notes or Hybrid Notes) on any date on which interest is due to be paid on such Notes or (ii) (in the case of Zero Coupon Notes) on any date prior to the Maturity Date as provided for on the face of such Note, and the Company will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Company. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Company, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 14.

(d) **Redemption at the Option of the Company**

If so provided hereon, the Company may, on giving irrevocable notice to the Noteholders falling within the Company's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be agreed between the Company and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Stock Exchange, the Company shall comply with the rules of such Stock Exchange (if any) in relation to the publication of any redemption of Notes.

(e) **Redemption at the Option of Noteholders**

If so provided hereon, the Company shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Company.

(f) **Redemption for Taxation Reasons**

The Company may redeem all (but not some only) of the Notes on any Reference Date or Interest Payment Date (as the case may be) or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Company has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Trustee a certificate signed by a duly authorised officer of the Company stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Company has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) **Early Redemption and Late Payment for Zero Coupon Notes**

(i) Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(1) the Reference Price; and

(2) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the Maturity Date or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 6(g)(i).

(ii) If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(1) the Reference Price; and

(2) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(h) **Purchases**

The Company and any of its related corporations may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Company or any of its related corporations may be surrendered by the purchaser through the Company to the Issuing and Paying Agent for cancellation or may at the option of the Company or relevant related corporation be held or resold.

For the purposes of these Conditions, "directive" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislature, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) **Cancellation**

All Notes purchased by or on behalf of the Company or any of its related corporations may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Company, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

7. TAXATION

All payments of principal and interest by or on behalf of the Company in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Company shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(i) **Other connection**: by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or having a permanent establishment in, Singapore); or

(ii) **Presentation more than 30 days after the Relevant Date**: more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

(iii) **Declaration of Residence**: by or on behalf of a holder to whom payment may be made free and clear of such withholding or deduction by making a declaration of residence or other similar claim for exemption and does not make such declaration or claim.

In these Conditions, "Relevant Date" means the date on which payment in respect of any Note or Coupon first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 12 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7 or pursuant to any undertaking given by the Company in addition to or substitution for it under the Trust Deed.

8. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within three years (in the case of Notes which are denominated in Singapore Dollars) or five years (in the case of Notes which are denominated in a currency other than Singapore Dollars) from the appropriate Relevant Date.

9. EVENTS OF DEFAULT

The Trustee at its discretion may, and (i) if so requested in writing by the holders of at least 25 per cent in principal amount of the Notes then outstanding subject to such holders holding an aggregate principal amount of Notes of not less than S$50,000,000 or (ii) if so directed by an Extraordinary Resolution, shall, give notice to the Company that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, if any of the following events ("Events of Default") occurs and is continuing:

(i) the Company fails to pay (i) any principal sum payable on or in respect of any of the Notes within seven days of its due date, or (ii) interest on or in respect of the Notes within 14 days of its due date; or

(ii) the Company does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Company by the Trustee; or

(iii) an order is made or an effective resolution is passed for the winding-up or dissolution of the Company or for the judicial management of the Company or the Company ceases or makes a decision to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, re-organisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution; or

(iv) (i) any other present or future indebtedness of the Company for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, Provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more events mentioned above in this paragraph (iv) have occurred equals or exceeds S$50,000,000 or its equivalent; or

(v) the Company is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or expressly declares its intention to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the debts of the Company; or

(vi) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of Singapore is not taken, fulfilled or done, unless such consent is no longer required or applicable; or

(vii) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Company on or over all or a material part of the assets of the Company becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, judicial manager or other similar person); or

(viii) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the undertaking, property, assets or revenues of the Company and is not discharged or stayed within 30 days (or such longer period as the Trustee may permit); or

(ix) it is or will become unlawful for the Company to perform or comply with any one or more of its payment or other material obligations under the Notes or the Trust Deed; or

(x) any governmental authority or agency or court seizes, compulsorily acquires, expropriates or nationalises all or a material part of the assets of the Company; or

(xi) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

10. ENFORCEMENT

(a) At any time after the Notes have become due and payable, the Trustee may, at its discretion and without notice, institute such proceedings against the Company as it may think fit to enforce the terms of the Trust Deed, the Notes or the Coupons but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least 25 per cent in principal amount of the Notes then outstanding, and (ii) it shall have been indemnified by or on behalf of the Noteholders to its satisfaction.

(b) No Noteholder or Couponholder shall be entitled to proceed directly against the Company unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

11. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange or other relevant regulatory requirements, at the specified office of the Issuing and Paying Agent (or at the specified office of such other person as may from time to time be designated by the Issuing and Paying Agent for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 12 below) upon payment by the claimant of the costs, expenses and duties incurred in connection with the replacement and on such terms as to evidence, security, indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid by the claimant to the Company on demand the amount paid or payable by the Company in respect of such Note or Coupon) and otherwise as the Company may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. NOTICES

(a) All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in Singapore (in the case of Notes which are denominated in Singapore Dollars) or either *The Wall Street Journal* or the *Financial Times* (in the case of Notes which are denominated in a currency other than Singapore Dollars). The Company shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which any Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

(b) Until such time as any Definitive Notes (as defined in the Trust Deed) are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of CDP, be substituted for such publication in such newspapers the delivery of the relevant notice to CDP for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST or any other stock exchange and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the third day after the day on which the said notice was given to CDP. For the purposes of this paragraph, all references to CDP shall be deemed to include references to any additional or alternative clearing system (including Euroclear and/or Clearstream) as specified in the Pricing Supplement.

(c) Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent.

(d) Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Company, notices to such Noteholders will be valid if given individually to all such Noteholders by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

13. FURTHER ISSUES

The Company may from time to time without the consent of the Noteholders or Couponholders create or issue further securities either having the same terms and conditions as the Notes in all material respects and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Company may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

(a) The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

(b) The Trustee or the Company at any time may, and the Trustee upon the request in writing, at any time after any Notes of any Series shall have become repayable due to default, by Noteholders holding not less than 25 per cent in principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution described as a special quorum resolution in the proviso to paragraph 2 of Schedule 6 to the Trust Deed will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

(c) The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or may agree, without any such consent as aforesaid, to any modification, waiver or authorisation which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of Singapore law.

(d) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Company, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(e) Any modification, abrogation, waiver, authorisation determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification, abrogation or substitution shall be notified by the Company to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

15. INDEMNIFICATION OF THE TRUSTEE, ITS CONTRACTING WITH THE COMPANY AND ITS COMPLIANCE WITH ANTI-MONEY LAUNDERING AND TERRORISM POLICIES

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

The Trust Deed contains provisions relating to compliance by the Trustee with laws, policies and regulations relating to, amongst others, anti-money laundering, terrorism and criminal activities and as such, the payment obligations of the Trustee are subject to such laws, policies and regulations. Any delay in the payment under the Trust Deed or the Notes which is caused by such action shall not constitute an Event of Default under the Notes or a breach of any provisions of the Trust Deed or the Notes. The Company shall not be liable for any further interest (including default interest) on the Notes resulting from such non-payment.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore or the Contracts (Rights of Third Parties) Act 1999 of England and Wales (where relevant).

17. GOVERNING LAW

Notes issued pursuant to the Trust Deed shall be governed by, and construed in accordance with, the laws of Singapore. Notes issued pursuant to the Supplemental Trust Deed shall be governed by, and construed in accordance with, the laws of England.

18. SUBMISSION TO JURISDICTION

In relation to Notes which are issued pursuant to the Trust Deed, the courts of Singapore are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and, accordingly, any suit, action or proceedings arising out of or in connection with such Notes or the Coupons (together referred to as "Proceedings") may be brought in the courts of Singapore. In relation to Notes which are issued pursuant to the Supplemental Trust Deed, the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and, accordingly, any Proceedings may be brought in the courts of England.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors or existing holders of the Notes should carefully consider all the information set forth in this Information Memorandum including the following risk factors that may affect the business, operational results, financial position, performance or prospects of Singapore Airlines. As the market value of the Notes is affected by, amongst other things, interest rates, liquidity, exchange rates and Singapore Airlines' business performance, these risk factors could have an indirect effect on the value of the Notes. The Notes are thus not considered to be risk-free. This summary of risk factors does not purport to be an exhaustive list of all the risks that may be involved in the business of Singapore Airlines or the Group. There may be additional risks which Singapore Airlines is currently unaware of which may also impair its, or the Group's, business, financial condition, performance or prospects. Prospective investors are advised to consider the nature of their prospective investment in relation to all risks. If any of the following risk factors develop into actual events, the business, results of operations and financial condition of the Company and/or the Group could be materially and adversely affected. In such cases, the ability of the Company to comply with its obligations under the Trust Deed and the Notes may be adversely affected.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Company or the Group prior to making an investment or divestment decision in relation to the Notes. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the Notes (nor any part thereof) is intended to provide the basis for any credit or other evaluation and should not be considered as a recommendation by the Company, the Group, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Company, its subsidiaries and associated companies (if any), any of the Dealers or either of the Arrangers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Company, its subsidiaries and associated companies (if any), the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

RISKS RELATING TO SINGAPORE AIRLINES

Geo-political Risks

Singapore Airlines' business consists substantially of carriage of passengers and freight globally. It will be affected if there is a widespread reduction in the demand for air travel arising from geo-political events that cause customers to reduce or avoid air travel, or that prevent the Company from delivering its services.

Epidemics and other natural or man-made calamities can cause customers and businesses to cancel or postpone international air travel

The outbreak of any contagious disease with human-to-human airborne or contact propagation effects (e.g. mutation of Avian Flu H5N1 etc) that escalates into a regional or global pandemic may have adverse impact on all airlines, including Singapore Airlines, that operates to/from affected areas/regions. Air travel will be severely reduced even though international and national response plans to address such events have been developed or are in development. Other natural calamities such as earthquakes, floods, volcanic eruptions or tsunamis may devastate destinations and significantly reduce travel to those areas for a period of time. Terrorism and war (and threats of terrorism and war) and civil/political strife may also contribute to a fear of travelling by air, or visiting particular destinations, resulting in a sharp fall in demand for air travel. These events may also result in the closure or restriction of access to airspace or airports. Given that Singapore Airlines' services depend on the availability of these facilities, its business and operations could be adversely affected by the occurrence of such events.

Economic Risks

International air transportation is intimately linked and correlated with economic growth. Growth or decline in economic activity directly affects demand for business travel by air and for cargo space. Economic downturns can also impact leisure travel as discretionary income is affected. The financial crisis in the United States in 2008 and ensuing global recession are examples of events that may cause or develop into economic declines that could adversely affect the Group's business, financial position and financial performance.

Competition Risks

Singapore Airlines' hub location in Changi, Singapore, enjoys geographical advantages in linking traffic between regions. Changi Airport faces competition from the development and growth of other hub airports in the Asia-Pacific and/or the Middle East that may draw traffic away or allow traffic to by-pass Changi. A decline in traffic may be experienced by Singapore Airlines should international air traffic patterns shift to other airports and by-pass Changi.

The international aviation market is highly competitive. As an international full service carrier, Singapore Airlines competes for passengers with other major full service airlines. Any liberalisation of traffic rights or change of traffic pattern in respect of a major route that the Group operates will result in increasing competition or loss in demand on that route. A significant and prolonged reduction in yields or loss of market share to competitors would impact Singapore Airlines' operational results.

Airlines with different business models are emerging as potential threats to full service airlines. Such business models include low cost airlines and all premium class airlines offering similar routes. Low cost airlines may compete on short haul sectors of up to approximately four hours, or on long haul sectors including Asia-Europe or Asia-Australia.

Regulatory Risks

Safety, environmental and similar regulations impose significant requirements and compliance costs on Singapore Airlines' business. For Singapore Airlines to maintain its air operator's certificate, it has to comply with regulations in Singapore and elsewhere. These regulations deal mainly with safety issues - from aircraft airworthiness to training of crew. Governments across the world have also become more active in regulatory intervention on issues ranging from environmental protection to anti-corruption and consumer welfare. Changes in such regulations, or the administration of such regulations, could have an adverse impact on the Group's business by increasing costs, impeding normal service, restricting market access and benefiting its competitors.

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 the Board Executive Committee, 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, options and collar contracts with approved counterparties and within approved credit limits.

The Group manages this fuel price risk by using swap, option and collar contracts and hedging up to 18 months forward.

For the financial year ended 31 March 2013, a change in price of one US dollar per barrel of jet fuel would have affected the Group's annual fuel costs by S$45.6 million. This is under the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant and the effects of hedging has also been excluded.

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 2013, these accounted for 56.4% of total revenue and 68.7% of total operating expenses. The Group's largest exposures are from US Dollar, Euro, GBP, Swiss Franc, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Renminbi, Korean Won and Malaysian Ringgit. For the financial year ended 31 March 2013, the Group generated a surplus in all of these currencies, with the exception of US Dollar. The deficit in US Dollar is attributable to capital expenditure, fuel costs and aircraft leasing costs - all conventionally denominated and payable in US Dollar.

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 US Dollar and Singapore Dollar. The Group also uses forward foreign currency contracts and foreign currency option contracts to hedge a portion of its future foreign exchange exposure.

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 Board Executive Committee or Boards of subsidiaries.

Market Rate Risk

As at 31 March 2013, the Group owned investments of S$957.4 million, which are subject to market rate risk. The market rate risk associated with these investments is the potential loss resulting from a decrease in market prices.

Counterparty and Credit Risk

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

The Group has an independent Group Debts Review Committee to review the follow up actions on outstanding receivables. On a day-to-day basis, the respective Finance divisions have the primary responsibility for measuring and managing specific risk exposures.

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 International Air Transport Association ("**IATA**") accredited sales agents. The credit risk of such sales agents is relatively small owing to broad diversification. Receivables and payables among airlines are generally settled either bilaterally or via the IATA clearing house. Receivables and payables are generally netted at weekly intervals, which lead to a clear reduction in the risk of default.

Liquidity Risk

As at 31 March 2013, the Group had at its disposal, cash and short-term deposits amounting to S$5,059.6 million. In addition, the Group had available short-term credit facilities of about S$374.2 million. The Group also has a Medium Term Note Programme under which it may issue notes to meet liquidity requirements. As at 31 March 2013, the size of the Programme was S$1,000.0 million and S$500.0 million was un-utilised. Under the Programme, notes issued by the Company may have varying maturities as agreed with the relevant financial institutions.

RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES

There may be no active trading market for the Notes

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. The lack of liquidity may have a severely adverse effect on the market value of the Notes.

Fluctuation of Market Value of Notes

Trading prices of the Notes are influenced by numerous factors, including (a) the market for similar securities, (b) the operating results and/or financial condition of the Company and/or its subsidiaries and/or associated companies (if any) and (c) political, economic, financial and any other factors that can affect the capital markets, the industry, the Company, its subsidiaries and/or associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Company, its subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of the Company, its subsidiaries and associated companies (if any).

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets or may adversely affect the market price of any Series or Tranche of the Notes.

Interest Rate Risk

Noteholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in prices of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Noteholders may suffer erosion on the real return of their investments due to inflation. Noteholders may have an anticipated real rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual real returns.

Singapore taxation

The Notes to be issued from time to time under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2018 are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") subject to the fulfillment of certain conditions more particularly described in the "Singapore Taxation on the Notes" section of this Information Memorandum. However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Anti-money laundering and terrorism

The Trustee may take and instruct any delegate to take any action which the Trustee considers appropriate so as to comply with law, regulation, request of a public or regulatory authority or policy which relates to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to sanctioned persons or entities, including but not limited to the interception and investigation of transactions. There is a risk that such action may delay or prevent the processing of payment instructions, the settlement of transactions or the Trustee's performance of its obligations under the Trust Deed. In such circumstances, the Trust Deed provides that any delay in the payment by Singapore Airlines under the Trust Deed or the Notes which is caused by the Trustee taking such action shall not in itself constitute an Event of Default under the Notes or a breach of any provision of the Trust Deed or the Notes and that Singapore Airlines shall not be liable for any further interest (including default interest) on the Notes resulting from such non-payment.

Performance of contractual obligations by the Company is dependent on other parties

The ability of the Company to make payments in respect of the Notes may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent and/or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant party will not relieve the Company of its obligations to make payments in respect of the Notes, the Company may not, in such circumstances, be able to fulfill its obligations to the Noteholders and the Couponholders.

Notes may be issued at a substantial discount or premium

The market value of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Notes may be subject to optional redemption by the Company

An optional redemption feature is likely to limit the market value of Notes. During any period when the Company may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Company may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable amendment or supplement to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Exchange rate risks and exchange controls may result in Noteholders receiving less interest or principal than expected

The Company will pay principal and interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if the Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Notes are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Provisions in the Trust Deed and the Terms and Conditions of the Notes may be modified

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Variable Rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

CAPITALISATION

Singapore Airlines Company Capitalisation

The following table sets out the capitalisation of Singapore Airlines as at 31 March 2013, based on the audited balance sheet of the Company:

	(S$ million)
Share capital of Singapore Airlines - issued and fully paid[1]	1,856.1
Distributable reserves	10,254.3
Non-distributable reserves	
Treasury Shares	(269.8)
Share-based compensation reserve	124.5
Fair value reserve	2.9
Capital reserve	(9.4)
Equity holders' funds	**11,958.6**
Long-term liabilities	
Notes payable	800.0
Short-term liabilities	-
Total Indebtedness	**800.0**
Total Capitalisation	**12,758.6**

[1] As at 31 March 2013, 1,199,851,018 ordinary shares and one special share had been issued.

SINGAPORE AIRLINES LIMITED

INTRODUCTION

Singapore Airlines traces its history to the birth of Malayan Airways Limited in May 1947. Singapore Airlines' first flight in its own name took place on 1 October 1972.

Shares in the capital of Singapore Airlines were listed on the SGX-ST in December 1985. Its market capitalisation was approximately S$12.3 billion[2] as at 31 December 2013. The majority shareholder of Singapore Airlines, Temasek, held, directly and indirectly, approximately 55.9% of the total share capital of Singapore Airlines as at 31 March 2013. Temasek is wholly-owned by the government of Singapore.

Singapore Airlines provides commercial airline services to destinations in Asia, Australia, New Zealand, America, Europe and Africa from its hub at Singapore's Changi Airport. For the financial year ended 31 March 2013, Singapore Airlines carried more than 18 million passengers.

Group net profit for the financial year ended 31 March 2013 improved 12.8% year-on-year to S$379 million, despite recording a lower operating profit. This was due to an increase in non-operating items from surplus on the sale of aircraft, spares and spare engines, and higher net interest income, partially offset by a S$20 million provision by SIA Cargo related to competition law matters in Australia and New Zealand.

The major subsidiaries of the Group are SIAEC, SIA Cargo, and SilkAir. SIAEC is listed on the SGX-ST. The operating results of the main companies in the Group for the financial year ended 31 March 2013 are as follows:

Singapore Airlines	Operating profit of S$187 million (S$181 million profit in FY2012)
SIAEC	Operating profit of S$128 million (S$130 million profit in FY2012)
SilkAir	Operating profit of S$97 million (S$105 million profit in FY2012)
SIA Cargo	Operating loss of S$167 million (S$119 million loss in FY2012)

A comprehensive list of awards won by the Group is set out on pages 36 to 37 of its Annual Report for the financial year ended 31 March 2013. Singapore Airlines ranks amongst the world's most awarded airlines. Singapore Airlines aims to be one of the favourite airlines among business and leisure travellers in numerous international rankings, highlighting its continued focus on product innovation and service excellence.

The numerous awards that Singapore Airlines has been winning over the years encompass categories such as in-flight entertainment, food and beverages, ground services, safety and company management.

Singapore Airlines was named the "Top Worldwide Airline" for the sixth consecutive year by *Wanderlust Travel* based in UK, and has won this award for the 11th time in the award's 12-year history. Singapore Airlines was voted "Best Airline" for the third consecutive year by *Traveller's World Magazine*, as well as the "Best Full Service Airline" during the *AsiaOne People's Choice Awards 2013*.

TravelAge West (USA) and Condé Nast Traveler (USA), both leading travel publications, named Singapore Airlines as the "Best Airline, International" for the seventh consecutive year in its *2013 Wave Awards*, and "Best Foreign Airline" for the 25th time in its 26-year history at the *2013 Readers' Choice Awards* respectively.

The carrier also secured the "Best International Airline Award" in the *World's Best Awards* survey conducted by the US-based travel magazine, *Travel + Leisure*, for the 17th consecutive year.

[2] Based on closing price of S$10.41 as at 31 December 2013.

Readers of a leading regional travel magazine, *Business Traveller Asia Pacific,* voted Singapore Airlines the "Best Airline" for the 22nd consecutive year. In addition, readers rated Singapore Airlines as the "Best Asia-Pacific Airline", and the airline with the "Best First Class", "Best Business Class", and "Best Economy Class".

For the 12th consecutive year, Singapore Airlines was inducted into the Travel Hall of Fame in the *TTG Travel Awards 2013*. In the *Northern Light 2013 Award (Scandinavia)*, Singapore Airlines was named the "Best Travel Company in the Nordic Region".

Singapore Airlines was ranked 31st in *Fortune* magazine's list of *The World's Most Admired Companies.*

The Singapore Airlines brand name continues to be as strong as ever, clinching the "Brand of the Year 2013, Airline Sector" at the *Korea Economic Daily & Korean Consumer's Forum*, and the "The Airline with Best Credibility and Reputation" for the second year running at the *2012 Award for New Role Model in the Travel Industry (China).*

PRINCIPAL ACTIVITIES OF SINGAPORE AIRLINES

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

The table below shows the contribution of various business units to the SIA Group's revenue for the financial years ended 31 March 2013 and 2012.

Analysis by business activity (SIA Group)

	Revenue		Operating Profit/(Loss)	
	Financial year ended 31st March			
	2013 (S$ million)	2012 (S$ million)	2013 (S$ million)	2012 (S$ million)
Airline operations	13,412.6	12,817.2	262.0	279.1
Engineering services	1,146.7	1,169.9	128.1	129.6
Cargo Operations	2,419.6	2,679.5	(167.0)	(119.3)
Others	126.5	129.6	4.6	(0.4)
	17,105.4	16,796.2	227.7	289.0
Inter-segment transactions	(2,007.2)	(1,938.4)	1.5	(3.1)
Total	15,098.2	14,857.8	229.2	285.9

Source: Annual Report of the Company for the financial year ended 31 March 2013.

Passenger Airline Operations

The table below summarises certain key indicators of Singapore Airlines' passenger business for the financial years ended 31 March 2013, 2012, 2011, 2010 and 2009:

	Financial year ended 31 March				
	2013	2012	2011	2010	2009
Passengers carried (thousand)	18,210	17,155	16,647	16,480	18,293
Revenue passenger-km (million)	93,765.6	87,824.0	84,801.3	82,882.5	90,128.1
Available seat-km (million)	118,264.4	113,409.7	108,060.2	105,673.7	117,788.7
Passenger load factor (%)	79.3	77.4	78.5	78.4	76.5

Revenue passenger-km	=	Number of passengers carried x distance flown (in km)
Available seat-km	=	Number of available seats x distance flown (in km)
Passenger load factor	=	Revenue passenger-km expressed as a percentage of available seat-km

Source: Annual Report of the Company for the financial year ended 31 March 2013.

Singapore Airlines is one of the world's largest international passenger airlines. It was ranked ninth largest in terms of international revenue passenger kilometres ("**RPKs**") in 2013:

Ranking	Airline	International RPKs (million)
1	Emirates	180,880
2	United Airlines	140,711
3	Lufthansa	136,882
4	Air France	125,966
5	Delta Airlines	125,141
6	British Airways	121,272
7	Ryanair	96,991
8	Cathay Pacific Airways	93,842
9	Singapore Airlines	92,944
10	KLM	86,281

Source: IATA, World Air Transport Statistics, 57th Edition, 2013.

Singapore Airlines has a geographically diversified revenue base from passenger operations. For the financial year ended 31 March 2013, Singapore Airlines derived 69.3% of its passenger revenue from destinations outside East Asia. This diversification has reduced reliance on a particular country or region and enabled Singapore Airlines to reallocate capacity when required and enhanced the stability of Singapore Airlines' revenue stream.

Singapore Airlines Passenger Revenue by Route Region[3], [4]

	Financial year ended 31 March			
	2013		2012	
	(S$ million)	%	(S$ million)	%
East Asia	2,570.0	30.7	2,482.6	29.6
Americas	1,638.0	19.6	1,677.3	20.0
Europe	1,868.8	22.3	1,885.9	22.5
South West Pacific	1,524.3	18.2	1,517.0	18.0
West Asia and Africa	772.5	9.2	829.2	9.9
Passenger Revenue	8,373.6	100.0	8,392.0	100.0

Source: Annual Report of the Company for the financial year ended 31 March 2013.

3 Revenue by route region is defined as revenue derived from a route originating from Singapore with its final destination in countries covered by the region and *vice versa*. For example, Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region.

4 East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, South Korea, Malaysia, People's Republic of China, Myanmar, Philippines, Thailand, Taiwan and Vietnam. Americas comprises Brazil and USA. Europe consists of Denmark, England, France, Germany, Greece, Italy, Russia, Spain, Switzerland, The Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, Egypt, India, Maldives, Saudi Arabia, South Africa, Sri Lanka and United Arab Emirates.

Passenger Revenue Share by Area of Original Sale[4, 5]

	Financial year ended 31 March			
	2013		2012	
	(S$ million)	%	(S$ million)	%
East Asia	4,422.9	52.8	4,381.6	52.2
Americas	740.2	8.8	728.5	8.7
Europe	1,312.8	15.7	1,367.8	16.3
South West Pacific	1,503.4	18.0	1,495.0	17.8
West Asia and Africa	394.3	4.7	419.1	5.0
Passenger Revenue	8,373.6	100.0	8,392.0	100.0

Source: Annual Report of the Company for the financial year ended 31 March 2013.

Other Business Activities

Apart from airline operations, the SIA Group's other principal business activities are undertaken by its subsidiaries, as described in the section below titled "Major Subsidiaries".

STRATEGIC OVERVIEW

Business Strategy

Singapore Airlines' business strategies support and sustain its mission statement: "We are a global company dedicated to providing air transportation services of the highest quality and to maximising returns for the benefit of its shareholders and employees".

Singapore Airlines focuses on its core airline business, with key stakes in airline-related services in order to maintain high quality and safety standards. In 2012, Scoot, a wholly-owned subsidiary of Singapore Airlines, commenced operations to cater to the growing demand among consumers for low-fare travel. Singapore Airlines also supplements organic growth through strategic stakes in other airlines and related businesses that provide alternative sources of income. Examples include its 40% stake in Tiger Airways Holdings Limited, its 19.8% stake in Virgin Australia Holdings Limited and the planned 49% stake in a new airline joint venture with Tata Sons Limited in India.

Singapore Airlines' key business strategies aim to:

- achieve steady capacity growth in a cyclical business and build a portfolio of airlines and a diversified route network to protect against regional business downturns;
- improve and upgrade customers' travel experience on the ground and in the air, through continual product and service improvements and fleet renewal;
- sustain growth with Singapore as the premier air hub with optimal flight connectivity for our customers;
- make effective use of alliances and other partnerships for greater marketing and distribution reach beyond the services that we operate;
- develop human resources, with a strong emphasis on training, to deliver superior customer service; and
- strive for sustainable improvements in cost efficiency through continuous focus on business processes.

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[4] East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, South Korea, Malaysia, People's Republic of China, Myanmar, Philippines, Thailand, Taiwan and Vietnam. Americas comprises Brazil and USA. Europe consists of Denmark, England, France, Germany, Greece, Italy, Russia, Spain, Switzerland, The Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, Egypt, India, Maldives, Saudi Arabia, South Africa, Sri Lanka and United Arab Emirates.

[5] Revenue by area of original sale is defined as revenue originating in the area in which the sale is made.

Financial Strategy

Singapore Airlines' financial strategies are driven by the dual objectives to maintain a flexible and prudent financial structure that facilitates the commercial activities of the Company and to enhance shareholder value.

Singapore Airlines targets gearing and debt service levels that are, in the foreseeable future, consistent with or better than the best airlines among its peers globally, providing the Company with the financial flexibility to pursue its business strategies.

Maintenance of adequate liquidity for the Company's needs is a critical objective. Singapore Airlines retains liquidity in the form of cash and other liquid resources, committed credit facilities and access to other debt markets through the MTN Programme and/or similar structures. All aircraft on Singapore Airlines' balance sheet are unencumbered.

Singapore Airlines' operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and counterparty risks. Its overall risk management approach is to moderate the effects of such volatility on its financial performance. These financial risks are described in more detail in the section "Risk Factors".

The Board Executive Committee sets directions, policies and guidelines pertaining to financial strategy, including management of surplus funds, liquidity management, financing and financial risk management.

FLEET AND ROUTE NETWORK

Fleet

Singapore Airlines has a modern fleet with relatively few aircraft and engine types. Such fleet commonality reduces maintenance and training costs. As at 31 March 2013, SIA Group's operating fleet consisted of 139 aircraft, as follows:

Aircraft Type	Number of Aircraft	Average Age in Years (y) and Months (m)
Singapore Airlines:		
B777-200	2	15 y 1 m
B777-200A	7	11 y 7 m
B777-200R	11	9 y 9 m
B777-200ER	9	10 y 7 m
B777-200ERR	2	10 y 10 m
B777-300R	7	9 y 5 m
B777-300ER	19	5 y 7 m
A340-500	5	9 y 1 m
A380-800	11	4 y 4 m
A380-800A	8	1 y 2 m
A330-300	20	3 y 2 m
Sub-total	101	6 y 8 m
SIA Cargo:		
B747-400F	12	11 y 8 m
SilkAir:		
A319-100	6	7 y 2 m
A320-200	16	6 y 6 m
Sub-total	22	6 y 8 m
Scoot:		
B777-200	4	15 y 9 m
Total	139	7 y 1 m

Between 1 April and 31 December 2013, five new Airbus 330-300 aircraft joined the fleet. These deliveries raised the number of A330-300 aircraft in the airline to 25. In addition to the B777-200 and B777-300 aircraft, the A330-300 fleet is also deployed on medium haul routes to destinations in Asia and the South West Pacific. Singapore Airlines also took delivery of two new Boeing 777-300ER aircraft in September 2013, thus raising the number of B777-300ER in the fleet to 21. This extended range version of the Boeing 777 aircraft is used mainly for destination points in Europe. In the same time period, SilkAir also took delivery of two new Airbus 320 aircraft to bring the total number of A320 in its fleet to 24 while Scoot took delivery of two B777-200 aircraft to increase its fleet size to six aircraft.

All five Airbus 340-500 aircraft, which were deployed on non-stop services from Singapore to Los Angeles and New York, have been retired from the operating fleet and the sale of these aircraft has been completed in January 2014. In June 2013, SIA Cargo parked three aircraft (in addition to the one aircraft that had been parked earlier) and subsequently, all four aircraft were decommissioned. As of 31 December 2013, SIA Cargo operates a fleet of nine Boeing 747-400 freighter aircraft.

New aircraft will be added to the fleet in the coming years. As at 31 December 2013, Singapore Airlines had firm orders for 120 aircraft, with options for a further 21 aircraft. The contractual aircraft delivery schedule is as follows:

- Nine A330-300 - Deliveries scheduled between 2014 and 2015.
- Six Boeing 777-300ER - Deliveries scheduled between 2014 and 2015.
- 70 A350-900XWB - Deliveries starting from 2016.
- Five A380-800 - Deliveries scheduled between 2017 and 2018.
- 30 Boeing 787-10X - Deliveries starting from 2018.

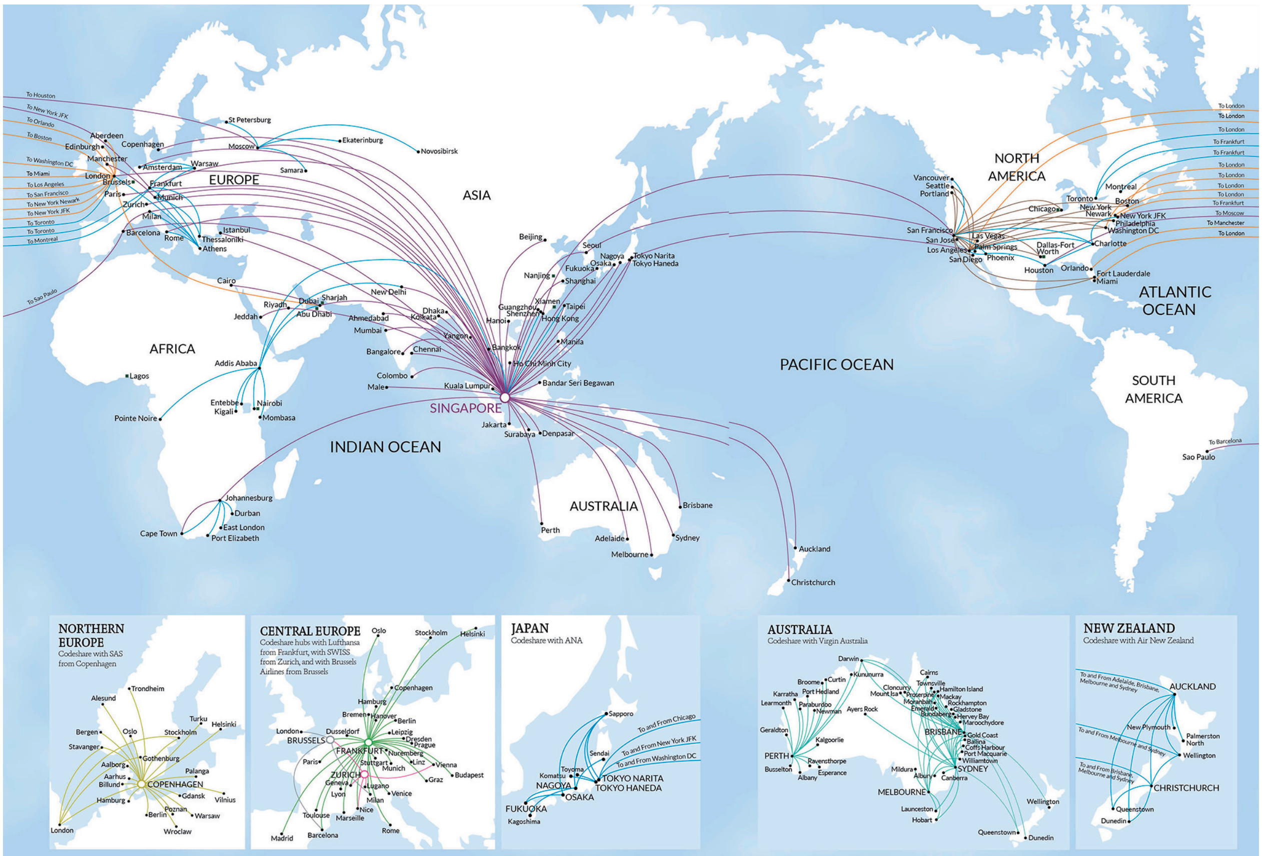
In addition, as at 31 December 2013, SilkAir had firm orders for 54 Boeing 737 family aircraft with deliveries scheduled to start in 2014 plus options for a further 14 such aircraft, and Scoot had firm orders for 20 Boeing 787 aircraft that are scheduled for delivery starting from late 2014.

The new aircraft will cater to future growth, as well as replace older aircraft, to ensure that Singapore Airlines maintains a young and efficient fleet of aircraft. New aircraft with the latest technology not only provide greater passenger comfort and satisfaction, but also support levels of flight punctuality and schedule integrity while reducing operating and maintenance costs. As Singapore Airlines operates a younger fleet than many of its competitors, it has greater flexibility to schedule its fleet upgrading and renewal programme according to prevailing business needs and economic conditions, without compromising its goal to operate one of the youngest fleets in the world.

To hedge its exposure to aircraft residual value risk, Singapore Airlines has, from June 1997, used the sale and leaseback market to pre-dispose of some of its aircraft. In a sale and leaseback transaction, an investor purchases the aircraft and leases it back to Singapore Airlines via an operating lease for an agreed fixed term. As at 31 December 2013, 59 aircraft in SIA Group's operating fleet were on operating leases, of which 42 were leased by the Company.

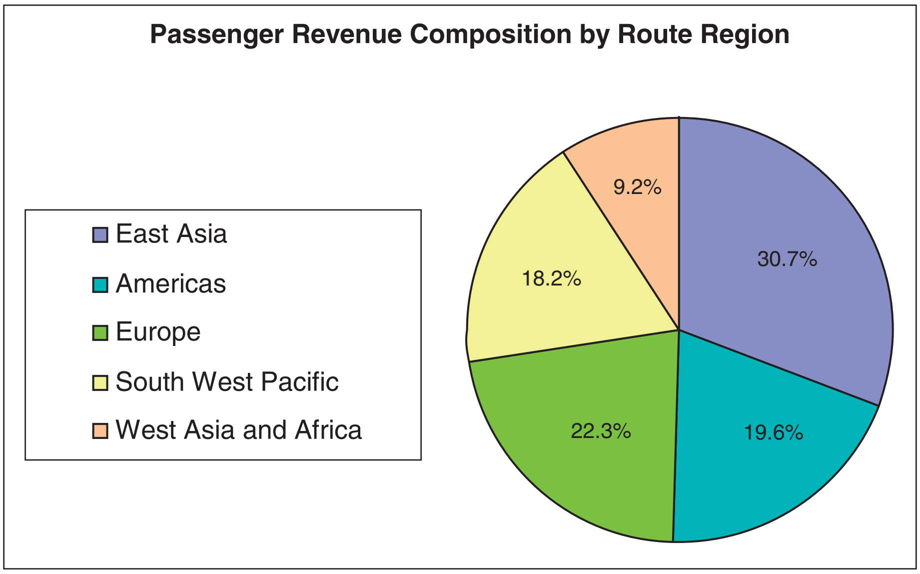
Route Network

Singapore Airlines operates an extensive and well-connected international route network. As at 1 February 2014, Singapore Airlines' route network, including SIA Cargo, SilkAir and codeshare services, covered 228 destinations in 53 countries.



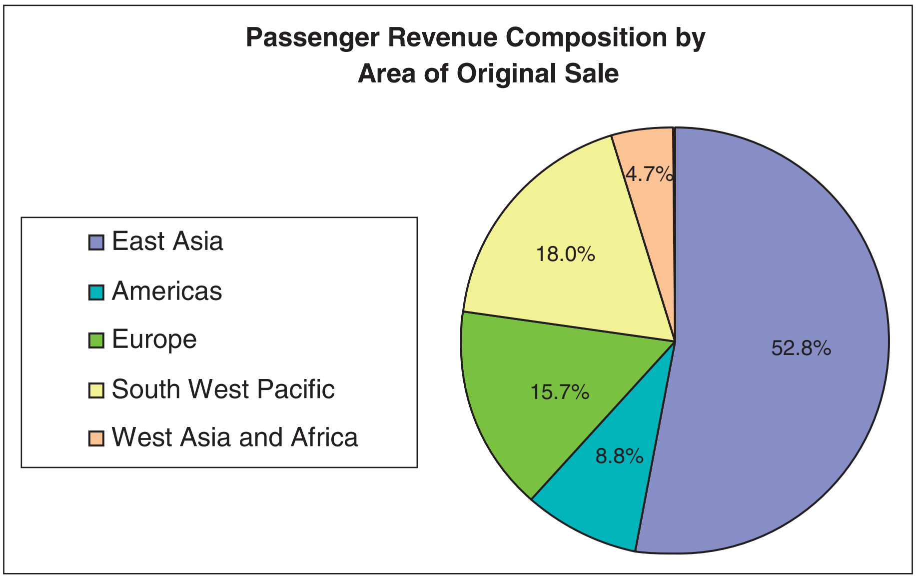
Singapore Airlines' network growth strategy is premised on pursuing sustainable, profitable growth across a well-diversified network. The network diversification minimises the impact of localised economic shock. In FY2013, the split in passenger revenue from each route region was as follows:

Passenger Revenue Share by Route Region (FY2013)



Singapore Airlines has focused on developing Singapore's importance as a hub and carries a substantially larger traffic share than suggested by the size of its home market. Singapore's strategic geographical location places Singapore Airlines in a position to take advantage of strong growth in the Asia region and emerging markets such as the Middle East, China and India. A high frequency of services to key metro-city destinations, together with a dedication to offer premium service products, have helped to attract and retain higher yielding business travellers.

Passenger Revenue Share by Area of Original Sale (FY2013)



CUSTOMER SERVICE

Singapore Airlines' brand is designed to project a personality committed to success and excellence as embodied in the 'Singapore Girl' - Singapore Airlines' famous icon that symbolises the grace and warmth of its service to its customers. Singapore Airlines' focus on building its brand awareness and customer loyalty has contributed to its consistent growth. By adhering to its longstanding policy of maintaining a young and modern fleet, together with an award winning service, Singapore Airlines believes in providing customers with a superior air travel experience and focuses on constantly improving standards in all classes of travel.

Singapore Airlines launched its next generation of cabin products in July 2013, establishing a new industry benchmark for premium air travel. World-renowned design firms BMW Group DesignworksUSA and James Park Associates developed the latest versions of the First Class and Business Class seats respectively, while the latest Economy class seats offer even better comfort and legroom. Special attention has been given to ergonomics and lighting, comfort, convenience and design, based on extensive customer feedback. First class passengers also get the new range of Salvatore Ferragamo toiletries packaged in an attractive amenity kit, which are specially selected and designed to complement the luxurious travel experience.

Complementing the cabin experience is a new state-of-the-art and the most advanced in-flight entertainment system by Panasonic. It has an improved architecture and Android based seat-end components. Together with the new graphical user interface ("**GUI**") developed by Massive Interactive, navigation of content on the system now relies on finger gestures supported by the touch-screen handsets and monitors. Interactive and new applications planned for this in-flight entertainment system in the future include eMenu, Live News, eReader and an in-flight social network.

The launch of In-Flight Connectivity, which enables customers to link into a network on board an aircraft with the customers' own devices, brings Internet and mobile data services to customers, even when flying at 35,000 feet. Travellers can surf the Internet, send and receive emails on smartphones and other electronic devices, and send and receive SMS text messages with GSM-compatible mobile phones.

The world acclaimed Singapore Airlines International Culinary Panel ("**ICP**") continues to enjoy a leadership position in the industry. Michelin-starred Italian chef Carlo Cracco is the latest appointment to the stellar team of eight other international chefs on the highly regarded ICP which comprises award-winning chefs of global stature. First Class passengers travelling on Chinese routes can enjoy the new Chinese fine dining meal service, created by ICP Chefs Sam Leong from Singapore and Zhu Jun from China. For local delights, our premium travellers are offered an English Afternoon Tea service from London, and the Café Gourmand from Paris. Out of Singapore, Singapore Airlines further expanded its industry leading pre-order meal service Book-the-Cook ("**BTC**") programme to cater to a wider variety of meal choices including creations by ICP Chefs, popular local fare, and healthier and meatless choices. From June 2013, a new gourmet coffee, Illy café, was introduced in the premium classes. Our illustrious panel of wine consultants continues to assist Singapore Airlines in rolling out excellent in-flight pours.

In December 2013, Singapore Airlines unveiled its new-concept SilverKris Lounge in Sydney, as part of a multi-million dollar investment programme to progressively upgrade all of Singapore Airlines' airport lounges around the world in 15 cities over the next five years. Designed by renowned architectural and interior design firm Ong&Ong, the underlying theme of 'Being Home' resonates throughout the new design. Customers are treated as 'guests' with enhanced offerings and service, with Singapore Airlines staff playing the role of 'hosts'. This will assist in re-defining the ground experience for the Singapore Airlines traveller.

MAJOR SUBSIDIARIES

Singapore Airlines conducts its other principal business activities through the subsidiaries described below. Details on the financial results of SIAEC, SIA Cargo and SilkAir for the financial year ended 31 March 2013 can be found in Appendix II.

SIAEC GROUP

	FY2013 S$ million	FY2012 S$ million	Change %
Total revenue	1,146.7	1,169.9	-2.0
Total expenditure	1,018.6	1,040.3	-2.1
Operating profit	128.1	129.6	-1.2
Profit attributable to equity holders of the company	270.1	269.1	+0.4

SIAEC is a major provider of aircraft maintenance, repair and overhaul services in the Asia Pacific region. It provides line maintenance services at Singapore's Changi Airport to more than 50 international carriers. It also provides airframe and component repair on some of the most advanced and widely used commercial aircraft.

SIAEC was listed on the SGX-ST on 12 May 2000. Its market capitalisation as at 31 March 2013 was S$5.2 billion[6]. Singapore Airlines held 78.6% of the total share capital of SIAEC as at 31 March 2013.

As at 31 March 2013, SIAEC derived about 35% to 40% of its revenues from non-SIA Group companies and the remainder from the SIA Group.

A key business strategy of SIAEC is to extend its ability to provide a broad range of maintenance, repair and overhaul services to its customers through alliances and partnerships. As at 31 March 2013, SIAEC had 27 subsidiaries, joint ventures and associated companies, 22 of which were established in partnership with well-established aerospace companies and other strategic partners.

6 Based on closing price of S$4.74 as at 31 March 2013.

SIA CARGO

	FY2013 S$ million	FY2012 S$ million	Change %
Total revenue	2,419.6	2,679.5	-9.7
Total expenditure	2,586.6	2,798.8	-7.6
Operating (loss)/profit	(167.0)	(119.3)	-40.0
Exceptional items	(19.9)	(1.3)	n.m.
Loss after taxation	(172.3)	(106.5)	-61.8

SIA Cargo operated as a division of Singapore Airlines until 30 June 2001 when it was incorporated as a wholly-owned subsidiary of Singapore Airlines. It operated a fleet of 12 B747-400 freighters as at 31 March 2013. It has also contracted to buy the entire cargo capacity of Singapore Airlines' passenger operation and is marketing that capacity.

SIA Cargo's operation was ranked sixth largest in the world in 2012 measured by international freight-tonne-kilometres ("**FTKs**") flown.

Ranking	Airline	International FTKs (million)
1	Emirates	9,319
2	Cathay Pacific Airways	8,433
3	Korean Air	8,099
4	Federal Express	7,787
5	Lufthansa	7,170
6	Singapore Airlines	6,694

Source: IATA, World Air Transport Statistics, 57th Edition, 2012.

SIA Cargo's key service capabilities include the following areas:

- superior and highly reliable uplift and delivery for both small and large shipments, including guaranteed uplift services to meet customers' time-sensitive needs;
- specialised competencies for shipments in a number of industry sectors - an example is the handling of temperature-sensitive products, such as pharmaceuticals;
- an extensive global network offering delivery capabilities to major destinations worldwide;
- continuous enhancement of information technology applications to improve information handling and efficiency and increased shipment visibility for its customers; and
- short and efficient connection for flights at our hub in Singapore to ensure minimal time spent for shipments getting across the world.

SIA Cargo received the "Award for Excellence (Air Carrier)" from Air Cargo World in FY2013. It was also named Best Air Cargo Carrier in Asia and Best Green Service Provider (Airline) at the Asian Freight & Supply Chain Awards.

As at 31 March 2013, SIA Cargo served 70 cities in more than 30 countries.

SILKAIR

	FY2013 S$ million	FY2012 S$ million	Change %
Total revenue	846.0	750.8	+12.7
Total expenditure	749.3	646.2	+16.0
Operating profit	96.7	104.6	-7.6
Profit after taxation	80.7	84.9	-4.9

SilkAir is a Singapore-based regional airline that serves destinations in the Asia-Pacific region within five hours flying time of Singapore. As the regional wing of Singapore Airlines, SilkAir extends the Group's footprint in Asia by offering connections from Singapore to many diverse points in the region with its fleet of narrow-bodied A320/319 aircraft. In its 24th year of operation, as at 31 March 2013, SilkAir's network had matured steadily with more than 350 scheduled services per week between Singapore and 41 points in Australia, Indonesia, Cambodia, China, India, Malaysia, Myanmar, Nepal, Philippines, Thailand and Vietnam.

The SilkAir network is fully integrated with that of Singapore Airlines, offering optimum flight connectivity through Singapore. SilkAir's business strategy is to offer a two-class, full service product of the highest quality, while applying the best industry cost management practices to maximise operating margins. SilkAir operates, as at 31 March 2013, a fleet of 22 Airbus A320 family aircraft; with two more of the same family and 54 Boeing 737 on firm order.

SELECTED FINANCIAL INFORMATION

The following tables present selected information for the SIA Group and the Company for the past four financial years ended and as at 31 March 2013, 2012, 2011 and 2010.

SIA Group

Profit and Loss Statement:

S$ million	For the financial year ended 31 March 2013	2012	2011	2010
Total Revenue	15,098.2	14,857.8	14,524.8	12,707.3
Expenditure	14,869.0	14,571.9	13,253.5	12,644.1
Operating Profit	229.2	285.9	1,271.3	63.2
Profit Before Tax	482.0	448.2	1,419.0	285.5
Profit Attributable to Equity Holders	378.9	335.9	1,092.0	215.8

Balance Sheet:

S$ million	As at 31 March 2013	2012	2011	2010
Cash and Bank Balances	5,059.6	4,702.7	7,434.2	4,471.9
Total Assets	22,428.1	22,043.0	24,544.5	22,484.3
Equity Holders' Funds	13,104.7	12,893.4	14,204.4	13,468.9

Singapore Airlines (Company)

Profit and Loss Statement:

S$ million	For the financial year ended 31 March 2013	2012	2011	2010
Total Revenue	12,387.0	12,070.1	11,739.1	10,145.0
Expenditure	12,199.8	11,889.5	10,887.8	10,183.6
Operating Profit/(Loss)	187.2	180.6	851.3	(38.6)
(Loss)/Profit Before Tax	(682.4)	413.3	1,194.0	233.3
(Loss)/Profit After Tax	(694.1)	390.2	1,011.2	279.8

Balance Sheet:

S$ million	As at 31 March 2013	2012	2011	2010
Cash and Bank Balances	4,834.3	4,450.7	7,217.8	4,260.7
Total Assets	20,738.9	21,684.3	24,183.4	21,948.5
Equity Holders' Funds	11,958.6	12,846.9	14,135.1	13,483.3

FINANCIAL REVIEW

The following sets out a financial review for each of the past three financial years ended 31 March 2013, 2012 and 2011.

Financial year ended 31 March 2011 compared with financial year ended 31 March 2010

Singapore Airlines (Company)

	FY2011 (S$ million)	FY2010 (S$ million)	Change %
Revenue	11,739.1	10,145.0	+15.7
Expenditure	(10,887.8)	(10,183.6)	+6.9
Operating Profit/(Loss)	851.3	(38.6)	n.m.
Non-operating items	342.7	271.9	+26.0
Profit before taxation	1,194.0	233.3	n.m.
Taxation	(182.8)	46.5	n.m.
Profit after taxation	1,011.2	279.8	n.m.

Company Revenue

The Company's revenue increased by 15.7% to S$11,739 million. The largest contributions to the increase was passenger revenue (excluding fuel surcharges), with an 18.7% increase to S$8,683 million. The higher passenger revenue was the result of a 15.9% increase in passenger yield (excluding fuel surcharge) and a 2.3% increase in passenger traffic. The increase in passenger yield was due to higher local currency yields and improved passenger mix, partially offset by the effect of a stronger Singapore Dollar.

Company Operating Expenditure

The Company's operating expenditure in FY2011 increased by 6.9%, to S$10,888 million, substantially attributable to increased fuel, staff and sales costs.

Expenditure on fuel rose by S$268 million (+7.6%) due to a 26.3% increase in the weighted average fuel price and a 3.6% increase in fuel consumed, offset by lower fuel hedging loss and weakening of US Dollar against Singapore Dollar. Staff costs rose by S$175 million (+12.8%) due to higher provision for profit sharing bonus as a result of better operating performance and the reinstatement of wage cut. Sales cost increased S$71 million from higher commission and incentives, in line with the higher revenue.

Company Operating Profit

The Company recorded an operating profit of S$851 million against a S$39 million loss in FY2010.

Group Earnings and Financial Position

The Group achieved an operating profit of S$1,271 million in FY2011, which was S$1,208 million more than the previous financial year, on the back of a strong recovery in performance by the Company. Group revenue grew S$1,817 million (+14.3%) to S$14,525 million as both carriage and yields recovered from depressed levels in the previous year. On the cost side, Group expenditure rose S$609 million (+4.8%) to S$13,254 million. Fuel costs excluding hedging increased S$877 million (+24.1%), as average jet fuel prices surged 26.3% this year. This was partially offset by a smaller loss from fuel hedging (S$62 million versus S$558 million).

Profit attributable to equity holders for FY2011 was S$1,092 million, an increase of S$876 million from the S$216 million profit the previous year largely due to the better operating performance.

The Group's total assets stood at S$24,544 million at 31 March 2011, an increase of 9.2% from a year earlier. Equity holders' funds increased 5.5% to S$14,204 million.

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

For the financial year ended 31 March 2011, the Board recommended a final dividend of 40 cents per share. After considering the financial performance and long-term capital adequacy of the Company, the Board recommended a special dividend of 80 cents per share. Including the interim dividend of 20 cents per share paid on 8 December 2010, the total dividend for FY2011 was S$1.40 per share. This amounted to a payout of approximately S$1,673 million based on the number of issued shares as at 31 March 2011. The dividend cover was 0.7 times.

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

Financial year ended 31 March 2012 compared with financial year ended 31 March 2011

Singapore Airlines (Company)

	FY2012 (S$ million)	FY2011 (S$ million)	Change %
Revenue	12,070.1	11,739.1	+2.8
Expenditure	(11,889.5)	(10,887.8)	+9.2
Operating Profit	180.6	851.3	-78.8
Non-operating items	236.8	342.7	-30.9
Profit before taxation and exceptional items	417.4	1,194.0	-65.0
Exceptional items	(4.1)	-	n.m.
Profit before taxation	413.3	1,194.0	-65.4
Taxation	(23.1)	(182.8)	-87.4
Profit after taxation	390.2	1,011.2	-61.4

Company Revenue

The Company's revenue increased by 2.8% to S$12,070 million. The largest contribution to the increase came from indirect operating revenue, with a 30.1% increase to S$2,508 million. This was partially offset by a 3.4% decrease in passenger revenue (excluding fuel surcharge) to S$8,392 million. The higher indirect operating revenue mainly stemmed from higher fuel surcharge collections while the decrease in passenger revenue was due to a 5.9% drop in passenger yield (excluding fuel surcharge), partly offset by a 3.6% increase in passenger traffic. This decline in passenger yield was due mainly to lower local currency yields.

Company Operating Expenditure

The Company's operating expenditure in FY2012 increased by 9.2% to S$11,889 million, substantially attributable to increased fuel cost, partially offset by lower depreciation, sales and staff costs. Expenditure on fuel (before hedging) rose by S$1,134 million due to a 31.8% increase in the weighted average fuel price and a 4.6% increase in fuel consumed, partially offset by a weaker US Dollar. Depreciation fell by S$91 million (-6.5%) mainly from lower depreciation of heavy maintenance visits ("**HMV**") and engine overhauls ("**EOH**") with the sale of three B747-400 and two B777-200 aircraft and the return of four B777-300, three B747-400 and one B777-200 aircraft to lessors on expiry of the leases during the financial year. Sales costs decreased $58 million (-10.5%) primarily due to lower commission and incentives as more stringent criteria were set for the incentive schemes this year. Staff costs saw a drop of S$54 million (-3.5%), largely from lower provision for profit-sharing bonus as a result of the weaker operating performance.

Company Operating Profit

The Company's operating profit decreased from S$851 million in FY2011 to S$181 million in FY2012.

Exceptional items

A provision has been made for an administrative penalty pursuant to a settlement agreement entered into with the South African Competition Commission. As part of the settlement, the Company has agreed to pay an administrative penalty of ZAR25 million (S$4.1 million) within 30 days of the settlement being confirmed by an order of the South African Competition Tribunal. The issuance of a confirmation order by the South African Competition Tribunal will bring a close to the South African Competition Commission's investigation of the Company.

Group Earnings and Financial Position

Group revenue grew S$333 million (+2.3%) to S$14,858 million, on the back of a 3.6% improvement in passenger carriage, but partially offset by weaker yields. Group expenditure, however, rose at a faster pace, increasing S$1,318 million (+9.9%) to S$14,572 million, primarily from higher fuel cost. Consequently, the Group's operating profit fell S$985 million to S$286 million for the financial year ended 31 March 2012. The operating performance for all the major companies in the Group weakened. The Company recorded an operating profit of S$181 million in the financial year, a reduction of S$670 million (-78.8%) from a year ago. Singapore Airlines Cargo in particular, was in the red as yields were depressed from the weak air freight market, exacerbated by rising fuel costs.

Group profit attributable to equity holders for FY2012 was S$336 million, S$756 million lower (-69.2%) than in the preceding year, primarily attributable to the lower operating profit.

The Group's total assets stood at S$22,043 million at 31 March 2012, S$2,502 million lower than the preceding year. Equity holders' funds decreased 9.2% to S$12,893 million.

The Group's net liquid asset decreased S$1,543 million to S$4,250 million as at 31 March 2012. Total debt to equity ratio improved from 0.14 times as at 31 March 2011 to 0.08 times as at 31 March 2012.

For the financial year ended 31 March 2012, the Board recommended a final dividend of 10 cents per share. Including the interim dividend of 10 cents per share paid on 2 December 2011, the total dividend for FY2012 was 20 cents per share. This amounted to a payout of approximately S$236 million based on the number of issued shares as at 31 March 2012. The total dividend per share of 20 cents translated to a payout ratio of 70.2%, an increase of 4.5 percentage points compared to the FY2011 payout ratio of 65.7%.

Capital expenditure was S$1,641 million, 34.1% lower than the year before. About 96% of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of S$2,728 million (-38.5%) was 1.66 times of capital expenditure. The decrease in internally generated cash flow was primarily due to the weaker operating performance.

Financial year ended 31 March 2013 compared with financial year ended 31 March 2012

Singapore Airlines (Company)

	FY2013 (S$ million)	FY2012 (S$ million)	Change %
Revenue	12,387.0	12,070.1	+2.6
Expenditure	(12,199.8)	(11,889.5)	+2.6
Operating Profit	187.2	180.6	+3.7
Non-operating items	(869.6)	236.8	n.m.
(Loss)/Profit before taxation and exceptional items	(682.4)	417.4	n.m.
Exceptional items	-	(4.1)	n.m.
(Loss)/Profit before taxation	(682.4)	413.3	n.m.
Taxation	(11.7)	(23.1)	-49.4
(Loss)/Profit after taxation	(694.1)	390.2	n.m.

Company Revenue

The Company's revenue increased by 2.6% to S$12,387 million mainly due to higher indirect operating revenue (+S$351 million) from higher fuel surcharge collections. This was partially offset by an S$18 million decrease in passenger revenue. The decrease in passenger revenue was the result of a 7.3% decrease in passenger yield (excluding fuel surcharges), partly offset by a 6.8% increase in passenger traffic.

Company Operating Expenditure

The Company's operating expenditure in FY2013 increased by 2.6%, to S$12,200 million, substantially attributable to higher staff costs, fuel costs and in-flight meals expense. Staff costs increased S$114 million (+7.6%), largely from higher pay and allowances from service increment and increase in staff strength. Expenditure on fuel (before hedging) rose by S$90 million due to a 4.7% increase in fuel consumption, offset by a 1.4% decrease in the weighted average fuel price and a weaker US Dollar. In-flight meals expense increased 12.0% (S$55 million) as a result of more passengers carried and higher food costs.

Company Operating Profit

The Company's operating profit increased from S$181 million in FY2012 to S$187 million in FY2013.

Non-Operating Items

Non-operating items pertained mainly to the impairment loss of S$1,169 million recorded on the Company's investment in Virgin Atlantic Limited to write down its carrying value to a recoverable value of US$360 million (approximately S$447 million).

Group Earnings and Financial Position

During the financial year, air travel and freighter demand continued to be affected by the ongoing weakness in the Eurozone and sluggish recovery in the United States.

Group revenue grew S$240 million (+1.6%) to S$15,098 million, mainly from airline operations, as a result of stronger passenger carriage, albeit at lower yields. Yields were diluted as tactical promotions were launched to boost loads amid intense competition and key revenue-generating currencies depreciated against Singapore Dollar. This was partially offset by lower cargo revenue from a contraction in both loads and yields.

Group expenditure increased by S$297 million (+2.0%) to S$14,869 million, principally from higher staff, fuel and other variable costs.

Consequently, the Group's operating profit fell S$57 million to S$229 million for the financial year ended 31 March 2013. Except for the Company, operating performance for all the major companies in the Group deteriorated from the preceding year. The Company recorded an operating profit of S$187 million in the financial year, a slight improvement of S$6 million (+3.7%) from a year ago. Singapore Airlines Cargo was loss-making, as it continued to be plagued by depressed yields amid a weak demand environment.

The Group earned a profit attributable to equity holders of S$379 million for FY2013, S$43 million higher (+12.8%) than the preceding year.

Earnings per share (basic) for the Group improved by 13.8% to 32.2 cents, compared to the previous financial year's earnings per share of 28.3 cents.

Total Group assets increased by S$385 million or 1.7% to S$22,428 million as at 31 March 2013. Net asset value per share was up 1.7% to S$11.15.

As at 31 March 2013, equity holders' funds increased by S$211 million or 1.6% to S$13,105 million due mainly to profit for the FY2013 (+S$379 million), partially offset by the payment of final dividend of FY2012 (-$118 million) and payment of FY2013 interim dividend (-S$70 million).

The Group's net liquid assets increased by S$145 million to S$4,395 million as at 31 March 2013, largely due to higher cash and bank balances. Total debt to equity ratio remained flat at 0.08 times as at 31 March 2013.

For the financial year ended 31 March 2013, the Board recommended a final dividend of 17 cents per share. Including the interim dividend of 6 cents per share paid on 26 November 2012, the total dividend for FY2013 was 23 cents per share. This amounted to a payout of approximately S$270 million based on the number of issued shares as at 31 March 2013. The total dividend per share of 23 cents translated to a payout ratio of 71.3%, an increase of 1.1 percentage points compared to the FY2012 payout ratio of 70.2%.

Capital expenditure was S$1,875 million, 14.3% higher than last year. About 98% of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of S$2,859 million (+4.8%) was 1.52 times of capital expenditure. The increase in internally generated cash flow was primarily due to cash flow from operations and higher proceeds from disposal of aircraft, spares and spare engines.

BOARD OF DIRECTORS AND EMPLOYEES OF SINGAPORE AIRLINES

BOARD MEMBERS

The Board of Directors comprises nine members who are responsible for supervising the management (the "**Management**") of Singapore Airlines. The Board meets at least four times a year. It holds separate Strategy Sessions to assist the Management in developing its plans and strategies for the year. The Board of Directors has five standing Board Committees: the Board Executive Committee, the Board Audit Committee, the Board Compensation and Industrial Relations Committee, the Board Nominating Committee and the Board Safety and Risk Committee. These Committees have written charters.

Stephen Lee Ching Yen
Chairman

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

Goh Choon Phong
Director and Chief Executive Officer

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

Gautam Banerjee
Director

Appointed Director on 1 January 2013. Mr Banerjee is a Senior Advisor to the Blackstone Group, a member of Blackstone International Advisory panel and Chairman of Blackstone Singapore. He was with professional services firm, PricewaterhouseCoopers ("**PwC**") Singapore for 30 years, including serving as its Executive Chairman and Chief Operating Officer for the Asia Pacific region. Mr Banerjee retired from PwC Singapore on 31 December 2012. His current roles include serving as Vice Chairman of the Singapore Business Federation and on the Board of The APEC Business Advisory Council. He served on the Corporate Governance Council of the Monetary Authority of Singapore, Companies Act Reform Steering Committee and the Economic Strategies Committee chaired by the Finance Minister of Singapore from 2009 to 2010. Mr Banerjee was a Nominated Member of Parliament in Singapore between 2007 and 2009.

William Fung Kwok Lun
Director

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

Hsieh Tsun-Yan
Director

Appointed Director on 1 September 2012. Mr Hsieh is Chairman and Lead Counselor of LinHart Group, a leadership counseling firm founded by Mr Hsieh in 2008. Mr Hsieh has extensive experience in international business, leadership development and corporate transformation. He was with management consulting firm, McKinsey & Company for 28 years and held posts in Singapore, Toronto and Copenhagen. He is a member of the Advisory Board at the School of Business and holds Provost Chair Professorship there and at the Lee Kuan Yew School of Public Policy, both at the National University of Singapore. He contributes to the community with board roles current and past including the Singapore International Foundation, the Institute of Policy Studies, the Singapore Symphony, Convenant House Canada and the University Health Network Foundation in Toronto.

Christina Ong
Director

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

Helmut Gunter Wilhelm Panke
Director

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

Jackson Peter Tai
Director

Appointed Director on 1 September 2011. Mr Tai is on the Boards of Bank of China, MasterCard Incorporated, NYSE Euronext and Philips Electronics NV. Mr Tai was a senior executive with DBS Group and DBS Bank Ltd. in Singapore between July 1999 and December 2007. Mr Tai joined DBS as Chief Financial Officer and in January 2001 became President and Chief Operating Officer. He became Vice Chairman and CEO in June 2002. Mr Tai joined DBS after 25 years with JP Morgan & Co, during which he held senior management positions in New York, San Francisco and Tokyo.

Lucien Wong Yuen Kuai
Director

Appointed Director on 1 September 2007. Mr Wong is Chairman and Senior Partner of Allen & Gledhill LLP and has over 30 years of experience in the practice of law, specialising in banking, corporate and financial services work. His other directorships include Director of Temasek Holdings (Private) Limited, Hap Seng Plantations Holdings Berhad and Singapore Press Holdings Limited. He is also Chairman of the Maritime and Port Authority of Singapore and was a Board member of the Monetary Authority of Singapore from January 2006 to February 2013.

EMPLOYEES

As at 31 March 2013, the SIA Group had a staff strength of 22,546 around the world, including the staff strength of Singapore Airlines of 14,339.

The Company has put in place share-based remuneration programmes allowing employees to share in its growth and success. The plans comprise the Performance Share Plan ("**PSP**"), Restricted Share Plan ("**RSP**") and Employee Share Option Plan ("**ESOP**"). The ESOP was introduced in 2000 with the objective of promoting unity and team spirit though share ownership. The PSP and RSP aim to more directly align the interests of key senior management and senior executives with the interests of the shareholders. The PSP is targeted at a select group of senior management who shoulder the responsibility for the

Company's performance and who are able to drive the growth of the Company. The RSP serves as an additional motivational tool to recruit and retain talented senior executives as well as reward employees for the Company's and their own individual performance.

The number of outstanding shares granted under the RSP and PSP were 1,460,384 and 491,329 respectively, as at 31 March 2013. Depending on the achievement of pre-determined performance targets over a two year period for the RSP, and a three year period for the PSP, the final number of shares awarded under the RSP and the PSP could range between 0% and 150% of the number of shares initially granted under the RSP and between 0% and 200% of the number of shares initially granted under the PSP.

A special time-based RSP was awarded to senior management in FY2011. This one-off grant of time-based RSP shares will be issued on the vesting dates. For retirees, 50% of the shares will vest on the retirement dates and the remaining 50% one year after the retirement date. For employees still in service, 50% of the shares will vest in 2013 and the balance will vest equally in 2014 and 2015. The number of outstanding shares granted under the time-based RSP was 439,551 as at 31 March 2013.

Options have been granted under the ESOP, and remain outstanding, in respect of 33,731,970 ordinary shares of Singapore Airlines as at 31 March 2013.

USE OF PROCEEDS

The MTN Programme will provide the Company the flexibility to procure funding at competitive rates as and when the opportunity and/or the need arises. The net proceeds of each issue of Notes under the MTN Programme will be used for general corporate or working capital purposes, or such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

INTRODUCTION

Investors in the Notes may hold the Notes through any of Euroclear or Clearstream or through CDP. Initial settlement and all secondary trades will settle as described below.

(1) CLEARANCE AND SETTLEMENT UNDER EUROCLEAR AND/OR CLEARSTREAM

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream participants are financial institutions from around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a direct or indirect custodial relationship with a Euroclear or Clearstream participant.

A participant's overall contractual relations with either Euroclear or Clearstream are governed by the respective rules and operating procedures of Euroclear or Clearstream and any applicable laws. Both Euroclear and Clearstream act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the relevant Issuing and Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

(2) CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third Business Day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository

Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, the Singapore Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

SINGAPORE TAXATION ON THE NOTES

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Company, the Arrangers nor any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

1. INTEREST AND OTHER PAYMENTS

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17% with effect from year of assessment 2010. The applicable rate for non-resident individuals is 20%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(i) interest from debt securities derived on or after 1 January 2004;

(ii) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 19 February 2006; and

(iii) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

> "**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
>
> "**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
>
> "**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

In addition, as the MTN Programme as a whole is arranged by CIBSL and DBS, each of which was, at the time of establishment of the MTN Programme, a Financial Sector Incentive (Bond Market) Company (as defined in the ITA), any tranche of the Notes issued during the period from the date of this Information Memorandum to 31 December 2018 which are debt securities (the "**Relevant Notes**") would be "qualifying debt securities" for the purposes of the ITA, to which the following treatments shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Company, or such other person as the Comptroller of Income Tax in Singapore (the "**Comptroller**") may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the MAS and the inclusion by the Company in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Company, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the MAS), Specified Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10%; and

(iii) subject to:

(aa) the Company including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the Company, or such other person as the Comptroller may direct, furnishing to the MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

Specified Income derived from the Relevant Notes is not subject to withholding of tax by the Company.

However, notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four (4) persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Company, such Relevant Notes would not qualify as "qualifying debt securities"; and

(B) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Company, Specified Income derived from such Relevant Notes held by:

(i) any related party of the Company; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Company,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Company is permitted to make payments of Specified Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the submission by the Company or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the MAS), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) either –

(i) if they are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or

(ii) if they are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

In addition, the tax exemption on Specified Income from qualifying debt securities under the QDS Plus Scheme will not apply to any Specified Income derived from qualifying debt securities issued on or after 28 June 2013 that is derived on or after the date on which the tenure of any portion of those qualifying debt securities is shortened to less than 10 years from the date of their issue, where the shortening of the tenure occurs under such circumstances as may be prescribed by regulations.

The MAS has also released MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" dated 28 June 2013, providing details in respect of the refinement of the QDS Plus Scheme to allow debt securities with certain standard early termination clauses to qualify for the QDS Plus Scheme at the point of issuance. Examples of standard early termination clauses include clauses which provide for early termination due to a taxation event, default event, change of control event, change of shareholding event or change in listing status of an issuer. Subsequently, should the debt securities be redeemed prematurely due to standard early termination clauses (i.e. before the 10th year), the income tax exemption granted to income exempt under the QDS Plus Scheme prior to redemption will not be clawed back. Instead, the QDS Plus status of the debt securities will be revoked prospectively for outstanding debt securities, if any. The outstanding debt securities may still enjoy tax benefits under the "qualifying debt securities" scheme if the other conditions for "qualifying debt securities" continue to be met. Debt securities with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the bond's pricing at the onset) which can be exercised within 10 years from the date of issuance will continue to be excluded from the QDS Plus Scheme from the onset. This refinement of the QDS Plus Scheme will take effect for debt securities that are issued on or after 28 June 2013.

In determining an investor's income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor's losses, expenses and capital allowances which are attributable to exempt income are to be treated.

However, even if a particular tranche of the Relevant Notes are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Company, Specified Income from such Relevant Notes derived by:

(aa) any related party of the Company; or

(bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Company,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. CAPITAL GAINS

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 treatment for Singapore income tax purposes".

3. ADOPTION OF FRS 39 TREATMENT FOR SINGAPORE INCOME TAX PURPOSES

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 - Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

According to the FRS 39 Circular, for financial assets on revenue account classified as:

(a) "fair value through profit or loss", gains or losses recognised in the profit and loss account will be taxed or allowed as a deduction even though they are unrealised;

(b) "available-for-sale", only the cumulative gains or losses (which had been recognised in equity) that are transferred to the profit and loss account upon derecognition will be taxed or allowed as a deduction; and

(c) "held-to-maturity" and loans, the interest income based on the amount shown in the accounts, which is calculated under the effective interest method under FRS 39, will be taxed.

The FRS 39 Circular refers to the definition of the effective interest method under FRS 39 and states that the "effective interest method" is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period and the "effective interest rate" is the rate that exactly discounts estimated future cash payments of receipts through the expected life of the financial instruments. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

However, for debt securities which are on capital account, the FRS 39 Circular indicates that interest income reflected in the profit and loss account under FRS 39 will be adjusted to that based on the coupon/contractual rate.

In this regard, Section 34A of the ITA provides that where interest from debt securities is chargeable to tax under Section 10(1)(d) of the ITA (i.e. as passive income rather than as income from a trade or business), such interest will be computed based on the contractual interest rate and not the effective interest rate. In this section, "contractual interest rate" in relation to any financial instrument means the interest rate specified in the financial instrument. A gain from discounts or premiums on debt securities, being a gain chargeable to tax under Section 10(1)(d) of the ITA, shall be deemed to accrue only on the maturity or redemption of the debt securities and to be equal to the difference between the amount received on the maturity or redemption of the debt securities and the amount for which the debt securities were issued.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. ESTATE DUTY

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Company and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Company pursuant to the Programme Agreement.

1. United States

(A) The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold the Notes of any identifiable tranche, and shall offer and sell the Notes of any identifiable tranche (i) as part of their distribution at any time and (ii) otherwise until 40 days after completion of the distribution of such tranche as determined, and certified to the Company and each Relevant Dealer, by the Issuing and Paying Agent or, in the case of a syndicated issue, the Lead Manager, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and shall comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed to notify the Issuing and Paying Agent or, in the case of a syndicated issue, the Lead Manager when it has completed the distribution of its portion of the Notes of any identifiable tranche so that the Issuing and Paying Agent, or in the case of a syndicated issue, the Lead Manager may determine the completion of the distribution of all Notes of that tranche and notify the other Relevant Dealers of the end of the distribution compliance period. Each Dealer has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable tranche of the Notes as determined, and certified to the Company and the Relevant Dealers, by [[AGENT]/[LEAD MANAGER]], except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S.

(B) In addition, unless the Pricing Supplement or the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either "C Rules" or "not applicable", each Dealer has represented and agreed in relation to each Tranche of bearer Notes:

(i) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**"):

(a) it has not offered or sold, and during a 40-day restricted period shall not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person; and

(b) it has not delivered and shall not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(ii) it has and throughout the restricted period shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes in bearer form may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(iii) if it is a United States person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it shall only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and

(iv) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either (a) repeats and confirms the representations contained in sub-paragraphs (i), (ii) and (iii) on behalf of such affiliate or (b) agrees that it shall obtain from such affiliate for the benefit of the Company the representations contained in sub-paragraphs (i), (ii) and (iii).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

(C) In addition, to the extent that the Pricing Supplement and the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is "C Rules", under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**"), Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer has represented and agreed that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Notes within the United States or its possessions in connection with their original issuance. Further, in connection with their original issuance of Notes, it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the C Rules.

2. United Kingdom

Each Dealer has represented, warranted and undertaken to the Company and each other Dealer (if any) that:

(i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Company;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

3. Hong Kong

Each Dealer has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance, Chapter 571 of Hong Kong (the "**Securities and Futures Ordinance**") and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance, Chapter 32 of Hong Kong (the "**Companies Ordinance**"), or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and

(ii) it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purpose of issue, any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance and any rules made thereunder.

4. Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, (ii) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

5. General

The selling restrictions contained in the Programme Agreement may be modified, varied or amended from time to time by notification from the Company to the Dealers and each Dealer has undertaken that it will at all times comply with all such selling restrictions.

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Notes or any interest therein or rights in respect thereof, the Company shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

Any person who may be in doubt as to the restrictions set out in the Securities and Futures Act or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL INFORMATION

1. Material Change

Save as disclosed in this Information Memorandum, there has been no material adverse change in the financial position or business of the Company since 31 March 2013.

2. Working Capital

The Company is of the opinion that, after taking into account the present banking facilities, the Company has adequate working capital for its present requirements.

3. Changes in Accounting Policies

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 March 2012. The adoption of the new and revised Financial Reporting Standards ("**FRS**") and Interpretations of FRS ("**INT FRS**") that are mandatory for the financial year beginning on or after 1 April 2012 has no significant impact on the Group.

4. Litigation

Cargo: Investigations by competition authorities and Civil Class Actions

SIA Cargo and the Company are among numerous 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 and imposed (the "**air cargo issues**"). SIA Cargo and the Company are cooperating in relation to these inquiries concerning the air cargo issues and proceedings by competition authorities have been brought to a close in the US (as at 2011), New Zealand (as at 2012) and South Africa (as at 2012).

In November 2010, the European Commission issued an adverse decision against 13 cargo airlines, including SIA Cargo and the Company, in respect of fuel surcharges, security surcharges and commissions on surcharges. A fine of EUR74.8 million (approximately S$135.7 million) was imposed on SIA Cargo and the Company. SIA Cargo paid the fine in February 2011 in accordance with European Union laws. SIA Cargo and the Company have appealed to the European General Court seeking annulment of the decision.

In November 2010, the South Korean Fair Trade Commission (the "**KFTC**") released an adverse decision against 21 cargo airlines, including SIA Cargo, in respect of fuel surcharges. A fine of KRW3.117 billion (approximately S$3.6 million) was imposed on SIA Cargo. The fine was paid in January 2011 in accordance with Korean laws. SIA Cargo contested the validity of the KFTC decision and filed an appeal before the Seoul High Court. In July 2012, the Seoul High Court rejected SIA Cargo's appeal. SIA Cargo has appealed the Seoul High Court judgment to the Supreme Court.

In January 2014, the Swiss Competition Commission announced a fine against SIA Cargo and the Company of CHF1.69 million (approximately S$2.37 million) in respect of the air cargo issues. A corresponding financial provision has been made in the financial statements of SIA Cargo for the financial year ended 31 March 2014. SIA Cargo is studying the Commission's grounds of decision with a view towards an appeal.

After the investigations commenced, civil damage lawsuits were filed in the US, Canada, Australia, South Korea, England, the Netherlands and Norway by external parties against several airlines, including SIA Cargo and the Company. Other lawsuits have been threatened by customers of SIA Cargo or shippers that purportedly contracted with SIA Cargo's customers. As at 2011, civil damage proceedings in Canada in respect of SIA Cargo and the Company have been brought to a close.

In July 2011, the plaintiffs in the South Korea proceedings withdrew their complaint and the proceedings were accordingly dismissed without prejudice. In January 2014, a shipper from South Korea which purportedly contracted with SIA Cargo's customers served a claim against SIA Cargo and several other airlines.

In December 2013, without admitting any liability, SIA Cargo and the Company reached a settlement with the plaintiffs in the United States whereby SIA Cargo agreed to pay USD62.8 million (approximately S$78.5 million) to resolve all liability of SIA Cargo and the Company in respect of the civil damage lawsuits filed in the United States. The agreement is subject to the approval of the Court.

Apart from Canada, the filed civil damage cases remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

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

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 fares 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 had received notice of investigations by competition authorities in India and South Africa concerning whether competitive aspects of passenger air travel services have been lawfully determined and the proceedings by competition authorities have been brought to a close in India (as at 2013) and South Africa (as at 2012).

As the civil class action suits have neither been tried nor the damages quantified, it is premature to make a determination regarding whether the civil suits can be regarded as contingent liabilities and, therefore, no provision has been made in the financial statements.

Australian travel agents' representative actions

Representative actions brought in Australia against the Company in December 2006 and May 2007 by certain Australian travel agents for alleged non-payment of commissions on fuel surcharges applied to passenger tickets issued in Australia have been concluded.

5. Consent

Ernst & Young LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the inclusion of, and references herein to its name and its report for the financial year ended 31 March 2013 in the form and context in which it appears in this Information Memorandum.

6. Documents for Inspection

As long as any of the Notes is outstanding, copies of the following documents may be inspected at the specified offices of each of the Principal Issuing and Paying Agent and the Singapore Issuing and Paying Agent during usual business hours on any weekday (public holidays excepted):

(i) the Memorandum and Articles of Association of the Company;

(ii) the documents set out in sub-paragraphs (1), (2) and (3) of the first paragraph of the section "Documents Incorporated by Reference";

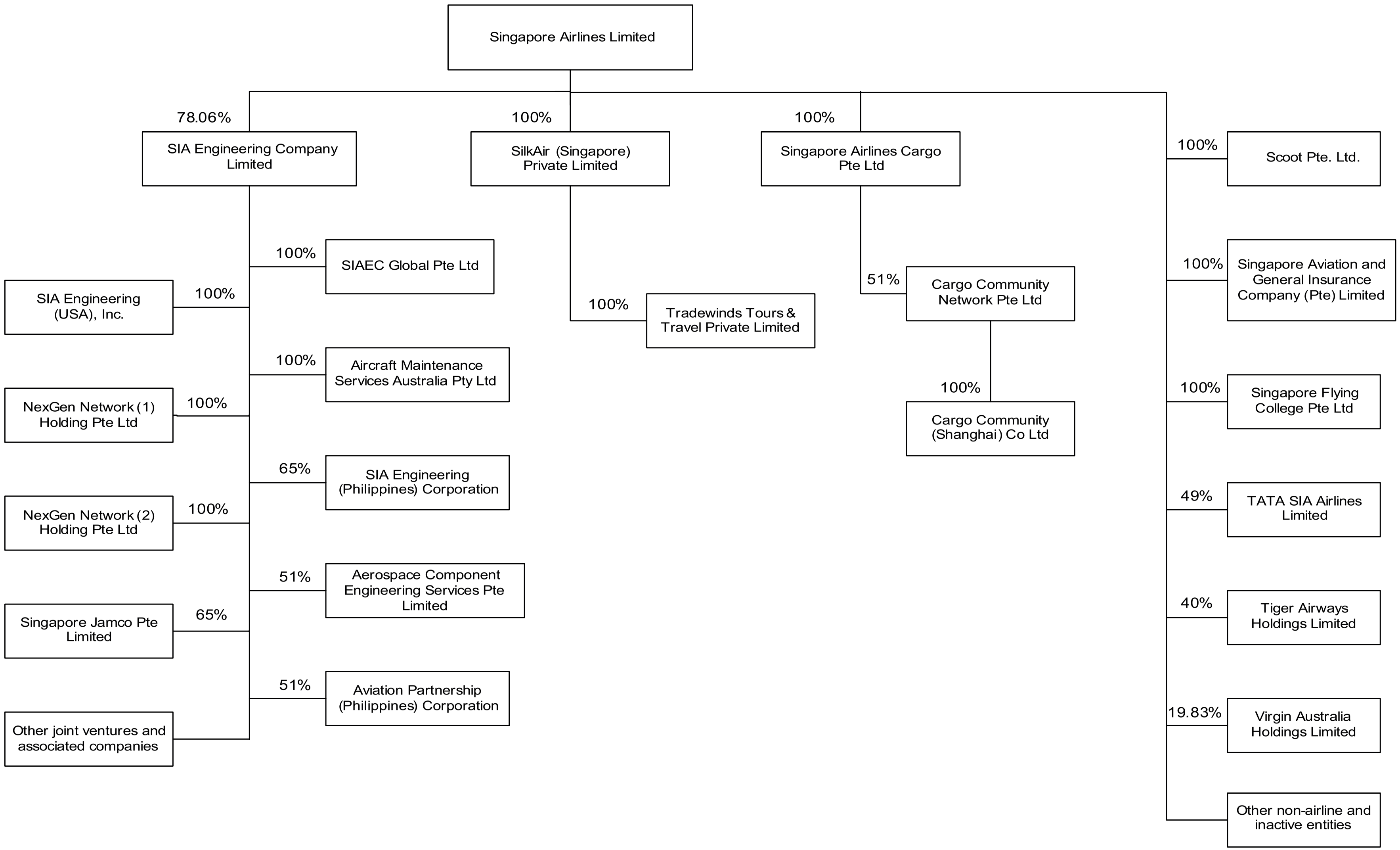
(iii) the Agency Agreement;

(iv) the Trust Deed; and

(v) the Supplemental Trust Deed.

Appendix I

CORPORATE STRUCTURE OF SINGAPORE AIRLINES LIMITED AS AT 31 DECEMBER 2013



EXTRACTS OF THE ANNUAL REPORT OF SINGAPORE AIRLINES LIMITED FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

The information in this Appendix II has been extracted and reproduced from the annual report of the Company for the financial year ended 31 March 2013 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are those as reproduced from the annual report of the Company for the financial year ended 31 March 2013.

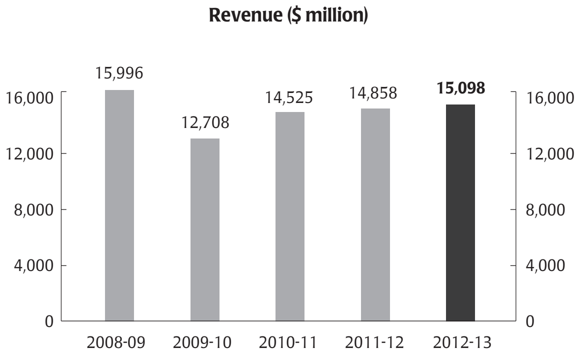
Contents of the Extracts from the Annual Report

Contents *Page*

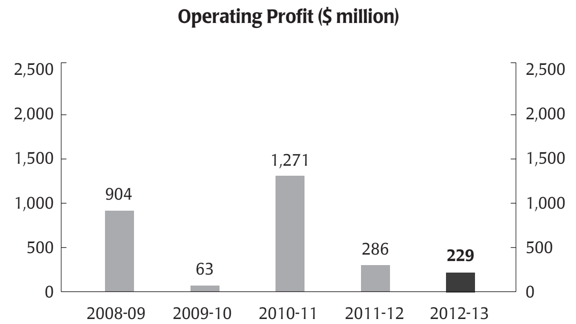
FINANCIAL REVIEW

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

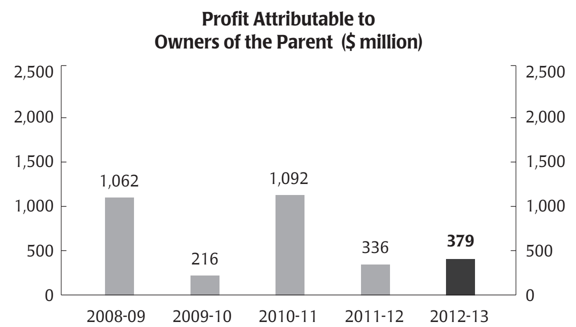
- **Total revenue $15,098 million (+$240 million, +1.6%)**



- **Operating profit $229 million (-$57 million, -19.8%)**



- **Profit attributable to owners of the Parent $379 million (+$43 million, +12.8%)**



FINANCIAL REVIEW

Performance of the Group

Key Financial Highlights

	2012-13	2011-12	% Change
Earnings For The Year ($ million)			
Revenue	15,098.2	14,857.8	+ 1.6
Expenditure	14,869.0	14,571.9	+ 2.0
Operating profit	229.2	285.9	- 19.8
Profit attributable to owners of the Parent	378.9	335.9	+ 12.8
Per Share Data (cents)			
Earnings per share – basic	32.2	28.3	+ 13.8
Ordinary dividend per share	23.0	20.0	+ 15.0
Ratios (%)			
Return on equity holders' funds	2.9	2.5	+ 0.4 point
Return on total assets	2.0	1.7	+ 0.3 point

Group Earnings

During the financial year, air travel and freighter demand continued to be affected by the ongoing weakness in the Eurozone and sluggish recovery in the United States. Yields were diluted as tactical promotions were launched to boost loads amid intense competition and key revenue-generating currencies depreciated against SGD. Fuel prices remained high despite the weak global economic conditions. This had negatively impacted the Group's operating performance as fuel cost is the largest cost component, constituting about 40 per cent of the Group's operating expenditure.

Group revenue grew $240 million (+1.6 per cent) to $15,098 million, mainly from airline operations, as a result of stronger passenger carriage, albeit at lower yields. This was partially offset by lower cargo revenue from a contraction in both loads and yields. The Group's revenue by business segment is shown below:

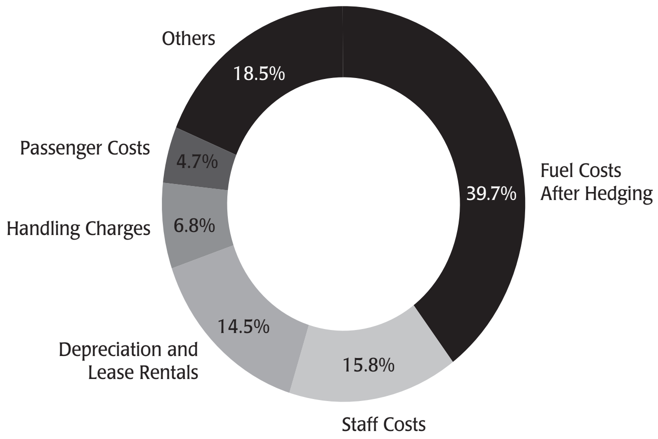
	2012-13 $ million	2011-12 $ million
Airline operations	12,169.3	11,582.3
Cargo operations	2,415.3	2,673.6
Engineering services	470.9	551.5
Others	42.7	50.4
Total revenue	15,098.2	14,857.8

Performance of the Group (continued)

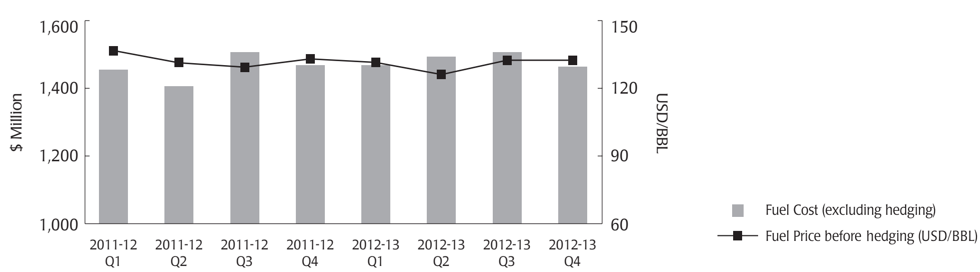
Group Earnings (continued)

Group expenditure increased by $297 million (+2.0 per cent) to $14,869 million, principally from higher staff, fuel and other variable costs. Staff costs were higher, mainly attributable to annual service increment as well as increase in staff strength. Fuel cost rose primarily from higher fuel volume uplifted, with partial relief from lower fuel prices and weaker USD against SGD. The increase in other variable costs, such as passenger costs and aircraft maintenance and overhaul costs, was largely driven by the capacity expansion during the financial year.

Group Expenditure



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



Consequently, the Group's operating profit fell $57 million to $229 million for the financial year ended 31 March 2013. Except for Singapore Airlines ("the Company"), operating performance for all the major companies in the Group deteriorated from the preceding year. The Company recorded an operating profit of $187 million in the financial year, a slight improvement of $6 million (+3.7 per cent) from a year ago. Singapore Airlines Cargo ("SIA Cargo") was loss-making, as it continued to be plagued by depressed yields amid a weak demand environment. Please refer to the review of the Company and subsidiary companies for further details.

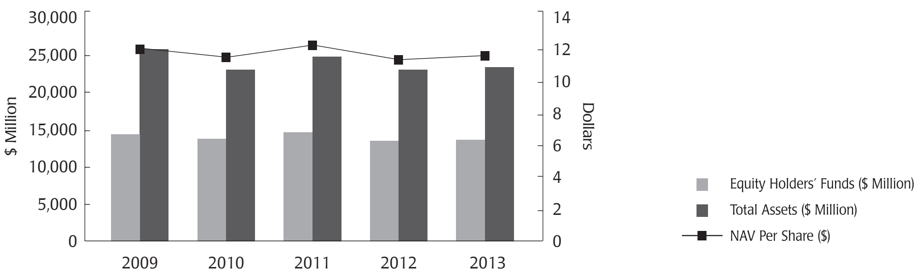
FINANCIAL REVIEW

Performance of the Group (continued)

Financial Position

As at 31 March 2013, equity attributable to owners of the Parent increased by $211 million or 1.6 per cent to $13,105 million due mainly to profit for the financial year (+$379 million), partially offset by the payment of final dividend of 2011-12 (-$118 million) and payment of 2012-13 interim dividend (-$70 million).

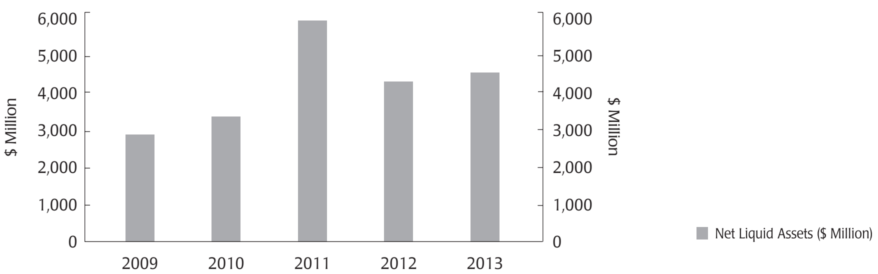
Group Equity Holders' Funds, Total Assets and Net Asset Value (NAV) per Share



Total Group assets increased by $385 million or 1.7 per cent to $22,428 million as at 31 March 2013 mainly due to the increase in cash and bank balances by $357 million. The higher cash and bank balances arose principally from operational cash flows, partly reduced by capital expenditure, net of proceeds from sale of aircraft, spares and spare engines. Net asset value per share was up 1.7 per cent to $11.15.

The Group's net liquid assets[R1] increased by $145 million to $4,395 million as at 31 March 2013, largely due to higher cash and bank balances. Total debt to equity ratio remained flat at 0.08 times as at 31 March 2013.

Group Net Liquid Assets



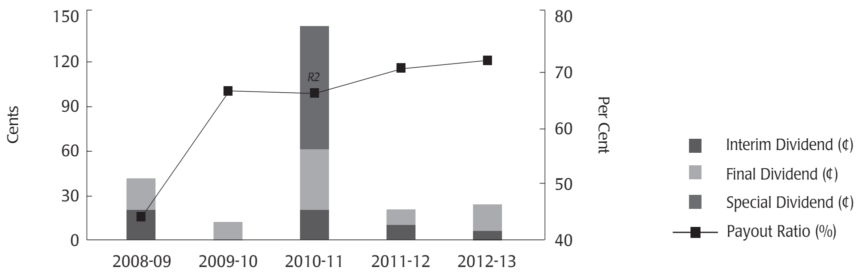
[R1] *Net liquid assets is defined as the sum of cash and bank balances, investments, and net of finance lease commitments, loans and bonds issued.*

Performance of the Group (continued)

Dividends

For the financial year ended 31 March 2013, the Board recommends a final dividend of 17 cents per share. Including the interim dividend of 6 cents per share paid on 26 November 2012, the total dividend for the 2012-13 financial year will be 23 cents per share. This amounts to a payout of approximately $270 million based on the number of issued shares as at 31 March 2013. The total dividend per share of 23 cents translates to a payout ratio of 71.3 per cent, an increase of 1.1 percentage points compared to the 2011-12 payout ratio of 70.2 per cent.

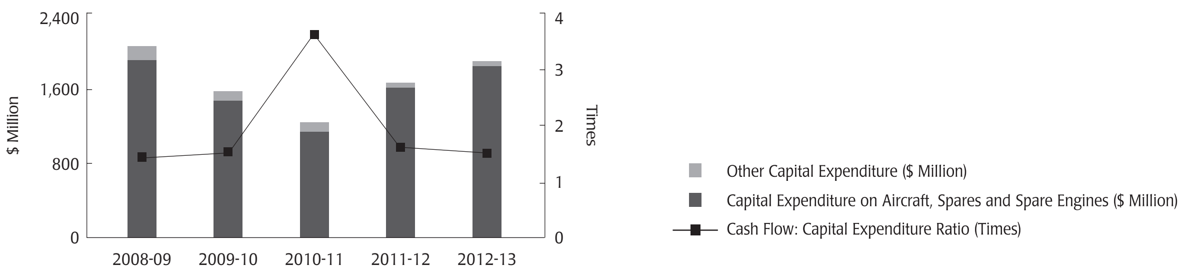
Dividend Payout



Capital Expenditure and Cash Flow of the Group

Capital expenditure was $1,875 million, 14.3 per cent higher than last year. About 98 per cent of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of $2,859 million (+4.8 per cent) was 1.52 times of capital expenditure. The increase in internally generated cash flow was primarily due to cash flow from operations and higher proceeds from disposal of aircraft, spares and spare engines.

Group Capital Expenditure



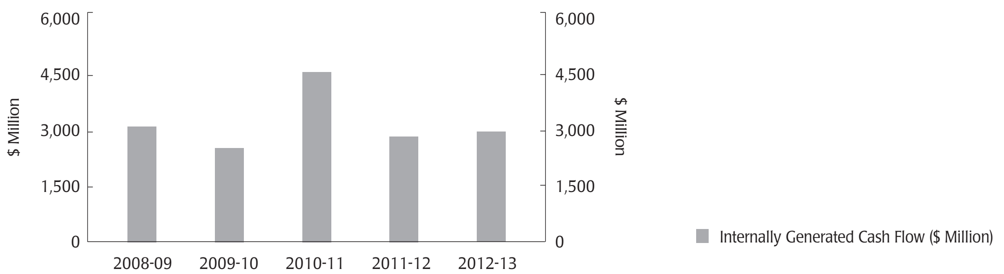
[R2] *Excludes 80.0 cents per share special dividend.*

FINANCIAL REVIEW

Performance of the Group (continued)

Capital Expenditure and Cash Flow of the Group (continued)

Internally Generated Cash Flow



Group Staff Strength and Productivity

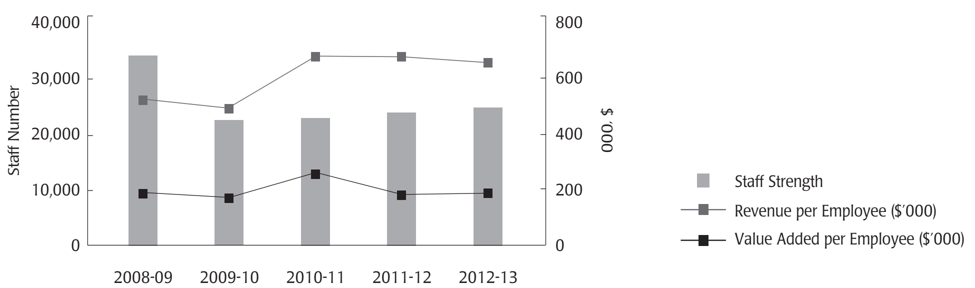
The Group's staff strength as at 31 March 2013 is as follows:

	31 March 2013	31 March 2012	% Change	
Singapore Airlines	14,319	13,992	+	2.3
SIA Engineering Group	6,377	6,166	+	3.4
SilkAir	1,360	1,192	+	14.1
SIA Cargo	981	992	-	1.1
Others	594	404	+	47.0 [R3]
	23,631	22,746	+	3.9

Average staff productivity is as follows:

	2012-13	2011-12	% Change	
Revenue per employee ($)	651,093	659,936	-	1.3
Value added per employee ($)	194,040	192,960	+	0.6

Group Staff Strength and Productivity



[R3] *Other subsidiary companies' staff strength was up 47.0 per cent, mainly due to an increase in Scoot Pte. Ltd.'s staff strength by 204 as it commenced operations in June 2012.*

Performance of the Group (continued)

Statements of Value Added and its Distribution

	2012-13 $ million	2011-12 $ million
Total revenue	15,098.2	14,857.8
Less: Purchase of goods and services	(10,894.1)	(10,750.1)
	4,204.1	4,107.7
Add:		
Interest income	62.5	50.5
Surplus/(Loss) on disposal of aircraft, spares and spare engines	56.0	(1.4)
Dividends from long-term investments	27.3	18.0
Other non-operating items	11.9	48.8
Share of profits of joint venture companies	96.2	74.7
Share of profits of associated companies	61.5	51.4
Exceptional items	(19.9)	(5.4)
Total value added for distribution	4,499.6	4,344.3
Applied as follows:		
To employees:		
- Salaries and other staff cost	2,353.3	2,194.4
To government:		
- Corporation taxes	40.4	51.4
To suppliers of capital:		
- Interim and proposed dividends	270.3	235.9
- Finance charges	42.7	74.3
- Non-controlling interests	62.7	60.9
Retained for future capital requirements:		
- Depreciation and amortisation	1,621.6	1,627.4
- Retained profit	108.6	100.0
Total value added	4,499.6	4,344.3
Value added per $ revenue ($)	0.30	0.29
Value added per $ employment cost ($)	1.91	1.98
Value added per $ investment in property, plant and equipment ($)	0.19	0.19

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

FINANCIAL REVIEW

Performance of the Company

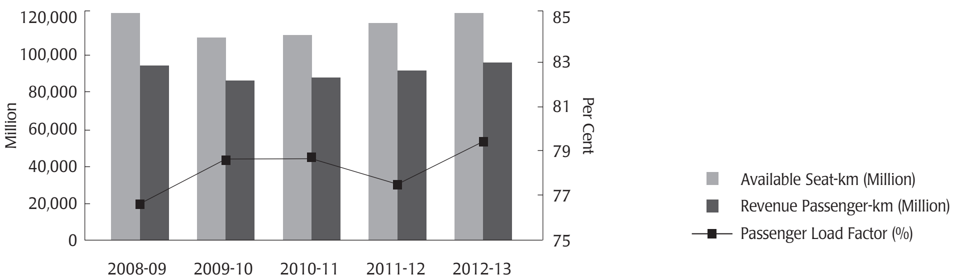
Operating Performance

	2012-13	2011-12	% Change	
Passengers carried (thousand)	18,210	17,155	+ 6.1	
Available seat-km (million)	118,264.4	113,409.7	+ 4.3	
Revenue passenger-km (million)	93,765.6	87,824.0	+ 6.8	
Passenger load factor (%)	79.3	77.4	+ 1.9	points
Passenger yield (¢/pkm)	11.4	11.8	- 3.4	
Passenger unit cost (¢/ask)	9.2	9.2	-	
Passenger breakeven load factor (%)	80.7	78.0	+ 2.7	points

Travel sentiment continued to be affected by global economic uncertainty during the financial year. In order to boost travel demand amid intense competition, tactical promotions were undertaken, pushing passenger carriage growth up by 6.8 per cent, which outpaced the capacity expansion of 4.3 per cent. As a result, passenger load factor went up by 1.9 percentage points to 79.3 per cent.

Promotional activities and depreciation of major revenue-generating currencies against SGD placed downward pressure on passenger yields, resulting in a 3.4 per cent year-on-year decline.

Available Seat Capacity, Passenger Traffic and Load Factor



Performance of the Company (continued)

Operating Performance (continued)

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

	By Route Region [R4] (2012-13 against 2011-12)		
	Passengers Carried Change (thousand)	Revenue Passenger KM % Change	Available Seat KM % Change
East Asia	+ 482	+ 8.5	+ 7.9
Americas	+ 102	+ 6.7	+ 1.3
Europe	+ 94	+ 8.6	+ 5.0
South West Pacific	+ 229	+ 7.3	+ 6.9
West Asia and Africa	+ 148	- 2.0	- 4.2
Systemwide	+ 1,055	+ 6.8	+ 4.3

Passenger load factor by route region is as follows:

	Passenger Load Factor (%)		
	2012-13	2011-12	% Change points
East Asia	76.8	76.4	+ 0.4
Americas	82.6	78.4	+ 4.2
Europe	80.6	78.0	+ 2.6
South West Pacific	80.6	80.3	+ 0.3
West Asia and Africa	73.8	72.1	+ 1.7
Systemwide	79.3	77.4	+ 1.9

[R4] *Each route region comprises routes originating from Singapore to final destinations in countries within the region concerned and vice versa. For example, Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region. East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, South Korea, Malaysia, People's Republic of China, Myanmar, Philippines, Thailand, Taiwan and Vietnam. Americas comprises Brazil and USA. Europe consists of Denmark, England, France, Germany, Greece, Italy, Russia, Spain, Switzerland, The Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, Egypt, India, Maldives, Saudi Arabia, South Africa, Sri Lanka and United Arab Emirates.*

FINANCIAL REVIEW

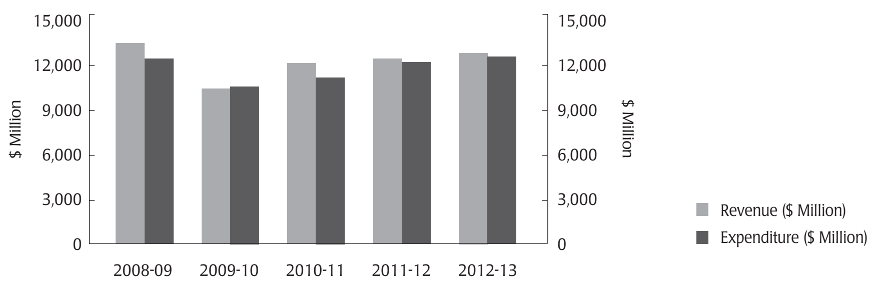
Performance of the Company (continued)

Earnings

	2012-13 $ million	2011-12 $ million	%	Change
Revenue	12,387.0	12,070.1	+	2.6
Expenditure	12,199.8	11,889.5	+	2.6
Operating profit	187.2	180.6	+	3.7
Finance charges	(36.1)	(65.9)	+	45.2
Interest income	61.8	50.0	+	23.6
Surplus/(Loss) on disposal of aircraft, spares and spare engines	72.5	(3.8)		n.m.
Dividends from subsidiary and associated companies	199.8	271.0	-	26.3
Dividends from long-term investments	9.3	3.9	+	138.5
Other non-operating items	(1,176.9)	(18.4)		n.m.
(Loss)/Profit before exceptional items	(682.4)	417.4		n.m.
Exceptional items [R5]	-	(4.1)		n.m.
(Loss)/Profit before taxation	(682.4)	413.3		n.m.
Taxation	(11.7)	(23.1)	+	49.4
(Loss)/Profit after taxation	(694.1)	390.2		n.m.

n.m. not meaningful

Company Revenue and Expenditure



[R5] *With regard to an investigation conducted by the South African Competition Commission ("SACC") concerning price-fixing on certain routes, a settlement agreement was reached, which included an administrative penalty of ZAR 25 million ($4.1 million). The Competition Tribunal confirmed the settlement agreement between the Company and the SACC, and the Company has paid the agreed upon administrative penalty during the financial year.*

Performance of the Company (continued)

Revenue

The Company's revenue increased 2.6 per cent to $12,387 million as follows:

	2012-13 $ million	2011-12 $ million	Change $ million	Change %
Passenger revenue	8,373.6	8,392.0	- 18.4	- 0.2
Bellyhold revenue from SIA Cargo	1,154.7	1,170.0	- 15.3	- 1.3
Others	2,858.7	2,508.1	+ 350.6	+ 14.0
Total operating revenue	12,387.0	12,070.1	+ 316.9	+ 2.6

The Company's passenger revenue decreased $18 million (-0.2 per cent) in 2012-13, as a result of:

	$ million	$ million
6.8% increase in passenger traffic:		+ 567.8
7.3% decrease in passenger yield (excluding fuel surcharge):		
Lower local currency yields	- 431.2	
Foreign exchange	- 169.3	
Change in passenger mix	+ 14.3	- 586.2
Decrease in passenger revenue		- 18.4

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

	$ million
1.0% point change in passenger load factor, if yield and seat capacity remain constant	105.6
1.0% change in passenger yield, if passenger traffic remains constant	83.7

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

	By Route Region ($ million)			By Area of Original Sale [R6] ($ million)		
	2012-13	2011-12	% Change	2012-13	2011-12	% Change
East Asia	2,570.0	2,482.6	+ 3.5	4,422.9	4,381.6	+ 0.9
Americas	1,638.0	1,677.3	- 2.3	740.2	728.5	+ 1.6
Europe	1,868.8	1,885.9	- 0.9	1,312.8	1,367.8	- 4.0
South West Pacific	1,524.3	1,517.0	+ 0.5	1,503.4	1,495.0	+ 0.6
West Asia and Africa	772.5	829.2	- 6.8	394.3	419.1	- 5.9
Systemwide	8,373.6	8,392.0	- 0.2	8,373.6	8,392.0	- 0.2

[R6] *Each area of original sale comprises countries within a region from which the sale is made.*

FINANCIAL REVIEW

Performance of the Company (continued)

Expenditure

The Company's expenditure increased 2.6 per cent to $12,200 million in 2012-13.

	2012-13		2011-12		
	$ million	**%**	**$ million**	**%**	**% Change**
Fuel costs	4,951.4	40.6	4,868.8	40.9	+ 1.7
Staff costs	1,609.7	13.2	1,495.4	12.6	+ 7.6
Depreciation R7	1,295.9	10.6	1,324.6	11.1	- 2.2
Handling charges	860.9	7.1	831.2	7.0	+ 3.6
Inflight meals and other passenger costs	658.0	5.4	595.1	5.0	+ 10.6
Airport and overflying charges	576.6	4.7	559.7	4.7	+ 3.0
Aircraft maintenance and overhaul costs	576.6	4.7	553.7	4.7	+ 4.1
Rentals on leased aircraft	485.8	4.0	510.2	4.3	- 4.8
Sales costs R8	515.6	4.2	497.8	4.2	+ 3.6
Communication and information technology costs R9	83.7	0.7	91.1	0.8	- 8.1
Other costs R10	585.6	4.8	561.9	4.7	+ 4.2
Total	12,199.8	100.0	11,889.5	100.0	+ 2.6

A breakdown of fuel cost is shown below:

	2012-13 $ million	2011-12 $ million	Change $ million
Fuel cost (before hedging)	4,979.1	4,888.7	+ 90.4
Fuel hedging gain	(27.7)	(19.9)	- 7.8
	4,951.4	4,868.8	+ 82.6

Expenditure of fuel before hedging was $90.4 million higher because of:

	$ million
4.7% increase in volume uplifted from 29.5 million BBL to 30.9 million BBL	+ 221.8
1.4% decrease in weighted average fuel price from 132.3 USD/BBL to 130.5 USD/BBL	- 72.5
Weakening of USD against SGD	- 58.9
	+ 90.4

Staff costs increased $114 million (+7.6 per cent), largely from higher pay and allowances from service increment and increase in staff strength.

Inflight meals and other passenger costs increased $63 million (+10.6 per cent) mainly due to a 12.0 per cent ($55 million) increase in inflight meals expense as a result of more passengers carried and higher food costs.

Depreciation dropped $29 million (2.2 per cent) mainly because of lower accelerated depreciation[R11] this year. Accelerated depreciation of $24 million for five A340-500s was taken up in FY2012-13 as compared to $69 million for four B747-400s in FY2011-12 (-$45 million). This was partially offset by higher derecognition of initial aircraft material cost of $21 million as more aircraft maintenance jobs were completed this year.

[R7] *Depreciation included impairment of property, plant and equipment and amortisation of computer software.*

[R8] *Sales costs included commission and incentives, frequent flyer programme cost, computer reservation system booking fees, advertising expenses, reservation system IT cost and other sales costs.*

[R9] *Communication and information technology costs were for data transmission and contract service fees, hire of computer equipment, maintenance/rental of software, and information technology contract and professional fees.*

[R10] *Other costs mainly comprised crew expenses, company accommodation cost, foreign exchange revaluation and hedging loss, comprehensive aviation insurance cost, airport lounge expenses, non-information technology contract and professional fees, expenses incurred to mount non-scheduled services, aircraft licence fees and recoveries.*

[R11] *As the aircraft are sold before the end of their estimated useful lives and the sales proceeds are below the original residual values, depreciation of the aircraft was adjusted to reflect the shorter useful lives and lower residual values, in accordance with FRS 16.*

Performance of the Company (continued)

Fuel Productivity and Sensitivity Analysis

Fuel productivity as measured by load tonne-km per barrel (ltk/BBL) decreased 0.5 per cent over the previous year to 419ltk/BBL. This was mainly due to lower bellyhold load factor.

A change in fuel productivity (passenger aircraft) of 1.0 per cent would impact the Company's annual fuel cost by about $50 million, before accounting for changes in fuel price, USD exchange rate and flying operations.

A change in the price of fuel of one USD per barrel affects the Company's annual fuel cost by about $38 million, before accounting for USD exchange movements, and changes in volume of fuel consumed.

Finance Charges

In 2012-13, finance charges decreased $30 million or 45.2 per cent, mainly due to the repayment of $900 million fixed rate note by the Company in December 2011.

Interest Income

Interest income was $12 million or 23.6 per cent higher, largely due to higher interest from the Company's investment in bonds and credit-linked notes.

Surplus on Disposal of Aircraft, Spares and Spare Engines

The $73 million gain on disposal of aircraft, spares and spare engines arose mainly from the sale and leaseback of 14 Trent 800 engines and two A380-800 aircraft. Last year's $4 million loss on disposal of aircraft, spares and spare engines was mainly from loss on sale of one B747-400 aircraft, partially offset by gain on sale and leaseback of four B777-300 engines and one A380-800 aircraft.

Other Non-operating Items

Other non-operating items pertained mainly to the impairment loss of $1,169 million recorded on the Company's investment in Virgin Atlantic Limited to write down its carrying value to a recoverable value of USD360 million ($447 million).

FINANCIAL REVIEW

Performance of the Company (continued)

Taxation

There was a net tax expense of $12 million, comprising current tax charge of $87 million and deferred tax credit of $75 million.

As at 31 March 2013, the Company's deferred taxation account stood at $1,621 million.

Staff Strength and Productivity

The Company's staff strength as at 31 March 2013 was 14,319, an increase of 327 over last year. The distribution of employee strength by category and location is as follows:

	31 March		
	2013	**2012**	**% Change**
Category			
Senior staff (administrative and higher ranking officers)	1,331	1,290	+ 3.2
Technical crew	2,297	2,345	- 2.0
Cabin crew	7,784	7,438	+ 4.7
Other ground staff	2,907	2,919	- 0.4
	14,319	13,992	+ 2.3
Location			
Singapore	12,344	12,023	+ 2.7
East Asia	818	794	+ 3.0
Europe	387	411	- 5.8
South West Pacific	311	305	+ 2.0
West Asia and Africa	283	278	+ 1.8
Americas	176	181	- 2.8
	14,319	13,992	+ 2.3

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

	2012-13	**2011-12**	**% Change**
Seat capacity per employee (seat-km)	8,354,366	8,163,082	+ 2.3
Passenger load carried per employee (tonne-km)	619,969	594,663	+ 4.3
Revenue per employee ($)	875,035	868,790	+ 0.7
Value added per employee ($)	159,593	237,472	- 32.8

[R12] *The Company's staff productivity ratios were computed based on average staff strength of 14,156 in 2012-13 (2011-12: 13,893).*

Performance of the Subsidiary Companies

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

SIA Engineering Group

	2012-13 $ million	2011-12 $ million	% Change
Total revenue	1,146.7	1,169.9	- 2.0
Total expenditure	1,018.6	1,040.3	- 2.1
Operating profit	128.1	129.6	- 1.2
Net profit	270.1	269.1	+ 0.4

SIAEC Group's revenue was $23 million or 2.0 per cent lower, mainly due to lower fleet management and project revenue for cabin interior reconfiguration of aircraft. Expenditure reduced by $22 million or 2.1 per cent, in tandem with the lower revenue. Overheads were $44 million (-12.5 per cent) lower mainly due to a reduction in subcontract costs and drop in material costs by $5 million (-2.2 per cent) to $214 million with lower usage. This was partially offset by higher staff costs of $27 million (+5.7 per cent).

As a result, operating profit was $2 million or 1.2 per cent lower at $128 million.

Share of profits from associated and joint venture companies was $2 million or 1.5 per cent higher at $159 million, representing a contribution of 52.0 per cent to the Group's pre-tax profits.

Net profit of $270 million for the financial year ended 31 March 2013, was an increase of $1 million or 0.4 per cent over last year.

As at 31 March 2013, SIAEC Group's total equity of $1,302 million was $48 million or 3.8 per cent higher than at 31 March 2012. Net asset value per share of $1.18 as at 31 March 2013 was an improvement of 3.4 cents or 3.0 per cent from a year ago.

Basic earnings per share for the Group decreased by 0.1 cent (-0.4 per cent) to 24.5 cents.

SIA Cargo

	2012-13 $ million	2011-12 $ million	% Change
Total revenue	2,419.6	2,679.5	- 9.7
Total expenditure	2,586.6	2,798.8	- 7.6
Operating loss	(167.0)	(119.3)	- 40.0
Exceptional items	(19.9)	(1.3)	n.m
Loss after taxation	(172.3)	(106.5)	- 61.8

n.m. not meaningful

FINANCIAL REVIEW

Performance of the Subsidiary Companies (continued)

SIA Cargo (continued)

SIA Cargo's revenue declined $260 million (-9.7 per cent) largely due to weaker yields and reduction in loads. Expenditure decreased $212 million (-7.6 per cent) in tandem with the reduction in capacity. This translated to an operating loss of $167 million for 2012-13, $48 million worse than a year ago.

In 2012-13, cargo capacity (in capacity tonne kilometres) dropped 5.5 per cent, while overall cargo traffic (in load tonne kilometres) dropped 6.0 per cent, resulting in a marginal drop of cargo load factor by 0.4 percentage point to 63.4 per cent. Cargo breakeven load factor however climbed 2.2 percentage points to 69.5 per cent due to weaker yields (-4.3 per cent), partially offset by lower unit cost (-1.3 per cent).

During the financial year, the exceptional items pertained to provision for penalties and costs agreed between SIA Cargo and the Australian Competition and Consumer Commission for an amount of AUD12.2 million ($16 million) and the New Zealand Commerce Commission for an amount of NZD4.4 million ($4 million). The penalties and costs were recommended by the parties and endorsed by the respective Courts, bringing the Commissions' air cargo investigations and proceedings in Australia and New Zealand to a close for SIA Cargo.

As at 31 March 2013, SIA Cargo operated a fleet of 12 B747-400 freighters. SIA Cargo's equity was $1,309 million (-11.4 per cent).

SilkAir

	2012-13 $ million	2011-12 $ million	% Change
Total revenue	846.0	750.8	+ 12.7
Total expenditure	749.3	646.2	+ 16.0
Operating profit	96.7	104.6	- 7.6
Profit after taxation	80.7	84.9	- 4.9

SilkAir's revenue increased by $95 million (+12.7 per cent) to $846 million, from an improvement in load (+15.6 per cent). The increase in expenditure of $103 million (+16.0 per cent) was primarily due to higher fuel costs. As a result, operating profit decreased by $8 million (-7.6 per cent) to $97 million.

Yield declined by 2.2 per cent to 150.0 cents/ltk. However, unit cost declined at a faster rate of 2.4 per cent to 89.3 cents/ctk. Consequently, breakeven load factor improved marginally by 0.1 percentage point to 59.6 per cent.

Profit after taxation decreased by 4.9 per cent to $81 million.

SilkAir's route network spanned 42 cities in 12 countries. During the year, SilkAir launched new services to Wuhan (China), Hanoi (Vietnam) and Visakhapatnam (India).

As at 31 March 2013, equity holders' funds of SilkAir stood at $773 million (+11.5 per cent).

REPORT BY THE BOARD OF DIRECTORS

The directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2013.

1 Directors of the Company

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

Stephen Lee Ching Yen – Chairman (Independent)
Goh Choon Phong – Chief Executive Officer
William Fung Kwok Lun (Independent)
Euleen Goh Yiu Kiang (Independent)
Christina Ong (Independent)
Helmut Gunter Wilhelm Panke (Independent)
Jackson Peter Tai (Independent)
Lucien Wong Yuen Kuai (Non Independent)
Hsieh Tsun-yan (Independent) (appointed as director on 1 September 2012)
Gautam Banerjee (Independent) (appointed as director on 1 January 2013)

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 or 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, as disclosed in this report.

3 Directors' Interests in Shares, Share Options and Debentures

The following directors who held office at the end of the financial year had, 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 shares, share options and debentures of the Company, and of related corporations:

		Direct interest		Deemed interest	
Name of Director		**1.4.2012/ Date of Appointment**	**31.3.2013**	**1.4.2012/ Date of Appointment**	**31.3.2013**
Interest in Singapore Airlines Limited					
Ordinary shares					
Stephen Lee Ching Yen		9,400	9,400	-	-
Goh Choon Phong		82,510	183,900	-	-
William Fung Kwok Lun		-	-	200,000	200,000
Euleen Goh Yiu Kiang		3,800	3,800	-	-
Christina Ong		100,000	100,000	-	-
Lucien Wong Yuen Kuai		-	-	58,000	58,000
Options to subscribe for ordinary shares					
Goh Choon Phong		319,275	246,125	-	-
Conditional award of restricted shares (Note 1)					
Goh Choon Phong	- Base Awards	60,371	84,366	-	-
	- Final Awards (Pending Release)	11,106	12,206	-	-

REPORT BY THE BOARD OF DIRECTORS

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

Name of Director	Direct interest 1.4.2012/ Date of Appointment	Direct interest 31.3.2013	Deemed interest 1.4.2012/ Date of Appointment	Deemed interest 31.3.2013
Conditional award of performance shares (Note 2)				
Goh Choon Phong – Base Awards	83,631	140,141	-	-
Award of time-based restricted shares				
Goh Choon Phong – Base Awards	105,917	105,917	-	-
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Stephen Lee Ching Yen	190	190	190	190
Goh Choon Phong	1,610	1,610	-	-
Euleen Goh Yiu Kiang	21,537	21,537	-	-
Hsieh Tsun-yan	4,100	33,900	35,000	55,000
Christina Ong	-	-	1,000,000	1,000,000
Lucien Wong Yuen Kuai	1,680	1,680	111,540	1,540
Interest in Neptune Orient Lines Limited				
Ordinary shares				
Stephen Lee Ching Yen	30,000	30,000	-	-
Euleen Goh Yiu Kiang	2,000	2,000	-	-
Hsieh Tsun-yan	5,100	-	-	-
Debentures (Notes)				
Hsieh Tsun-yan	250,000	250,000	-	-
Interest in Mapletree Commercial Trust				
Units				
Lucien Wong Yuen Kuai	-	-	100,000	100,000
Interest in Mapletree Industrial Trust				
Units				
Lucien Wong Yuen Kuai	289,440	294,333	-	-
Interest in SP AusNet				
Ordinary shares				
Christina Ong	500,000	575,000	243,000	279,450
Interest in StarHub Ltd				
Ordinary shares				
Christina Ong	-	-	200,000	-

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

Name of Director	Direct interest 1.4.2012/ Date of Appointment	Direct interest 31.3.2013	Deemed interest 1.4.2012/ Date of Appointment	Deemed interest 31.3.2013
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Goh Choon Phong	6,000	6,000	-	-
Lucien Wong Yuen Kuai	298,000	298,000	20,000	-

Notes:

1. The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the two-year performance periods relating to the relevant awards.
2. The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.

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

Between the end of the financial year and 21 April 2013, Mr Goh Choon Phong's direct interest in the Company increased to 236,859 shares due to the release of 52,959 shares to him on 1 April 2013, following the vesting of 50% of 105,917 time-based restricted shares awarded in May 2010.

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 2013.

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
Helmut Gunter Wilhelm Panke
Jackson Peter Tai
Hsieh Tsun-yan (appointed as director on 1 September 2012)
Gautam Banerjee (appointed as director on 1 January 2013)

REPORT BY THE BOARD OF DIRECTORS

5 Equity Compensation Plans of the Company (continued)

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

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

At the end of the financial year, options to take up 33,731,970 unissued shares in the Company were outstanding:

	Number of options to subscribe for unissued ordinary shares					
Date of grant	**Balance at 1.4.2012**	**Cancelled**	**Exercised**	**Balance at 31.3.2013**	**Exercise price***	**Exercisable Period**
1.7.2002	1,756,432	(822,940)	(933,492)	-	$9.81	1.7.2003 - 30.6.2012
1.7.2003	1,231,448	(9,120)	(201,877)	1,020,451	$7.33	1.7.2004 - 30.6.2013
1.7.2004	2,386,273	(23,751)	(125,873)	2,236,649	$7.69	1.7.2005 - 30.6.2014
1.7.2005	4,548,216	(71,440)	(213,843)	4,262,933	$8.27	1.7.2006 - 30.6.2015
3.7.2006	6,373,040	(122,646)	(236,930)	6,013,464	$9.59	3.7.2007 - 2.7.2016
2.7.2007	10,961,915	(425,885)	-	10,536,030	$15.71	2.7.2008 - 1.7.2017
1.7.2008	9,882,649	(220,206)	-	9,662,443	$12.32	1.7.2009 - 30.6.2018
	37,139,973	(1,695,988)	(1,712,015)	33,731,970		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.50 per share on 31 July 2007, the Board Compensation & Industrial Relations Committee approved a 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 said Committee approved another reduction of $0.80 in the exercise prices of the share options outstanding on 18 August 2011 after the approval by the Company's shareholders of the declaration of a special dividend of $0.80 per share on 29 July 2011. The exercise prices reflected here are the exercise prices after such adjustments.

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

Name of participant	**Options granted during financial year under review**	**Aggregate options granted since commencement of scheme to end of financial year under review**	**Aggregate options exercised since commencement of scheme to end of financial year under review**	**Options lapsed**	**Aggregate options outstanding at end of financial year under review**
Goh Choon Phong	-	444,075	197,950	-	246,125

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

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

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

5 Equity Compensation Plans of the Company (continued)

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

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

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

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

Half of the RSP Final Awards of fully paid ordinary shares will be released to the participants upon vesting. The balance will be released equally over the subsequent two years with fulfilment of service requirements. All the PSP Final Awards of fully paid ordinary shares will be released to the participants at the end of the three-year performance period. For the financial year under review, all RSP and PSP Final Awards released were satisfied by the transfer of treasury shares to the participants.

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

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

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

1. RSP Base Awards

Name of participant	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2013	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	42,000	18,005	84,366	157,256

2. RSP Final Awards (Pending Release) R1

Name of participant	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2013	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Goh Choon Phong	17,470	16,370	12,206	56,828

REPORT BY THE BOARD OF DIRECTORS

5 Equity Compensation Plans of the Company (continued)

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

3. PSP Base Awards [R2]

Name of participant	Base Awards granted during the financial year	Base Awards vested during the financial year*	Balance as at 31 March 2013	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Goh Choon Phong	66,000	9,490	140,141	175,500	44,522

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

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

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

* *11,870 PSP Final Awards of SIA ordinary shares were released to Mr Goh Choon Phong pursuant to the vesting of 9,490 PSP Base Awards during the financial year.*

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

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

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

Name of participant	Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2013	Aggregate Awards granted since commencement of time-based RSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of time-based RSP to end of financial year under review
Goh Choon Phong	-	-	105,917	105,917	-

6 Equity Compensation Plans of SIA Engineering Company Limited (Subsidiary Company)

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

At the end of the financial year, options to take up 33,389,446 unissued shares in SIAEC were outstanding. Details and terms of the options have been disclosed in the Directors' Report of SIAEC.

(ii) SIAEC RSP and SIAEC PSP

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

7 Audit Committee

At the date of this report, the Audit Committee comprises the following five independent non-executive directors:

Euleen Goh Yiu Kiang (Chairperson)
William Fung Kwok Lun
Jackson Peter Tai
Hsieh Tsun-yan (appointed as director on 1 September 2012)
Gautam Banerjee (appointed as director on 1 January 2013)

The Audit Committee performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50 which include *inter alia* the review of the following:

(i) quarterly and annual financial statements;
(ii) audit scope, plans and reports of the external and internal auditors;
(iii) effectiveness of material controls, including financial, compliance, information technology and risk management controls;
(iv) interested person transactions;
(v) whistle-blowing programme instituted by the Company; and
(vi) any material loss of funds, significant computer security incidents and legal cases.

The Audit Committee has recommended to the Board of Directors that Ernst & Young LLP be nominated for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

8 Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 16th day of May 2013

STATEMENT BY THE DIRECTORS PURSUANT TO SECTION 201(15)

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

(i) the accompanying statements of financial position, consolidated profit and loss account, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2013 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

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

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 16th day of May 2013

INDEPENDENT AUDITOR'S REPORT

To the members of Singapore Airlines Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Singapore Airlines Limited (the "Company") and its subsidiaries (the "Group") set out on pages 91 to 190, which comprise the statements of financial position of the Group and the Company as at 31 March 2013, the statements of changes in equity of the Group and the Company and the consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's 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 about 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 judgment, 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2013 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Requirements

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

ERNST & YOUNG LLP
Public Accountants and
Certified Public Accountants

Dated this 16th day of May 2013
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Financial Year Ended 31 March 2013 (in $ million)

	Notes	The Group 2012-13	2011-12
REVENUE		15,098.2	14,857.8
EXPENDITURE			
Staff costs	5	2,353.3	2,194.4
Fuel costs		5,899.4	5,803.4
Depreciation	21	1,589.1	1,588.5
Impairment of property, plant and equipment	21	9.8	15.8
Amortisation of intangible assets	22	22.7	23.1
Aircraft maintenance and overhaul costs		539.3	463.4
Commission and incentives		355.5	330.9
Landing, parking and overflying charges		687.8	668.6
Handling charges		1,006.1	1,012.8
Rentals on leased aircraft		553.6	573.7
Material costs		214.2	219.0
Inflight meals		543.1	480.5
Advertising and sales costs		209.3	201.6
Insurance expenses		43.3	46.8
Company accommodation and utilities		115.6	113.9
Other passenger costs		158.4	139.3
Crew expenses		148.2	140.8
Other operating expenses		420.3	555.4
		14,869.0	14,571.9
OPERATING PROFIT	6	229.2	285.9
Finance charges	7	(42.7)	(74.3)
Interest income	8	62.5	50.5
Surplus/(Loss) on disposal of aircraft, spares and spare engines		56.0	(1.4)
Dividends from long-term investments		27.3	18.0
Other non-operating items	9	11.9	48.8
Share of profits of joint venture companies	25	96.2	74.7
Share of profits of associated companies	24	61.5	51.4
PROFIT BEFORE EXCEPTIONAL ITEMS		501.9	453.6
EXCEPTIONAL ITEMS	10	(19.9)	(5.4)
PROFIT BEFORE TAXATION		482.0	448.2
TAXATION	11	(40.4)	(51.4)
PROFIT FOR THE FINANCIAL YEAR		441.6	396.8
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		378.9	335.9
NON-CONTROLLING INTERESTS		62.7	60.9
		441.6	396.8
BASIC EARNINGS PER SHARE (CENTS)	12	32.2	28.3
DILUTED EARNINGS PER SHARE (CENTS)	12	31.9	27.9

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 2013 (in $ million)

	The Group	
	2012-13	2011-12
PROFIT FOR THE FINANCIAL YEAR	441.6	396.8
OTHER COMPREHENSIVE INCOME:		
Currency translation differences	(6.6)	(0.6)
Available-for-sale financial assets	4.2	(2.2)
Cash flow hedges	17.3	92.0
Surplus/(Loss) on dilution of interest in an associated company due to share options exercised	0.1	(1.1)
Share of other comprehensive income of associated and joint venture companies	11.7	18.5
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX	26.7	106.6
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	468.3	503.4
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE PARENT	406.5	442.9
NON-CONTROLLING INTERESTS	61.8	60.5
	468.3	503.4

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

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2013 (In $ million)

		The Group		The Company	
	Notes	2013	2012	2013	2012
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	14	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	15	(269.8)	(258.4)	(269.8)	(258.4)
Other reserves	16	11,518.4	11,295.7	10,372.3	11,249.2
		13,104.7	12,893.4	11,958.6	12,846.9
NON-CONTROLLING INTERESTS		312.6	294.0	-	-
TOTAL EQUITY		13,417.3	13,187.4	11,958.6	12,846.9
DEFERRED ACCOUNT	17	146.7	224.4	127.8	199.9
DEFERRED TAXATION	18	1,951.3	2,029.1	1,621.3	1,694.8
LONG-TERM LIABILITIES	19	944.5	1,018.5	803.9	807.9
PROVISIONS	20	421.3	318.6	376.1	259.1
		16,881.1	16,778.0	14,887.7	15,808.6
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	21				
Aircraft, spares and spare engines		10,875.6	11,383.5	8,746.8	9,223.9
Land and buildings		242.5	252.0	70.7	79.4
Others		1,979.9	1,745.9	1,581.8	1,525.0
		13,098.0	13,381.4	10,399.3	10,828.3
INTANGIBLE ASSETS	22	218.5	158.3	159.0	111.2
SUBSIDIARY COMPANIES	23	-	-	2,030.1	2,038.8
ASSOCIATED COMPANIES	24	554.4	543.2	532.5	1,701.1
JOINT VENTURE COMPANIES	25	120.8	113.2	-	-
LONG-TERM INVESTMENTS	26	706.9	373.7	626.8	293.7
OTHER RECEIVABLES	27	213.9	215.6	213.9	215.6
DEFERRED ACCOUNT	17	16.1	51.7	-	33.7
CURRENT ASSETS					
Inventories	28	274.9	306.1	192.7	221.7
Trade debtors	29	1,578.4	1,354.8	1,080.9	870.2
Deposits and other debtors	30	54.9	46.8	36.6	26.7
Prepayments		103.2	98.5	75.8	74.8
Amounts owing by subsidiary companies	29	-	-	189.9	195.2
Investments	31	349.4	625.1	289.4	565.2
Derivative assets	37(a)	79.1	71.9	77.7	57.4
Cash and bank balances	32	5,059.6	4,702.7	4,834.3	4,450.7
		7,499.5	7,205.9	6,777.3	6,461.9
Less: **CURRENT LIABILITIES**					
Sales in advance of carriage		1,434.3	1,456.8	1,367.7	1,409.5
Deferred revenue		532.5	497.0	532.5	497.0
Current tax payable		160.1	244.4	130.2	186.0
Trade and other creditors	33	3,201.1	2,885.4	2,510.1	2,210.2
Amounts owing to subsidiary companies	33	-	-	1,219.8	1,525.2
Finance lease commitments	19	67.8	64.8	-	-
Loans	19	5.7	2.4	-	-
Provisions	20	72.3	35.3	65.2	35.1
Derivative liabilities	37(a)	73.2	78.9	25.7	12.7
		5,547.0	5,265.0	5,851.2	5,875.7
NET CURRENT ASSETS		1,952.5	1,940.9	926.1	586.2
		16,881.1	16,778.0	14,887.7	15,808.6

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 2013 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2012		1,856.1	(258.4)	99.1
Comprehensive income				
Currency translation differences	16(b)	-	-	-
Net fair value changes on available-for-sale assets	16(d)	-	-	-
Net fair value changes on cash flow hedges		-	-	-
Surplus on dilution of interest in an associated company due to share options exercised		-	-	-
Share of other comprehensive income of associated and joint venture companies		-	-	12.5
Other comprehensive income for the financial year		-	-	12.5
Profit for the financial year		-	-	-
Total comprehensive income for the financial year, net of tax		-	-	12.5
Transactions with owners, recorded directly in equity				
Surplus on dilution of interest in subsidiary companies due to share options exercised		-	-	-
Share-based compensation expense	5	-	-	-
Share options and share awards lapsed		-	-	-
Purchase of treasury shares	15	-	(37.7)	-
Treasury shares reissued pursuant to equity compensation plans	15	-	26.3	(1.3)
Dividends	13	-	-	-
Total transactions with owners		-	(11.4)	(1.3)
Balance at 31 March 2013		1,856.1	(269.8)	110.3

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

	Attributable to Owners of the Parent						
	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
	(186.3)	165.9	(47.6)	11,264.6	12,893.4	294.0	13,187.4
	(5.5)	-	-	-	(5.5)	(1.1)	(6.6)
	-	-	4.2	-	4.2	-	4.2
	-	-	17.3	-	17.3	-	17.3
	-	-	-	0.1	0.1	-	0.1
	-	-	(1.0)	-	11.5	0.2	11.7
	(5.5)	-	20.5	0.1	27.6	(0.9)	26.7
	-	-	-	378.9	378.9	62.7	441.6
	(5.5)	-	20.5	379.0	406.5	61.8	468.3
	-	(6.8)	-	16.3	9.5	13.2	22.7
	-	5.4	-	-	5.4	-	5.4
	-	(3.4)	-	3.4	-	-	-
	-	-	-	-	(37.7)	-	(37.7)
	-	(9.4)	-	-	15.6	-	15.6
	-	-	-	(188.0)	(188.0)	(56.4)	(244.4)
	-	(14.2)	-	(168.3)	(195.2)	(43.2)	(238.4)
	(191.8)	151.7	(27.1)	11,475.3	13,104.7	312.6	13,417.3

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2013 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2011		1,832.4	(43.0)	91.8
Comprehensive income				
Currency translation differences	16(b)	-	-	-
Net fair value changes on available-for-sale assets	16(d)	-	-	-
Net fair value changes on cash flow hedges		-	-	-
Loss on dilution of interest in an associated company due to share options exercised		-	-	-
Share of other comprehensive income of associated and joint venture companies		-	-	17.9
Other comprehensive income for the financial year		-	-	17.9
Profit for the financial year		-	-	-
Total comprehensive income for the financial year, net of tax		-	-	17.9
Transactions with owners, recorded directly in equity				
Surplus on dilution of interest in subsidiary companies due to share options exercised		-	-	-
Share-based compensation expense	5	-	-	-
Share options exercised	14	23.7	-	-
Share options lapsed		-	-	-
Purchase of treasury shares	15	-	(272.1)	-
Treasury shares reissued pursuant to equity compensation plans	15	-	56.7	(10.6)
Dividends	13	-	-	-
Total transactions with owners		23.7	(215.4)	(10.6)
Balance at 31 March 2012		1,856.1	(258.4)	99.1

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

Attributable to Owners of the Parent						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
(186.1)	172.6	(138.0)	12,474.7	14,204.4	298.4	14,502.8
(0.2)	-	-	-	(0.2)	(0.4)	(0.6)
-	-	(2.2)	-	(2.2)	-	(2.2)
-	-	92.0	-	92.0	-	92.0
-	-	-	(1.1)	(1.1)	-	(1.1)
-	-	0.6	-	18.5	-	18.5
(0.2)	-	90.4	(1.1)	107.0	(0.4)	106.6
-	-	-	335.9	335.9	60.9	396.8
(0.2)	-	90.4	334.8	442.9	60.5	503.4
-	(5.0)	-	10.5	5.5	8.4	13.9
-	18.1	-	-	18.1	-	18.1
-	(4.1)	-	-	19.6	-	19.6
-	(1.8)	-	1.8	-	-	-
-	-	-	-	(272.1)	-	(272.1)
-	(13.9)	-	-	32.2	-	32.2
-	-	-	(1,557.2)	(1,557.2)	(73.3)	(1,630.5)
-	(6.7)	-	(1,544.9)	(1,753.9)	(64.9)	(1,818.8)
(186.3)	165.9	(47.6)	11,264.6	12,893.4	294.0	13,187.4

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2013 (In $ million)

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2012		1,856.1	(258.4)	(8.1)	133.7	(9.8)	11,133.4	12,846.9
Comprehensive income								
Net fair value changes on available-for-sale assets	16(d)	-	-	-	-	2.2	-	2.2
Net fair value changes on cash flow hedges	16(d)	-	-	-	-	10.5	-	10.5
Other comprehensive income for the financial year		-	-	-	-	12.7	-	12.7
Loss for the financial year	24	-	-	-	-	-	(694.1)	(694.1)
Total comprehensive income for the financial year, net of tax		-	-	-	-	12.7	(694.1)	(681.4)
Transactions with owners, recorded directly in equity								
Share-based compensation expense		-	-	-	3.2	-	-	3.2
Share options and share awards lapsed		-	-	-	(3.0)	-	3.0	-
Purchase of treasury shares	15	-	(37.7)	-	-	-	-	(37.7)
Treasury shares reissued pursuant to equity compensation plans	15	-	26.3	(1.3)	(9.4)	-	-	15.6
Dividends	13	-	-	-	-	-	(188.0)	(188.0)
Total transactions with owners		-	(11.4)	(1.3)	(9.2)	-	(185.0)	(206.9)
Balance at 31 March 2013		1,856.1	(269.8)	(9.4)	124.5	2.9	10,254.3	11,958.6

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 2013 (In $ million)

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2011		1,832.4	(43.0)	2.5	138.5	(94.2)	12,298.9	14,135.1
Comprehensive income								
Net fair value changes on available-for-sale assets	16(d)	-	-	-	-	(0.3)	-	(0.3)
Net fair value changes on cash flow hedges	16(d)	-	-	-	-	84.7	-	84.7
Other comprehensive income for the financial year		-	-	-	-	84.4	-	84.4
Profit for the financial year		-	-	-	-	-	390.2	390.2
Total comprehensive income for the financial year, net of tax		-	-	-	-	84.4	390.2	474.6
Transactions with owners, recorded directly in equity								
Share-based compensation expense		-	-	-	14.7	-	-	14.7
Share options exercised	14	23.7	-	-	(4.1)	-	-	19.6
Share options lapsed		-	-	-	(1.5)	-	1.5	-
Purchase of treasury shares	15	-	(272.1)	-	-	-	-	(272.1)
Treasury shares reissued pursuant to equity compensation plans	15	-	56.7	(10.6)	(13.9)	-	-	32.2
Dividends	13	-	-	-	-	-	(1,557.2)	(1,557.2)
Total transactions with owners		23.7	(215.4)	(10.6)	(4.8)	-	(1,555.7)	(1,762.8)
Balance at 31 March 2012		1,856.1	(258.4)	(8.1)	133.7	(9.8)	11,133.4	12,846.9

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 2013 (in $ million)

		The Group	
	Notes	2012-13	2011-12
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		482.0	448.2
Adjustments for:			
Depreciation	21	1,589.1	1,588.5
Impairment of property, plant and equipment	21	9.8	15.8
Amortisation of intangible assets	22	22.7	23.1
Write-back of impairment of trade debtors	6	(8.8)	(0.2)
Write-down of inventories	28	32.3	27.3
Income from short-term investments	6	(1.7)	(1.6)
Provisions	20	168.2	133.4
Share-based compensation expense	5	5.4	18.1
Exchange differences		5.2	7.2
Amortisation of deferred loss/(gain) on sale and operating leaseback transactions	6	3.3	(18.3)
Finance charges	7	42.7	74.3
Interest income	8	(62.5)	(50.5)
(Surplus)/Loss on disposal of aircraft, spares and spare engines		(56.0)	1.4
Dividends from long-term investments		(27.3)	(18.0)
Other non-operating items	9	(11.9)	(48.8)
Share of profits of joint venture companies	25	(96.2)	(74.7)
Share of profits of associated companies	24	(61.5)	(51.4)
Exceptional items	10	19.9	5.4
Operating profit before working capital changes		2,054.7	2,079.2
Increase in trade and other creditors		269.0	90.8
Decrease in sales in advance of carriage		(22.5)	(3.0)
Increase in trade debtors		(251.7)	(132.3)
(Increase)/Decrease in deposits and other debtors		(8.1)	5.2
(Increase)/Decrease in prepayments		(4.7)	5.1
(Increase)/Decrease in inventories		(1.1)	2.1
Increase in deferred revenue		35.5	51.9
Cash generated from operations		2,071.1	2,099.0
Payment of cargo fines	10	(24.0)	(1.3)
Income taxes paid		(192.7)	(394.9)
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,854.4	1,702.8

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

		The Group	
	Notes	2012-13	2011-12
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	34	(1,875.4)	(1,641.2)
Purchase of intangible assets		(83.6)	(56.1)
Proceeds from disposal of aircraft and other property, plant and equipment		647.7	495.1
Purchase of long-term investments		(364.4)	(339.0)
Disposal/(Purchase) of short-term investments		310.5	(229.6)
Proceeds on disposal of an associated company		4.6	-
Dividends received from associated and joint venture companies		140.2	133.6
Dividends received from investments		28.3	18.9
Interest received from investments and deposits		45.9	44.4
Return of capital by an associated company		-	48.1
Investments in associated companies		-	(54.6)
NET CASH USED IN INVESTING ACTIVITIES		(1,146.2)	(1,580.4)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	13	(188.0)	(1,557.2)
Dividends paid by subsidiary companies to non-controlling interests		(56.4)	(73.3)
Interest paid		(34.2)	(86.9)
Repayment of fixed rate notes		-	(900.0)
Proceeds from borrowings		3.5	1.1
Repayment of borrowings		(0.2)	(0.4)
Repayment of long-term lease liabilities		(63.9)	(61.2)
Proceeds from exercise of share options		38.3	65.7
Purchase of treasury shares	15	(37.7)	(272.1)
NET CASH USED IN FINANCING ACTIVITIES		(338.6)	(2,884.3)
NET CASH INFLOW/(OUTFLOW)		369.6	(2,761.9)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		4,702.7	7,434.2
Effect of exchange rate changes		(12.7)	30.4
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		5,059.6	4,702.7
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Fixed deposits	32	4,692.4	4,260.6
Cash and bank	32	367.2	442.1
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		5,059.6	4,702.7

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

1 General

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

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

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

The financial statements for the financial year ended 31 March 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 16 May 2013.

2 Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

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

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

(b) New and revised standards

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

On 1 April 2012, the Group adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual financial periods beginning on or after 1 April 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2 Summary of Significant Accounting Policies (continued)

(b) New and revised standards (continued)

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
Amendments to FRS 107 Disclosures – Offsetting of Financial Assets and Financial Liabilities	1 January 2013
FRS 113 Fair Value Measurements	1 January 2013
Improvements to FRSs 2012	1 January 2013
- Amendment to FRS 1 Presentation of Financial Statements	
- Amendment to FRS 16 Property, Plant and Equipment	
- Amendment to FRS 32 Financial Instruments: Presentation	
Revised FRS 27 Separate Financial Statements	1 January 2014
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2014
Amendment to FRS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 110 Consolidated Financial Statements	1 January 2014
FRS 111 Joint Arrangements	1 January 2014
FRS 112 Disclosure of Interests in Other Entities	1 January 2014

Except for the Amendments to FRS 1, FRS 111, revised FRS 28 and FRS 112, the management expects that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1, FRS 111, revised FRS 28 and FRS 112 are described below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income ("OCI") is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 and the revised FRS 28 are effective for financial periods beginning on or after 1 January 2014.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2 Summary of Significant Accounting Policies (continued)

(b) New and revised standards (continued)

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures (continued)

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates. The Group is currently assessing whether there will be any impact to the Group's financial statements when the FRSs are adopted.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

(c) Basis of consolidation

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

(c) Basis of consolidation (continued)

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

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

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

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

Transactions with non-controlling interests

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

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

(d) Subsidiary, associated and joint venture companies

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

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

An associated company is defined as an entity, not being a subsidiary company or joint venture company, in which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to not less than 20% of the voting rights. A list of the Group's associated companies is shown in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2 Summary of Significant Accounting Policies (continued)

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

The Group's investments in associated companies are accounted for using the equity method. Under the equity method, the investment in associated company is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated company. Goodwill relating to an associated company is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associated company in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associated company. Where there has been a change recognised in other comprehensive income by the associated company, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associated company are eliminated to the extent of its interest in the associated company.

The Group's share of profit or loss of its associated company is shown on the face of the profit and loss account.

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

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

(e) Intangible assets

(i) 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 3 to 10 years and assessed for impairment whenever there is an indication that the computer software may be impaired. Advance and progress payments are not amortised. The amortisation period and method are reviewed at least annually.

(ii) 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.

(iii) Others

Purchased landing slots are measured initially at cost. Following initial recognition, landing slots are measured at cost less accumulated impairment losses, if any. Landing slots based within the European Union are not amortised, as regulations provide that these landing slots have an indefinite useful life, and are tested for impairment annually.

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

(f) Foreign currencies

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

Foreign currency transactions are converted into SGD at exchange rates which approximate bank rates prevailing at dates of transactions.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2 Summary of Significant Accounting Policies (continued)

(f) Foreign currencies (continued)

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

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

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

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

(g) Property, plant and equipment

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

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, engine overhauls and landing gear 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.

Leasehold hotel properties held by an associated company are carried at fair value, less accumulated depreciation and accumulated impairment losses. Fair values of leasehold hotel properties are determined by independent professional valuers on an annual basis. The Group's share of the revaluation gain or loss is reflected under the share of post-acquisition capital reserve.

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

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 prospectively, if appropriate.

Freehold land, advance and progress payments are not depreciated.

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

(i) Aircraft, spares and spare engines

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

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 values.

Major inspection costs relating to landing gear overhauls, heavy maintenance visits and engine overhauls (including inspection costs provided under power-by-hour maintenance agreements) are capitalised and depreciated over the average expected life between major overhauls, estimated to be 4 to 10 years.

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

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

(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.
Leasehold hotel properties held by an associated company	- according to lease period of 99 years, up to 2081.

(iii) Others

Plant and equipment, office and computer equipment are depreciated over 1 to 15 years to nil residual values.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2 Summary of Significant Accounting Policies (continued)

(i) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and 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 or loss 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 7 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. Excess of sales proceeds over 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. If the sales proceeds are below fair values, the loss is recognised in the profit and loss account except that, if the loss is compensated for by future lease payments at below market values, the deferred loss is included under deferred account and is amortised over the minimum lease period.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the remaining lease term period or the average expected life between major overhauls (estimated to be 4 to 10 years).

(iii) Operating lease – as lessor

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

2 Summary of Significant Accounting Policies (continued)

(j) Inventories

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

(k) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or 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 the profit and loss account.

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

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as fair value through profit or loss. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short-term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives are also classified under this category unless they are designated as effective hedging instruments. Gains or losses on financial assets held at fair value through profit or loss are recognised in the profit and loss account.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

(ii) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2 Summary of Significant Accounting Policies (continued)

(k) Financial assets (continued)

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the profit and loss account when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) 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, except that impairment losses and interest are recognised in the profit and loss account. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the profit and loss account as a reclassification adjustment when the investment is derecognised.

(l) Investments

Investments held by the Group are classified as available-for-sale or held-to-maturity. Investments classified as available-for-sale are stated at fair value, unless there is no active market for trading. Fair value is determined in the manner described in Note 37(b). Investments with no active market for trading are stated at cost less accumulated impairment losses as their fair value cannot be reliably measured. Held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. The accounting policy for both categories of financial assets is stated in Note 2(k).

(m) Trade debtors and other receivables

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

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

(n) Cash and cash equivalents

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

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

2 Summary of Significant Accounting Policies (continued)

(o) 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 cash-generating units' ("CGU") fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. 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.

(p) 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) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2 Summary of Significant Accounting Policies (continued)

(p) Impairment of financial assets (continued)

(i) Financial assets carried at amortised cost (continued)

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) Financial assets carried at cost

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

(iii) Available-for-sale financial assets

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

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from other comprehensive income to the profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss account; increase in the fair value after impairment are recognised directly in other comprehensive income.

In the case of non-equity investments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit and loss account. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a non-equity investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed in the profit and loss account.

2 Summary of Significant Accounting Policies (continued)

(q) Financial liabilities

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

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the profit and loss account.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 and loss account.

(r) Loans, notes payable and borrowings

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2 Summary of Significant Accounting Policies (continued)

(s) Trade and other creditors

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

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

(t) Provisions

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

Provisions are reviewed at 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.

(u) Maintenance reserve

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

(v) Share capital and share issuance 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.

(w) 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. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2 Summary of Significant Accounting Policies (continued)

(x) 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.

(y) Taxation

(i) Current income 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 tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

(ii) Deferred tax

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

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

- Where the deferred 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 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 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 tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2 Summary of Significant Accounting Policies (continued)

(y) Taxation (continued)

(ii) Deferred tax (continued)

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient 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 in 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 each reporting period.

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

(iii) Indirect Taxes

Revenues, expenses and assets are recognised net of the amount of indirect tax except:

- Where the indirect tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the indirect tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of indirect tax included.

The net amount of indirect tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

(z) Revenue

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

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

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

2 Summary of Significant Accounting Policies (continued)

(z) Revenue (continued)

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.

(aa) 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.

(ab) Employee benefits

(i) Equity compensation plans

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

2 Summary of Significant Accounting Policies (continued)

(ab) Employee benefits (continued)

(i) Equity compensation plans (continued)

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.

(ac) Aircraft maintenance and overhaul costs

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

(ad) 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.

(ae) 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.

(af) 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.

(ag) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts, foreign currency option contracts, cross currency swap contracts, interest rate swap contracts, interest rate cap contracts, jet fuel option contracts, jet fuel swap contracts and jet fuel collar 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.

2 Summary of Significant Accounting Policies (continued)

(ag) Derivative financial instruments and hedging (continued)

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

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

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

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

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

(ah) Segment reporting

(i) Business segment

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

(ii) Geographical segment

The analysis of revenue by area of original sale from airline operations is derived by allocating revenue to the area in which the sale was made. Revenue from other operations, which consist principally of engineering services and cargo operations, is derived in East Asia and therefore, is not shown.

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

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3 Significant Accounting Estimates

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

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

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

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

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

Aircraft are depreciated on a straight-line basis at rates which are calculated to write down their cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of the fleet are made by the Group based on past experience and these are in line with the industry. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2013 was $10,546.1 million (2012: $11,024.2 million) and $8,553.9 million (2012: $8,985.5 million) respectively.

During the year, the Group reduced the estimated useful lives and residual values for certain aircraft pursuant to the sale of these aircraft. Consequently, an additional depreciation expense of $30.0 million (2011-12: $69.3 million) was charged to the profit and loss account.

(c) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the statement of financial position and recognised as revenue at the end of two years. This is estimated based on historical trends and experiences of the Group whereby ticket uplift occurs mainly within the first two years. The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2013 was $1,434.3 million (2012: $1,456.8 million) and $1,367.7 million (2012: $1,409.5 million) respectively.

(d) Frequent Flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage and redemption, which is then used to project the expected utilisation of these benefits. Any remaining unutilised benefits are recognised as revenue upon expiry. The carrying amount of the Group's and the Company's deferred revenue at 31 March 2013 was $532.5 million (2012: $497.0 million).

3 Significant Accounting Estimates (continued)

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

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

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate as if the engine maintenance and overhaul costs are accounted for under the time and material basis. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2013 was $549.3 million (2012: $684.3 million) and $493.7 million (2012: $634.3 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to $47.7 million (2011-12: $38.0 milion) for the Group and $45.2 million (2011-12: $35.8 milion) for the Company.

(f) Income taxes

The Group is subjected to income taxes in numerous jurisdictions. Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's current tax payable and deferred taxation at 31 March 2013 was $160.1 million (2012: $244.4 million) and $1,951.3 million (2012: $2,029.1 million) respectively. The carrying amounts of the Company's current tax payable and deferred taxation at 31 March 2013 was $130.2 million (2012: $186.0 million) and $1,621.3 million (2012: $1,694.8 million) respectively.

4 Segment Information (in $ million)

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

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

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

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

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

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

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.

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4 Segment Information (in $ million) (continued)

Business segments

The Group's business are organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial years ended 31 March 2013 and 2012 and certain assets and liabilities information of the business segments as at those dates.

	Airline operations 2012-13
TOTAL REVENUE	
External revenue	12,169.3
Inter-segment revenue	1,243.3
	13,412.6
RESULTS	
Segment result	262.0
Finance charges	(35.2)
Interest income	62.2
Surplus/(Loss) on disposal of aircraft, spares and spare engines	56.3
Dividends from long-term investments	10.3
Other non-operating items	(5.8)
Share of profits of joint venture companies	-
Share of (losses)/profits of associated companies	(1.9)
Exceptional items	-
Taxation	(32.4)
Profit/(Loss) for the financial year	315.5
Attributable to:	
Owners of the Parent	
Non-controlling interests	

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

Engineering services 2012-13	Cargo operations 2012-13	Others 2012-13	Total of segments 2012-13	Elimination* 2012-13	Consolidated 2012-13
470.9	2,415.3	42.7	15,098.2	-	15,098.2
675.8	4.3	83.8	2,007.2	(2,007.2)	-
1,146.7	2,419.6	126.5	17,105.4	(2,007.2)	15,098.2
128.1	(167.0)	4.6	227.7	1.5	229.2
(0.1)	(9.4)	-	(44.7)	2.0	(42.7)
1.4	0.8	0.2	64.6	(2.1)	62.5
-	-	(0.3)	56.0	-	56.0
17.0	-	-	27.3	-	27.3
0.5	(5.4)	8.3	(2.4)	14.3	11.9
96.2	-	-	96.2	-	96.2
63.0	0.4	-	61.5	-	61.5
-	(19.9)	-	(19.9)	-	(19.9)
(31.9)	26.2	(2.3)	(40.4)	-	(40.4)
274.2	(174.3)	10.5	425.9	15.7	441.6
					378.9
					62.7
					441.6

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations 2011-12
TOTAL REVENUE	
External revenue	11,582.3
Inter-segment revenue	1,234.9
	12,817.2
RESULTS	
Segment result	279.1
Finance charges	(65.9)
Interest income	50.1
(Loss)/Surplus on disposal of aircraft, spares and spare engines	(28.9)
Dividends from long-term investments	4.4
Other non-operating items	(13.4)
Share of profits of joint venture companies	-
Share of (losses)/profits of associated companies	(29.3)
Exceptional items	(4.1)
Taxation	(45.2)
Profit/(Loss) for the financial year	146.8
Attributable to:	
Owners of the Parent	
Non-controlling interests	

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

	Engineering services 2011-12	Cargo operations 2011-12	Others 2011-12	Total of segments 2011-12	Elimination* 2011-12	Consolidated 2011-12
	551.5	2,673.6	50.4	14,857.8	-	14,857.8
	618.4	5.9	79.2	1,938.4	(1,938.4)	-
	1,169.9	2,679.5	129.6	16,796.2	(1,938.4)	14,857.8
	129.6	(119.3)	(0.4)	289.0	(3.1)	285.9
	-	(12.3)	-	(78.2)	3.9	(74.3)
	1.5	1.5	0.3	53.4	(2.9)	50.5
	-	-	(2.7)	(31.6)	30.2	(1.4)
	13.6	-	-	18.0	-	18.0
	1.5	(2.9)	(0.2)	(15.0)	63.8	48.8
	74.7	-	-	74.7	-	74.7
	82.2	(1.5)	-	51.4	-	51.4
	-	(1.3)	-	(5.4)	-	(5.4)
	(31.1)	26.1	(1.2)	(51.4)	-	(51.4)
	272.0	(109.7)	(4.2)	304.9	91.9	396.8
						335.9
						60.9
						396.8

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations 2013
OTHER INFORMATION AS AT 31 MARCH	
Segment assets	19,216.1
Investments in and loans to associated and joint venture companies	230.6
Long-term investments	628.7
Accrued interest receivable	12.6
Total assets	20,088.0
Segment liabilities	4,830.2
Long-term liabilities	3.9
Provisions	468.7
Finance lease commitments	-
Loans	-
Notes payable	800.0
Accrued interest payable	7.1
Tax liabilities	1,840.4
Total liabilities	7,950.3
Capital expenditure	1,790.6
Purchase of intangible assets	69.3
Depreciation	1,352.3
Impairment of property, plant and equipment	7.0
Amortisation of intangible assets	19.3
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	38.4

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

Engineering services 2013	Cargo operations 2013	Others 2013	Total of segments 2013	Elimination* 2013	Consolidated 2013
1,191.1	1,935.3	193.8	22,536.3	(1,503.1)	21,033.2
427.0	17.6	-	675.2	-	675.2
14.6	63.6	-	706.9	-	706.9
-	-	0.2	12.8	-	12.8
1,632.7	2,016.5	194.0	23,931.2	(1,503.1)	22,428.1
248.4	255.6	50.5	5,384.7	(5.2)	5,379.5
-	-	-	3.9	-	3.9
0.2	24.7	-	493.6	-	493.6
-	208.4	-	208.4	-	208.4
5.7	-	-	5.7	-	5.7
-	-	-	800.0	-	800.0
-	1.2	-	8.3	-	8.3
49.2	217.3	4.2	2,111.1	0.3	2,111.4
303.5	707.2	54.7	9,015.7	(4.9)	9,010.8
31.8	51.6	1.4	1,875.4	-	1,875.4
13.7	0.5	0.1	83.6	-	83.6
33.2	194.0	6.7	1,586.2	2.9	1,589.1
-	-	2.8	9.8	-	9.8
1.7	1.3	0.4	22.7	-	22.7
(0.8)	(0.8)	0.9	37.7	-	37.7

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations 2012
OTHER INFORMATION AS AT 31 MARCH	
Segment assets	18,704.9
Investments in and loans to associated and joint venture companies	220.8
Long-term investments	295.6
Accrued interest receivable	7.9
Total assets	19,229.2
Segment liabilities	4,532.5
Long-term liabilities	7.9
Provisions	331.4
Finance lease commitments	-
Loans	-
Notes payable	800.0
Accrued interest payable	4.6
Tax liabilities	1,979.0
Total liabilities	7,655.4
Capital expenditure	1,505.9
Purchase of intangible assets	41.2
Depreciation	1,355.0
Impairment of property, plant and equipment	10.8
Amortisation of intangible assets	19.6
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	24.7

* *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.*

Engineering services 2012	Cargo operations 2012	Others 2012	Total of segments 2012	Elimination* 2012	Consolidated 2012
1,166.7	2,234.3	188.7	22,294.6	(1,289.8)	21,004.8
418.0	17.6	-	656.4	-	656.4
14.6	63.5	-	373.7	-	373.7
-	-	0.2	8.1	-	8.1
1,599.3	2,315.4	188.9	23,332.8	(1,289.8)	22,043.0
263.7	300.9	44.6	5,141.7	(5.4)	5,136.3
-	-	-	7.9	-	7.9
0.2	22.3	-	353.9	-	353.9
-	275.4	-	275.4	-	275.4
2.4	-	-	2.4	-	2.4
-	-	-	800.0	-	800.0
-	1.6	-	6.2	-	6.2
53.2	237.9	3.1	2,273.2	0.3	2,273.5
319.5	838.1	47.7	8,860.7	(5.1)	8,855.6
28.8	137.4	5.5	1,677.6	(36.4)	1,641.2
14.0	0.6	0.3	56.1	-	56.1
37.8	188.0	7.3	1,588.1	0.4	1,588.5
-	-	5.0	15.8	-	15.8
1.7	1.2	0.6	23.1	-	23.1
3.2	(2.4)	(0.4)	25.1	-	25.1

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

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 2013 and 2012.

	By area of original sale	
	2012-13	**2011-12**
East Asia	4,962.9	4,754.1
Europe	1,352.9	1,411.3
South West Pacific	1,628.9	1,556.6
Americas	760.1	747.8
West Asia and Africa	436.5	461.0
Systemwide	9,141.3	8,930.8
Non-scheduled services and incidental revenue	4,271.3	3,886.4
	13,412.6	12,817.2

5 Staff Costs (in $ million)

	The Group	
	2012-13	**2011-12**
Salary, bonuses and other costs	2,181.5	2,026.2
CPF and other defined contributions	166.4	150.1
Share-based compensation expense	5.4	18.1
	2,353.3	2,194.4

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expenses for the Group were $28.6 million for 2012-13 (2011-12 : $25.9 million). As these are not material to the total staff costs of the Group for 2012-13 and 2011-12, additional disclosures of these defined benefit plans are not shown.

5 Staff Costs (in $ million) (continued)

Share-based compensation expense

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

	The Group	
	2012-13	2011-12
Employee share option scheme	0.2	1.2
Restricted share plan	3.4	14.8
Performance share plan	1.8	2.1
	5.4	18.1

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 were granted for a term no longer than 10 years from the date of grant. The exercise price of the options was 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 vest two years after the date of grant.

Under the Senior Executive Share Option Scheme, options 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.

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5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share option plans (continued)

Movement of share options during the financial year

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

	2012-13		2011-12	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	37,139,973	$11.77	43,213,533	$12.25
Cancelled	(1,695,988)	$11.49	(859,445)	$11.19
Exercised	(1,712,015)	$9.14	(5,214,115)	$9.95
Balance at 31 March	33,731,970	$11.92	37,139,973	$11.77
Exercisable at 31 March	33,731,970	$11.92	35,865,297	$11.76

The range of exercise prices for options outstanding at the end of the year is $7.33 to $15.71 (2011-12: $7.33 to $15.71).

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

The weighted average share price for options exercised during the year was $10.68 (2011-12: $11.90). The weighted average remaining contractual life for these options is 3.79 years (2011-12: 4.54 years).

Terms of share options outstanding as at 31 March 2013:

Exercisable period	Exercise price	Number outstanding	Number exercisable
1.7.2004 - 30.6.2013	$7.33	122,369	122,369
1.7.2005 - 30.6.2013	$7.33	481,767	481,767
1.7.2006 - 30.6.2013	$7.33	147,561	147,561
1.7.2007 - 30.6.2013	$7.33	268,754	268,754
1.7.2005 - 30.6.2014	$7.69	276,080	276,080
1.7.2006 - 30.6.2014	$7.69	926,856	926,856
1.7.2007 - 30.6.2014	$7.69	441,591	441,591
1.7.2008 - 30.6.2014	$7.69	592,122	592,122
1.7.2006 - 30.6.2015	$8.27	475,621	475,621
1.7.2007 - 30.6.2015	$8.27	2,200,908	2,200,908
1.7.2008 - 30.6.2015	$8.27	776,556	776,556
1.7.2009 - 30.6.2015	$8.27	809,848	809,848

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share option plans (continued)

Exercisable period	Exercise price	Number outstanding	Number exercisable
3.7.2007 - 2.7.2016	$9.59	624,117	624,117
3.7.2008 - 2.7.2016	$9.59	3,727,335	3,727,335
3.7.2009 - 2.7.2016	$9.59	796,517	796,517
3.7.2010 - 2.7.2016	$9.59	865,495	865,495
2.7.2008 - 1.7.2017	$15.71	1,146,878	1,146,878
2.7.2009 - 1.7.2017	$15.71	7,098,294	7,098,294
2.7.2010 - 1.7.2017	$15.71	1,148,731	1,148,731
2.7.2011 - 1.7.2017	$15.71	1,142,127	1,142,127
1.7.2009 - 30.6.2018	$12.32	1,052,436	1,052,436
1.7.2010 - 30.6.2018	$12.32	6,127,091	6,127,091
1.7.2011 - 30.6.2018	$12.32	1,218,454	1,218,454
1.7.2012 - 30.6.2018	$12.32	1,264,462	1,264,462
Total number of options outstanding		33,731,970 @	33,731,970

@ *The total number of options outstanding includes:*

(a) *5,741,871 (2012: 5,255,057) 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) *37,792 (2012: 92,982) share options not exercised by employees who have completed their fixed term contracts during the financial year. The said options, if unvested, shall immediately vest and be exercisable from the date of cessation of employment to the date falling one year from the date of cessation of employment.*

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans

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

The details of the two plans are described below:

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

[#] *EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Rentals on leased aircraft.*

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

Movement of share awards during the financial year

Date of grant	Number of Restricted Shares Balance at 1.4.2012/ date of grant	Adjustment*	Vested	Cancelled	Balance at 31.03.2013
RSP					
01.07.2008	91,553	-	(91,553)	-	-
29.07.2009	222,401	-	(115,252)	(2,017)	105,132
22.07.2010	547,027	(59,807)	(265,110)	(2,720)	219,390
01.07.2011	573,268	-	-	(17,729)	555,539
10.07.2012	584,103	-	-	(3,780)	580,323
	2,018,352	(59,807)	(471,915)	(26,246)	1,460,384

* *Adjustment at the end of two-year performance period upon meeting performance targets and adjustments for number of days in service for retirees.*

Date of grant	Number of Performance Shares Balance at 1.4.2012/ date of grant	Adjustment#	Vested	Cancelled	Balance at 31.03.2013
PSP					
29.07.2009	205,222	(15,342)	(189,880)	-	-
22.07.2010	164,590	-	-	(8,473)	156,117
01.07.2011	153,999	-	-	-	153,999
10.07.2012	181,213	-	-	-	181,213
	705,024	(15,342)	(189,880)	(8,473)	491,329

\# *Adjustment at the end of three-year performance period upon meeting performance targets and adjustment for number of days in service for retirees.*

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5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

Fair value of share awards granted

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

The following table lists the key inputs to the model used for the July 2012 and July 2011 awards:

	July 2012 Award		July 2011 Award	
	RSP	**PSP**	**RSP**	**PSP**
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	21.51 – 27.43	21.51	17.89 – 27.50	27.50
Risk-free interest rate (%)	0.17 – 0.25	0.23	0.42 – 0.75	0.52
Expected term (years)	2.0 – 4.0	3.0	2.0 – 4.0	3.0
Share price at date of grant ($)	10.55	10.55	14.20	14.20

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

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from $8.86 to $9.69 (2012: $11.47 to $12.45) and the estimated fair value at date of grant for each share granted under the PSP is $9.35 (2012: $12.75).

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.

5 Staff Costs (in $ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

Fair value of share awards granted (continued)

The number of contingent shares granted but not released as at 31 March 2013, were 1,460,384 (2012: 1,434,249) and 491,329 (2012: 523,811) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,028,315 (2012: 1,994,397) and 982,658 (2012: 1,047,622) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

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

Time-based RSP

In FY2010-11, the Board Compensation & Industrial Relations Committee approved a special time-based RSP awarded to senior management. This one-off grant of time-based RSP shares will be issued on the vesting dates.

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

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

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

Movement of time-based share awards during the financial year

	Number of Time-based Restricted Shares		
Date of grant	**Balance at 1.4.2012**	**Vested**	**Balance at 31.03.2013**
Time-based RSP			
07.05.2010	444,846	(5,295)	439,551
	444,846	(5,295)	439,551

The number of time-based restricted shares granted but not released as at 31 March 2013 was 439,551 (2012: 444,846).

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6 Operating Profit (in $ million)

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

	The Group	
	2012-13	2011-12
Interest income from short-term investments	(0.7)	(0.7)
Dividend income from short-term investments	(1.0)	(0.9)
Loss on disposal of short-term investments	1.1	0.3
Income from operating lease of aircraft	(92.2)	(116.8)
Amortisation of deferred loss/(gain) on sale and operating leaseback transactions	3.3	(18.3)
Bad debts written off	0.5	1.3
Write-back of impairment of trade debtors	(8.8)	(0.2)
Remuneration for auditors of the Company		
Audit fees	1.5	1.5
Non-audit fees	0.5	0.7
Exchange loss, net	82.5	36.6
Currency hedging (gain)/loss	(29.4)	56.2
Fuel hedging gain recognised in “Fuel costs”	(33.8)	(24.0)

7 Finance Charges (in $ million)

	The Group	
	2012-13	2011-12
Notes payable	22.5	49.4
Other receivables measured at amortised cost	10.1	10.1
Finance lease commitments	6.1	8.0
Realised loss on interest rate swap contracts accounted as cash flow hedges	4.6	5.9
Fair value gain on interest rate swap contracts accounted as fair value through profit or loss	(1.2)	(1.6)
Commitment fees	0.6	2.5
	42.7	74.3

8 Interest Income (in $ million)

	The Group	
	2012-13	2011-12
Interest income from fixed deposits and investments	40.1	32.4
Amortised interest income from other receivables	12.7	6.1
Others	9.7	12.0
	62.5	50.5

9 Other Non-operating Items (in $ million)

	The Group	
	2012-13	2011-12
Gain on disposal of an associated company	8.3	-
Dividends from an associated company	2.7	4.9
Surplus on disposal of other property, plant and equipment	0.6	1.8
Liquidated damages	0.3	(0.4)
Return of capital by an associated company	-	48.1
Provision for impairment in an associated company	-	(5.6)
	11.9	48.8

10 Exceptional Items (in $ million)

During the financial year, the Group's exceptional items pertained to provision for penalties and costs agreed between Singapore Airlines Cargo ("SIA Cargo") and the Australian Competition and Consumer Commission for an amount of AUD12.2 million ($15.5 million) and the New Zealand Commerce Commission for an amount of NZD4.4 million ($4.4 million). The penalties and costs were recommended by the parties and endorsed by the respective Courts, bringing the Commissions' air cargo investigations and proceedings in Australia and New Zealand to a close for SIA Cargo.

During the previous financial year, the Company and SIA Cargo accepted a settlement offer from the plaintiffs in the Canadian air cargo class actions to resolve all such actions on an agreed basis for an amount of CAD1.05 million ($1.3 million). The settlement is without admission of any wrongdoing or liability and has been approved by the relevant courts in Canada and is final.

With regard to an investigation conducted by the South African Competition Commission ("SACC") concerning price-fixing on certain routes, a settlement agreement was reached which included an administrative penalty of ZAR25 million ($4.1 million). The Competition Tribunal confirmed the settlement agreement between the Company and the SACC and the Company has paid the agreed upon administrative penalty during the financial year.

11 Taxation (in $ million)

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2013 and 2012 are:

	The Group	
	2012-13	2011-12
Current taxation		
Provision for the year	122.3	199.2
Overprovision in respect of prior years	(6.8)	(0.1)
Share of joint venture companies' taxation	1.3	1.2
Share of associated companies' taxation	11.7	13.7
	128.5	214.0
Deferred taxation		
Movement in temporary differences	(62.9)	(139.5)
Overprovision in respect of prior years	(25.2)	(23.1)
	(88.1)	(162.6)
	40.4	51.4

Deferred taxation related to other comprehensive income:

	The Group	
	2012-13	2011-12
Available-for-sale financial assets	1.1	(0.4)
Cash flow hedges	1.5	11.0
Share of comprehensive income of associated and joint venture companies	-	0.2
	2.6	10.8

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11 Taxation (in $ million) (continued)

The Group has tax losses (of which no deferred tax asset has been recognised) of approximately $56.0 million (2012: $53.8 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.

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	
	2012-13	2011-12
Profit before taxation	482.0	448.2
Less: Share of profits of associated and joint venture companies	(157.7)	(126.1)
	324.3	322.1
Taxation at statutory corporate tax rate of 17.0%	55.1	54.8
Adjustments		
Income not subject to tax	(29.4)	(3.3)
Expenses not deductible for tax purposes	26.0	6.3
Higher effective tax rates of other countries	9.7	7.0
Overprovision in respect of prior years, net	(32.0)	(23.2)
Income subject to concessionary tax rate	(1.0)	(2.4)
Tax benefit not recognised	0.7	1.9
Share of associated and joint venture companies' tax	12.4	14.9
Others	(1.1)	(4.6)
Taxation	40.4	51.4

12 Earnings Per Share

	The Group			
	2012-13		2011-12	
	Basic	Diluted	Basic	Diluted
Profit attributable to owners of the Parent (in $ million)	378.9	378.9	335.9	335.9
Adjustment for dilutive potential ordinary shares of subsidiary companies (in $ million)	-	(1.8)	-	(1.7)
Adjusted net profit attributable to owners of the Parent (in $ million)	378.9	377.1	335.9	334.2
Weighted average number of ordinary shares in issue (in million)	1,175.1	1,175.1	1,188.8	1,188.8
Adjustment for dilutive potential ordinary shares (in million)	-	6.1	-	8.1
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	1,175.1	1,181.2	1,188.8	1,196.9
Earnings per share (cents)	32.2	31.9	28.3	27.9

12 Earnings Per Share (continued)

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

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

20.5 million (2011-12: 21.1 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous years presented.

13 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	2012-13	**2011-12**
Dividends paid:		
Final dividend of 10.0 cents per share tax exempt (one-tier) in respect of 2011-12 (2011-12: 40.0 cents per share tax exempt [one-tier] in respect of 2010-11)	117.5	479.7
Special dividend of 80.0 cents per share tax exempt (one-tier) in respect of 2010-11	-	959.3
Interim dividend of 6.0 cents per share tax exempt (one-tier) in respect of 2012-13 (2011-12: 10.0 cents per share tax exempt [one-tier] in respect of 2011-12)	70.5	118.2
	188.0	1,557.2

The directors propose that a final tax exempt (one-tier) dividend of 17.0 cents per share (2011-12: final tax exempt [one-tier] dividend of 10.0 cents per share) amounting to $199.8 million (2011-12: $117.5 million) be paid for the financial year ended 31 March 2013.

14 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2013	**2012**	**2013**	**2012**
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April	1,199,851,018	1,197,928,580	1,856.1	1,832.4
Share options exercised and share awards vested during the year	-	1,922,438	-	23.7
Balance at 31 March	1,199,851,018	1,199,851,018	1,856.1	1,856.1
Special share				
Balance at 1 April and 31 March	1	1	#	#

 # The value is $0.50

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14 Share Capital (in $ million) (continued)

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 did not issue any shares (2011-12: 1,922,438) upon exercise of options granted under the ESOP. Neither were shares (2011-12: nil) issued for RSP and PSP.

15 Treasury Shares (in $ million)

	The Group and the Company 31 March	
	2013	**2012**
Balance at 1 April	(258.4)	(43.0)
Purchase of treasury shares	(37.7)	(272.1)
Treasury shares reissued pursuant to equity compensation plans:		
- For cash on exercise of employee share options	15.6	32.2
- Transferred from share-based compensation reserve	9.4	13.9
- Loss on reissuance of treasury shares	1.3	10.6
	26.3	56.7
Balance at 31 March	(269.8)	(258.4)

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

During the financial year, the Company purchased 3,655,000 (2011-12: 24,213,000) of its ordinary shares by way of on-market purchases at share prices ranging from $10.20 to $10.77 (2011-12: $10.16 to $14.23). The total amount paid to purchase the shares was $37.7 million (2011-12: $272.1 million) and this is presented as a component within equity attributable to owners of the Parent.

The Company reissued 1,712,015 (2011-12: 3,291,677) treasury shares pursuant to its employee share option plans at a weighted average exercise price of $9.14 (2012: $9.84) each. In addition, 471,915 (2011-12: 550,777) shares, 189,880 (2011-12: 292,230) shares and 5,295 (2011-12: 58,570) shares were reissued pursuant to the RSP, PSP and time-based RSP respectively. The number of treasury shares as at 31 March 2013 was 24,355,389 (2012: 23,079,494).

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.

16 Other Reserves (in $ million)

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Capital reserve	110.3	99.1	(9.4)	(8.1)
Foreign currency translation reserve	(191.8)	(186.3)	-	-
Share-based compensation reserve	151.7	165.9	124.5	133.7
Fair value reserve	(27.1)	(47.6)	2.9	(9.8)
General reserve	11,475.3	11,264.6	10,254.3	11,133.4
	11,518.4	11,295.7	10,372.3	11,249.2

(a) Capital reserve

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

(b) Foreign currency translation reserve

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

(c) Share-based compensation reserve

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

(d) Fair value reserve

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

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

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Balance at 1 April	0.8	3.0	(0.3)	-
Net gain/(loss) on fair value changes	4.2	(2.2)	2.2	(0.3)
Balance at 31 March	5.0	0.8	1.9	(0.3)
Gain/(Loss) on fair value changes	3.0	(2.4)	2.1	(0.3)
Recognised in the profit and loss account on disposal of available-for-sale investments	1.2	0.2	0.1	-
	4.2	(2.2)	2.2	(0.3)

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16 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

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

	The Group 31 March		The Company 31 March	
	2013	**2012**	**2013**	**2012**
Balance at 1 April	(48.4)	(141.0)	(9.5)	(94.2)
Net gain on fair value changes	16.3	92.6	10.5	84.7
Balance at 31 March	(32.1)	(48.4)	1.0	(9.5)
Gain on fair value changes	55.5	16.2	41.5	14.9
Share of associated companies' net (loss)/gain on fair value reserve	(1.0)	0.6	-	-
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	1.2	35.9	1.2	35.9
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in "Fuel costs"	(28.2)	(19.9)	(23.0)	(16.5)
Foreign currency contracts recognised in "Other operating expenses"	(15.8)	53.9	(9.2)	50.4
Interest rate swap contracts recognised in "Finance charges"	4.6	5.9	-	-
	16.3	92.6	10.5	84.7
Total fair value reserve	(27.1)	(47.6)	2.9	(9.8)

(e) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Movements in the Group's and the Company's general reserves are set out in the Statement of Changes in Equity respectively.

17 Deferred Account (in $ million)

	The Group 31 March		The Company 31 March	
	2013	**2012**	**2013**	**2012**
Deferred gain/(loss) on sale and leaseback transactions				
- operating leases	14.0	(39.7)	21.3	(33.7)
- finance leases	10.1	12.5	-	-
	24.1	(27.2)	21.3	(33.7)
Deferred credit	106.5	199.9	106.5	199.9
	130.6	172.7	127.8	166.2
Presented as:				
- Non-current assets	(16.1)	(51.7)	-	(33.7)
- Non-current liabilities	146.7	224.4	127.8	199.9
	130.6	172.7	127.8	166.2

18 Deferred Taxation (in $ million)

	The Group				The Company	
	Statement of financial position 31 March		Profit and loss		Statement of financial position 31 March	
	2013	2012	2012-13	2011-12	2013	2012
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	1,919.8	1,981.1	(61.3)	(161.1)	1,575.0	1,638.4
Revaluation of fuel hedging contracts to fair value	8.6	7.9	-	-	7.4	6.6
Revaluation of currency hedging contracts to fair value	3.7	2.8	-	-	2.5	1.9
Revaluation of available-for-sale financial assets to fair value	1.3	0.3	-	-	0.6	-
Other temporary differences	90.9	113.0	(22.1)	0.4	85.6	106.4
Gross deferred tax liabilities	2,024.3	2,105.1	(83.4)	(160.7)	1,671.1	1,753.3
Deferred tax assets						
Unabsorbed capital allowances and tax losses	(13.0)	(7.8)	(12.9)	(6.9)	-	-
Revaluation of fuel hedging contracts to fair value	(1.1)	(0.1)	-	-	(0.9)	(0.1)
Revaluation of currency hedging contracts to fair value	(3.2)	(2.7)	-	-	(2.7)	(2.1)
Revaluation of interest rate cap contracts to fair value	(7.2)	(8.6)	-	-	(7.2)	(8.6)
Revaluation of available-for-sale financial assets to fair value	-	(0.1)	-	-	-	(0.1)
Other deferred tax assets	(48.5)	(56.7)	8.2	5.0	(39.0)	(47.6)
Gross deferred tax assets	(73.0)	(76.0)	(4.7)	(1.9)	(49.8)	(58.5)
Net deferred tax liabilities	1,951.3	2,029.1			1,621.3	1,694.8
Deferred tax credited to profit and loss			(88.1)	(162.6)		
Deferred tax charged to equity	2.6	10.6			2.1	9.5

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19 Long-Term Liabilities (in $ million)

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Notes payable				
Non-current	800.0	800.0	800.0	800.0
Loans				
Current	5.7	2.4	-	-
Finance lease commitments				
Current	67.8	64.8	-	-
Non-current	140.6	210.6	-	-
	208.4	275.4	-	-
Maintenance reserve				
Current	4.3	-	4.3	-
Non-current	3.9	7.9	3.9	7.9
	8.2	7.9	8.2	7.9
Total long-term liabilities	944.5	1,018.5	803.9	807.9

Notes payable

Notes payable at 31 March 2013 comprise unsecured notes and bonds issued by the Company.

$500 million fixed rate notes due 2020 ("Series 001 Notes") bear fixed interest at 3.22% per annum and are repayable on 9 July 2020. The fair value of notes payable amounted to $513.4 million as at 31 March 2013 (2012: $504.2 million) for the Company.

$300 million bonds bear fixed interest at 2.15% per annum and are repayable on 30 September 2015. The fair value of notes payable amounted to $306.8 million as at 31 March 2013 (2012: $301.3 million) for the Company.

Loans

The revolving credit facility denominated in USD taken by a subsidiary company is unsecured and bears a fixed interest at 2.30% (2011-12: 2.50%) per annum. The carrying amounts of the loans are reasonable approximation of their fair value due to their short-term nature.

Finance lease commitments

SIA Cargo holds 4 B747-400 freighters under finance leases, which mature between 2014 and 2018, without any options for renewal. 3 leases have options for SIA Cargo to purchase the aircraft at the end of the lease period of 12 years. The fourth lease has an option for SIA Cargo to purchase the aircraft at the end of the 12th or 15th year of the lease period. Sub-leasing is allowed under the lease agreements.

Interest rates on 3 of SIA Cargo's finance lease commitments are charged at a margin above the London Interbank Offered Rate ("LIBOR"). These ranged from 0.34% to 1.41% (2011-12: 0.28% to 1.14%) per annum. The interest rate on the fourth finance lease commitment is fixed at 5.81% (2011-12: 5.81%) per annum. The net carrying amounts approximate the fair value as the interest rate approximates the market rate.

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

Finance lease commitments (continued)

SIA Cargo continues to remain the primary obligor under the lease agreements, and as such, there are unpaid lease commitments of $77.9 million (2012: $78.8 million) as at 31 March 2013. Out of this, $61.9 million (2012: $59.3 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.

Future minimum lease payments under these finance leases are as follows:

	The Group 31 March			
	2013		2012	
	Minimum Lease Payments	Present Value of Payments	Minimum Lease Payments	Present Value of Payments
Not later than one year	72.4	67.8	72.2	64.8
Later than one year but not later than five years	151.3	140.6	204.3	189.3
Later than five years	-	-	22.1	21.3
Total minimum lease payments	223.7	208.4	298.6	275.4
Amounts representing interest	(15.3)	-	(23.2)	-
Present value of minimum lease payments	208.4	208.4	275.4	275.4

20 Provisions (in $ million)

Included are provisions for warranty claims, provisions made for upgrade costs and provisions for return costs for leased aircraft. 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	
	2013	2012	2013	2012
Balance at 1 April	353.9	264.5	294.2	224.3
Provision during the year	181.8	157.1	172.8	133.4
Provision utilised during the year	(28.5)	(44.0)	(12.9)	(44.0)
Provision written back during the year	(13.6)	(23.7)	(12.8)	(19.5)
Balance at 31 March	493.6	353.9	441.3	294.2
Current	72.3	35.3	65.2	35.1
Non-current	421.3	318.6	376.1	259.1
	493.6	353.9	441.3	294.2

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

21 Property, Plant and Equipment (in $ million)

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2011	19,610.8	686.9	394.0
Additions	94.9	21.6	4.2
Transfers	1,709.7	-	7.7
Disposals	(2,186.2)	(93.7)	(100.8)
Exchange differences	-	-	-
At 31 March 2012	19,229.2	614.8	305.1
Additions	212.7	28.2	8.8
Transfers	1,379.1	0.3	(59.0)
Disposals	(1,676.7)	(31.0)	(56.8)
Exchange differences	-	-	-
At 31 March 2013	19,144.3	612.3	198.1
Accumulated depreciation and impairment loss			
At 1 April 2011	8,498.9	390.5	225.0
Depreciation	1,433.3	27.7	19.4
Impairment loss	14.3	0.2	0.3
Transfers	(7.6)	-	7.3
Disposals	(1,733.9)	(69.3)	(40.5)
Exchange differences	-	-	-
At 31 March 2012	8,205.0	349.1	211.5
Depreciation	1,445.6	28.1	19.9
Impairment loss	9.2	-	-
Transfers	56.4	(0.3)	(59.9)
Disposals	(1,118.0)	(19.5)	(48.0)
Exchange differences	-	-	-
At 31 March 2013	8,598.2	357.4	123.5
Net book value			
At 31 March 2012	11,024.2	265.7	93.6
At 31 March 2013	10,546.1	254.9	74.6

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	148.6	617.4	672.2	283.8	1,796.3	24,225.7
-	-	0.5	13.6	6.9	1,504.1	1,645.8
-	-	(0.2)	70.3	10.5	(1,798.0)	-
-	-	-	(31.6)	(23.8)	-	(2,436.1)
-	-	(0.1)	(0.1)	-	-	(0.2)
15.7	148.6	617.6	724.4	277.4	1,502.4	23,435.2
-	-	0.6	11.6	2.2	1,632.4	1,896.5
-	-	8.9	84.8	3.3	(1,417.4)	-
-	(0.3)	-	(33.2)	(11.0)	-	(1,809.0)
-	-	(0.2)	-	-	-	(0.2)
15.7	148.3	626.9	787.6	271.9	1,717.4	23,522.5
-	108.8	398.3	498.2	228.4	-	10,348.1
-	4.2	18.6	54.9	30.4	-	1,588.5
-	-	-	1.0	-	-	15.8
-	-	-	0.3	-	-	-
-	-	-	(31.1)	(23.7)	-	(1,898.5)
-	-	-	(0.1)	-	-	(0.1)
-	113.0	416.9	523.2	235.1	-	10,053.8
-	4.1	14.8	51.0	25.6	-	1,589.1
-	-	-	0.6	-	-	9.8
-	-	-	3.8	-	-	-
-	(0.3)	-	(31.4)	(11.0)	-	(1,228.2)
-	-	(0.1)	0.1	-	-	-
-	116.8	431.6	547.3	249.7	-	10,424.5
15.7	35.6	200.7	201.2	42.3	1,502.4	13,381.4
15.7	31.5	195.3	240.3	22.2	1,717.4	13,098.0

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

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

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2011	16,229.6	529.2	274.1
Additions	93.2	10.7	-
Transfers	1,498.1	-	7.7
Disposals	(2,210.9)	(91.7)	(94.1)
At 31 March 2012	15,610.0	448.2	187.7
Additions	123.9	14.1	-
Transfers	1,264.7	-	(70.2)
Disposals	(1,638.2)	(24.2)	(45.2)
At 31 March 2013	15,360.4	438.1	72.3
Accumulated depreciation and impairment loss			
At 1 April 2011	7,092.1	331.0	130.7
Depreciation	1,191.9	17.7	12.9
Impairment loss	10.8	-	-
Transfers	(7.6)	-	7.3
Disposals	(1,662.7)	(68.1)	(34.0)
At 31 March 2012	6,624.5	280.6	116.9
Depreciation	1,175.3	17.2	12.5
Impairment loss	7.0	-	-
Transfers	56.0	-	(59.8)
Disposals	(1,056.3)	(13.4)	(36.5)
At 31 March 2013	6,806.5	284.4	33.1
Net book value			
At 31 March 2012	8,985.5	167.6	70.8
At 31 March 2013	8,553.9	153.7	39.2

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	148.7	341.7	350.4	235.8	1,642.3	19,767.5
-	-	-	1.2	4.3	1,280.1	1,389.5
-	-	-	59.0	7.4	(1,572.2)	-
-	-	-	(18.4)	(18.7)	-	(2,433.8)
15.7	148.7	341.7	392.2	228.8	1,350.2	18,723.2
-	-	-	0.6	1.0	1,311.0	1,450.6
-	-	-	80.6	1.3	(1,276.4)	-
-	(0.3)	-	(15.3)	(8.5)	-	(1,731.7)
15.7	148.4	341.7	458.1	222.6	1,384.8	18,442.1
-	108.9	304.7	236.4	186.3	-	8,390.1
-	4.2	8.9	33.8	26.5	-	1,295.9
-	-	-	-	-	-	10.8
-	-	-	0.3	-	-	-
-	-	-	(18.4)	(18.7)	-	(1,801.9)
-	113.1	313.6	252.1	194.1	-	7,894.9
-	4.1	4.6	35.2	22.1	-	1,271.0
-	-	-	-	-	-	7.0
-	-	-	3.8	-	-	-
-	(0.3)	-	(15.1)	(8.5)	-	(1,130.1)
-	116.9	318.2	276.0	207.7	-	8,042.8
15.7	35.6	28.1	140.1	34.7	1,350.2	10,828.3
15.7	31.5	23.5	182.1	14.9	1,384.8	10,399.3

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

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

	The Group 31 March	
	2013	2012
Net book value of property, plant and equipment acquired under finance leases:		
- aircraft	557.6	617.0
- plant and equipment	0.1	0.1
	557.7	617.1

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

22 Intangible Assets (in $ million)

The Group

	Computer software and others	Deferred engine development cost	Advance and progress payments	Total
Cost				
At 1 April 2011	358.7	21.8	53.2	433.7
Additions	5.9	12.5	37.7	56.1
Disposals	(4.6)	-	-	(4.6)
Transfers	16.0	-	(16.0)	-
Exchange differences	-	0.1	-	0.1
At 31 March 2012	376.0	34.4	74.9	485.3
Additions	44.8	12.4	26.4	83.6
Disposals	(8.7)	-	-	(8.7)
Transfers	60.1	(0.3)	(59.8)	-
Exchange differences	-	(0.6)	-	(0.6)
At 31 March 2013	472.2	45.9	41.5	559.6
Accumulated amortisation				
At 1 April 2011	308.5	-	-	308.5
Amortisation	23.1	-	-	23.1
Disposals	(4.6)	-	-	(4.6)
At 31 March 2012	327.0	-	-	327.0
Amortisation	22.7	-	-	22.7
Disposals	(8.6)	-	-	(8.6)
At 31 March 2013	341.1	-	-	341.1
Net book value				
At 31 March 2012	49.0	34.4	74.9	158.3
At 31 March 2013	131.1	45.9	41.5	218.5

22 Intangible Assets (in $ million) (continued)

The Company

	Computer software and others	Advance and progress payments	Total
Cost			
At 1 April 2011	279.0	51.1	330.1
Additions	4.9	33.4	38.3
Transfers	13.0	(13.0)	-
Disposals	(4.2)	-	(4.2)
At 31 March 2012	292.7	71.5	364.2
Additions	42.9	22.7	65.6
Transfers	54.7	(54.7)	-
Disposals	(4.8)	-	(4.8)
At 31 March 2013	385.5	39.5	425.0
Accumulated amortisation			
At 1 April 2011	239.3	-	239.3
Amortisation	17.9	-	17.9
Disposals	(4.2)	-	(4.2)
At 31 March 2012	253.0	-	253.0
Amortisation	17.8	-	17.8
Disposals	(4.8)	-	(4.8)
At 31 March 2013	266.0	-	266.0
Net book value			
At 31 March 2012	39.7	71.5	111.2
At 31 March 2013	119.5	39.5	159.0

The carrying value of the landing slots classified under "others" is assessed for impairment annually as the landing slots have indefinite useful life. The recoverable amount of the landing slots has been determined based on value-in-use calculations using 5-year cash flow projection approved by management. A reasonable change to the assumptions used by management to determine the impairment required, particularly the discount rate and long-term growth rate, would not significantly affect the results.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

23 Subsidiary Companies (in $ million)

	The Company 31 March 2013	2012
Investment in subsidiary companies (at cost)		
Quoted equity investments	#	#
Unquoted equity investments	2,055.4	2,055.4
	2,055.4	2,055.4
Accumulated impairment loss	(25.3)	(16.6)
	2,030.1	2,038.8
Market value of quoted equity investments	4,123.8	3,506.1

The value is $1.

During the financial year:

1. SIAEC invested an additional of $3.2 million and $8.9 million in NexGen Network (1) Holding Pte Ltd ("NGN1") and NexGen Network (2) Holding Pte Ltd ("NGN2") respectively, in accordance the agreement.

2. The Company placed its wholly-owned subsidiary company, SIA Properties (Pte) Ltd ("SIAP") under members' voluntary liquidation. An impairment loss of $8.7 million was recognised to write down this subsidiary company to its recoverable amount.

There are no existing loans to subsidiary companies as at 31 March 2013.

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2013	2012
SIA Engineering Company Limited	Engineering services	Singapore	78.6	79.3
Aircraft Maintenance Services Australia Pty Ltd*	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	78.6	79.3
NexGen Network (1) Holding Pte Ltd	Investment holding	Singapore	78.6	79.3
NexGen Network (2) Holding Pte Ltd	Investment holding	- do -	78.6	79.3
SIA Engineering (USA), Inc.@	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	78.6	79.3
SIAEC Global Pte Ltd	Investment holding	Singapore	78.6	79.3
SIA Engineering (Philippines) Corporation*	Provide airframe maintenance and component overhaul services	Philippines	51.1	51.6

23 Subsidiary Companies (in $ million) (continued)

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2013	2012
Singapore Jamco Pte Ltd	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	51.1	51.6
Aerospace Component Engineering Services Pte Limited	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	- do -	40.1	40.5
Aviation Partnership (Philippines) Corporation*	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	40.1	40.5
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
Scoot Pte. Ltd.	Air transportation	- do -	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	Under liquidation	- do -	100.0	100.0
Singapore Flying College Pte Ltd	Training of pilots	- do -	100.0	100.0
Sing-Bi Funds Private Limited	Inactive	- do -	100.0	100.0
Singapore Airport Duty-Free Emporium (Private) Limited	Inactive	- do -	76.0	76.0
Abacus Travel Systems Pte Ltd	Marketing of Abacus Computer reservations systems	- do -	61.0	61.0
SIA (Mauritius) Ltd@	Pilot recruitment	Mauritius	100.0	100.0

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

* *Audited by member firms of Ernst & Young Global in the respective countries*

** *Audited by Shanghai Hui Hong Certified Public Accountants Co., Ltd, China*

@ *Not required to be audited under the law in country of incorporation*

\+ *Financial year end 31 December*

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

24 Associated Companies (in $ million)

	The Group 31 March 2013	The Group 31 March 2012
Share of net assets of associated companies at acquisition date	466.0	471.8
Goodwill on acquisition of associated companies	1,677.2	1,677.2
	2,143.2	2,149.0
Accumulated impairment loss	(15.0)	(20.8)
	2,128.2	2,128.2
Goodwill written off to reserves	(1,612.3)	(1,612.3)
Foreign currency translation reserve	(183.1)	(179.1)
Share of post-acquisition reserves		
- general reserve	140.0	136.3
- fair value reserve	(38.6)	(37.6)
- capital reserve	120.2	107.7
	554.4	543.2
Loans to associated companies	-	4.5
Write-down of loans	-	(4.5)
	-	-
	554.4	543.2

	The Company 31 March 2013	The Company 31 March 2012
Investment in associated companies (at cost)		
Unquoted equity investments	1,646.7	1,646.7
Quoted equity investments	63.8	63.8
	1,710.5	1,710.5
Accumulated impairment loss	(1,178.0)	(9.4)
	532.5	1,701.1
Market value of quoted equity investments	182.6	206.8

During the financial year:

1. RCMS Properties Private Limited recorded a revaluation gain of $62.3 million (2011-12: $89.7 million) from its annual revaluation exercise of its land and building. The Group's share of the revaluation gain of $12.5 million (2012: $17.9 million) at 31 March 2013 is included under the share of post-acquisition capital reserve.

2. The Group divested its 20% interest in an associated company, PT Purosani Sri Persada ("PTPSP") to PT Suryaraya Investama. Following the divestment, PTPSP ceased to be an associated company of the Group. The loan to PTPSP which was fully provided for was written off. The Group recognised a gain on disposal of $8.3 million (Note 9).

3. The Company recorded an impairment loss of $1,168.6 million on its investment in Virgin Atlantic Limited ("VAL") to write down its carrying value to a recoverable value of USD360.0 million ($447.0 million). The impairment loss is only recognised at the Company level as the investment in VAL has been fully written down at the Group level.

24 Associated Companies (in $ million) (continued)

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 $98.6 million (2012: $96.4 million). The Group has no obligation in respect of these unrecognised liabilities.

Loans to associated companies are unsecured and have no foreseeable terms of repayments. Accordingly, the fair values of the loans are not determinable as the timing of future cash flows arising from the loans cannot be estimated reliably.

Cost of investment included cumulative redeemable preference shares of $66.5 million issued by VAL. The cumulative redeemable preference shares carry no entitlement to vote at meetings. On a winding up of VAL, the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, the amount paid up on any share including any amount paid up by way of share premium plus any arrears or accruals of dividend declared but not paid on the due date.

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	
	2013	2012
Assets and liabilities		
Current assets	1,014.8	1,101.2
Non-current assets	2,033.4	2,019.8
	3,048.2	3,121.0
Current liabilities	(578.1)	(690.8)
Non-current liabilities	(677.7)	(673.8)
	(1,255.8)	(1,364.6)
	2012-13	2011-12
Results		
Revenue	2,409.5	2,708.9
Profit for the period	126.5	74.1

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

24 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 2013	2012
Virgin Atlantic Limited[*+]	Air transportation	United Kingdom	49.0	49.0
Tiger Airways Holdings Limited[@]	Investment holding	Singapore	32.7	32.7
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 -	38.5	38.9
Eagle Services Asia Private Limited[^++]	Repair and overhaul of aircraft engines	- do -	38.5	38.9
Fuel Accessory Service Technologies Pte Ltd[^+++]	Repair and overhaul of engine fuel components and accessories	- do -	38.5	38.9
PT JAS Aero-Engineering Services[@@++]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	38.5	38.9
PWA International Limited[^^+++]	Repair, overhaul and re-manufacture of aircraft turbine engine cases, components and related parts	Republic of Ireland	38.5	38.9
Safran Electronics Asia Pte Ltd[@@@++]	Provide avionics maintenance, repair and overhaul services	Singapore	38.5	38.9
Southern Airports Aircraft Maintenance Services Company Limited[@@++]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	38.5	38.9
Pan Asia Pacific Aviation Services Ltd[@@@@]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	37.0	37.3
Jamco Aero Design & Engineering Pte Ltd[@]	Provide turnkey solutions for aircraft interior modifications	Singapore	35.4	35.7
Panasonic Avionic Services Singapore Pte. Ltd.[**]	IFE maintenance, repair and overhaul and ancillary services	- do -	33.4	33.7
Goodrich Aerostructures Service Centre-Asia Pte Ltd[@++]	Repair and overhaul of aircraft nacelles, thrust reservers and pylons	- do -	31.5	31.7
Messier Services Asia Private Limited[@++]	Repair and overhaul of Boeing and Airbus series landing gears	- do -	31.5	31.7
Asian Surface Technologies Pte Ltd[@@@++]	Repair and overhaul of aircraft engine fan blades	- do -	30.8	31.1

24 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 2013	2012
International Aerospace Tubes-Asia Pte Ltd^++	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	- do -	26.2	26.4
Asian Compressor Technology Services Co Ltd^^++	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	19.3	19.4
Turbine Coating Services Private Ltd^+++	Repair and overhaul of aircraft engine turbine airfoils	Singapore	19.3	19.4
PT Purosani Sri Persada	Hotel ownership and management	Indonesia	-	20.0
Great Wall Airlines Company Limited#++	Under liquidation	People's Republic of China	25.0	25.0

@ *Audited by Ernst & Young LLP, Singapore*
@@ *Audited by member firms of Deloitte & Touche*
@@@ *Audited by RSM Chio Lim, Singapore*
@@@@ *Audited by BDO Limited, Hong Kong*
* *Audited by member firms of KPMG*
** *Audited by KPMG, Singapore*
^ *Audited by Pricewaterhouse Coopers LLP, Singapore*
^^ *Audited by member firms of Pricewaterhouse Coopers*
# *Audited by Shanghai Linfang Certified Public Accountants Co., Ltd, China*
+ *Financial year end 28 February*
++ *Financial year end 31 December*
+++ *Financial year end 30 November*

25 Joint Venture Companies (in $ million)

	The Group 31 March 2013	2012
Investment in joint venture companies (unquoted, at cost)	56.6	56.6
Share of post-acquisition reserves		
- general reserve	90.0	82.2
- share of other comprehensive income	-	(0.5)
- foreign currency translation reserve	(25.8)	(25.1)
	120.8	113.2

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

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

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

	The Group 31 March	
	2013	**2012**
Assets and liabilities		
Current assets	209.7	194.7
Non-current assets	83.4	61.0
	293.1	255.7
Current liabilities	(89.4)	(84.1)
Non-current liabilities	(82.9)	(58.4)
	(172.3)	(142.5)
Results	**2012-13**	**2011-12**
Revenue	1,135.4	754.8
Expenses	(1,039.2)	(680.1)
	96.2	74.7

The joint venture companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2013	**2012**
International Engine Component Overhaul Pte Ltd	Repair and overhaul of aero engine components and parts	Singapore	39.3	39.7
Singapore Aero Engine Services Pte Ltd	Repair and overhaul of aircraft engines	Singapore	39.3	39.7

The joint venture companies are audited by Ernst and Young LLP, Singapore and have financial year end of 31 December.

26 Long-Term Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Available-for-sale investments				
Quoted				
Government securities	0.5	-	0.5	-
Equity investments	132.0	-	132.0	-
Unquoted				
Non-equity investments	123.5	139.7	123.5	139.7
Equity investments, at cost	108.1	108.0	28.0	28.0
Accumulated impairment loss	(9.2)	(9.2)	(9.2)	(9.2)
	354.9	238.5	274.8	158.5
Held-to-maturity investments				
Quoted non-equity investments	222.4	135.2	222.4	135.2
Unquoted non-equity investments	129.6	-	129.6	-
	352.0	135.2	352.0	135.2
	706.9	373.7	626.8	293.7

The interest rate for quoted government securities is 7.00% (2011-12: nil). The interest rates for quoted and unquoted non-equity investments range from 2.63% to 5.60% (2011-12: 3.10% to 4.65%) per annum and 2.28% to 4.02% (2011-12: 1.15% to 3.20%) per annum respectively.

27 Other Receivables (in $ million)

The Group's other receivables are stated at amortised cost and are expected to be received over a period of 2 to 4 years. The entire balance of other receivables is denominated in USD.

28 Inventories (in $ million)

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Technical stocks and stores	248.5	283.0	173.9	204.4
Catering and general stocks	26.4	23.1	18.8	17.3
Total inventories at lower of cost and net realisable value	274.9	306.1	192.7	221.7

The cost of inventories recognised as an expense amounts to $102.9 million (2011-12: $102.7 million). In addition, the Group wrote down $32.3 million (2011-12: $27.3 million) of inventories, which is recognised as other operating expenses in the profit and loss account.

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31 March 2013

29 Trade Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Trade debtors	1,499.3	1,271.8	1,080.9	870.2
Accrued receivables	57.1	64.1	-	-
Amounts owing from:				
Subsidiary companies	-	-	189.9	195.2
Associated companies	20.0	16.6	-	-
Joint venture companies	2.0	2.3	-	-
	1,578.4	1,354.8	1,270.8	1,065.4

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.

Accrued receivables pertain to services rendered in advance of billings.

Amounts owing by subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and are repayable on demand. The amounts are neither overdue nor impaired.

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

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Not past due and not impaired	1,449.6	1,239.4	1,253.8	1,052.3
Past due but not impaired	128.3	114.4	16.5	12.1
	1,577.9	1,353.8	1,270.3	1,064.4
Impaired trade debtors - collectively assessed	3.8	9.0	0.5	1.4
Less: Accumulated impairment losses	(3.5)	(8.1)	(0.2)	(0.5)
	0.3	0.9	0.3	0.9
Impaired trade debtors - individually assessed				
Customers in bankruptcy or other financial reorganisation	6.1	12.5	-	5.3
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	2.5	2.2	2.0	1.7
Less: Accumulated impairment losses	(8.4)	(14.6)	(1.8)	(6.9)
	0.2	0.1	0.2	0.1
Total trade debtors, net	1,578.4	1,354.8	1,270.8	1,065.4

29 Trade Debtors (in $ million) (continued)

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

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Balance at 1 April	22.7	24.5	7.4	8.2
Written back during the year	(8.8)	(0.2)	(5.4)	(0.8)
Written off during the year	(2.0)	(1.6)	-	-
Balance at 31 March	11.9	22.7	2.0	7.4
Bad debts written off directly to profit and loss account, net of debts recovered	0.5	1.3	0.2	1.2

As at 31 March 2013, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 35.2% (2012: 31.2%), AUD – 9.9% (2012: 11.1%), EUR – 7.2% (2012: 8.0%), GBP – 5.1% (2012: 5.1%) and JPY – 2.9% (2012: 4.7%).

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

30 Deposits and Other Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Deposits	16.1	14.2	8.6	8.2
Other debtors	38.8	32.6	28.0	18.5
	54.9	46.8	36.6	26.7

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31 March 2013

31 Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Available-for-sale investments				
Quoted				
Government securities	2.5	4.1	-	-
Equity investments	34.5	32.8	-	-
Non-equity investments	279.5	232.0	256.5	209.0
	316.5	268.9	256.5	209.0
Unquoted				
Government securities	-	307.5	-	307.5
Non-equity investments	20.0	19.9	20.0	19.9
	20.0	327.4	20.0	327.4
	336.5	596.3	276.5	536.4
Held-to-maturity investments				
Quoted non-equity investments	12.9	13.8	12.9	13.8
Unquoted non-equity investments	-	15.0	-	15.0
	12.9	28.8	12.9	28.8
	349.4	625.1	289.4	565.2

The Group's non-equity investments comprise investments in government securities, corporate bonds, credit-linked notes and money market funds.

The interest rates for quoted government securities range from 1.63% to 4.00% (2011-12: 1.63% to 4.00%) per annum. The interest rates for quoted non-equity investments range from 0.05% to 5.88% (2011-12: 0.12% to 5.88%) per annum, while unquoted non-equity investments yield an interest rate of 1.15% (2011-12: 1.00% to 1.06%) per annum. During the previous financial year, the interest rates for unquoted government securities ranged from 0.27% to 0.39% per annum.

32 Cash and Bank Balances (in $ million)

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Fixed deposits	4,692.4	4,260.6	4,666.8	4,234.0
Cash and bank	367.2	442.1	167.5	216.7
	5,059.6	4,702.7	4,834.3	4,450.7

As at 31 March 2013, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 6.8% (2012: 10.8%), EUR – 1.9% (2012: 1.6%) and AUD – 2.8% (2012: 0.8%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from nil to 3.22% (2011-12: 0.01% to 5.40%) 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 0.57% (2011-12: 0.55%) per annum.

33 Trade and Other Creditors (in $ million)

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Trade creditors	3,200.2	2,885.4	2,510.1	2,210.2
Funds from subsidiary companies	-	-	1,036.2	1,361.8
Amounts owing to:				
Subsidiary companies	-	-	183.6	163.4
Associated companies	0.9	-	-	-
	3,201.1	2,885.4	3,729.9	3,735.4

Trade and other creditors are non-interest bearing. Amounts owing to related parties are trade-related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash. As at 31 March 2013, 5.9% (2012: 5.5%) of trade and other creditors were held in USD by the Group. Included in trade and other creditors are amounts owing to related parties of $184.5 million (2012: $137.3 million) and $142.9 million (2012: $99.2 million) for the Group and Company respectively.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which range from 0.01% to 0.56% (2011-12: 0.01% to 0.75%) per annum for SGD funds, from 0.06% to 1.00% (2011-12: 0.02% to 0.75%) per annum for USD funds and from 3.05% to 4.60% (2011-12: 4.40% to 5.40%) per annum for AUD funds.

As at 31 March 2013, the composition of funds from subsidiary companies held in foreign currencies by the Company is as follows: USD – 11.0% (2012: 6.3%) and AUD – 0.5% (2012: 0.2%).

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

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

	The Group	
	2012-13	2011-12
Purchase of property, plant and equipment	1,896.5	1,645.8
Property, plant and equipment acquired under credit terms	(21.1)	(4.6)
Cash invested in capital expenditure	1,875.4	1,641.2

35 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated $13,255.8 million (2012: $7,511.4 million) for the Group and $9,770.4 million (2012: $7,042.2 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of joint venture companies' commitments for capital expenditure totalled $23.7 million (2012: $0.6 million).

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

(b) Operating lease commitments

As lessee

Aircraft

The Company has 3 B777-200, 3 B777-200ER, 2 B777-300, 20 A330-300 and 9 A380-800 aircraft under operating leases with fixed rental rates. Under 5 of the aircraft lease agreements, the rentals will be adjusted if one-month LIBOR exceeds 6.50% per annum.

The original lease terms range from 5 to 10.5 years. In 4 of the aircraft lease agreements, the Company holds options to extend the lease for a further maximum period of 5 years. In 5 other aircraft lease agreements, the Company holds options to extend the leases for a further maximum period of 3 years and in 24 others, the Company holds the options to extend the leases for a further maximum period of 2 years. For one lease, the Company has the option to terminate the lease 2 years in advance of the lease expiry date. For the other 3 agreements, there is no option for renewal. Sub-leasing is allowed under all the lease arrangements.

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

SilkAir (Singapore) Private Limited ("SilkAir") has 6 A320-200 and 3 A319-100 aircraft under operating leases with fixed rental rates. The original lease terms for the 3 A319-100s range from 6.9 to 11.5 years, which SilkAir holds options to extend the leases up to a maximum of 3 years. The original lease terms for the 6 A320-200s range from 4 to 11.8 years and SilkAir holds options to extend the leases for 2 to 5 years. None of the operating lease agreements confer on SilkAir an option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements.

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

	The Group 31 March		**The Company 31 March**	
	2013	**2012**	**2013**	**2012**
Not later than one year	641.6	561.5	573.6	492.2
Later than one year but not later than five years	1,964.4	1,968.1	1,813.9	1,768.9
Later than five years	866.3	927.0	791.0	828.0
	3,472.3	3,456.6	3,178.5	3,089.1

Engines

The Company has operating lease agreements for 4 GE90-115B engines with fixed rental rates. The basic lease term for each engine is 5 years and 10 months with an option to extend the lease for a further maximum period of 6 years. During the financial year, the Company entered into operating lease agreements for 14 Trent 800 engines with fixed rental rates. The basic lease term for each engine varies from 1 to 6 years with extension options.

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

(b) Operating lease commitments (continued)

As lessee (continued)

Engines (continued)

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

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Not later than one year	21.4	8.5	21.4	8.5
Later than one year but not later than five years	66.7	34.1	66.7	34.1
Later than five years	5.4	-	5.4	-
	93.5	42.6	93.5	42.6

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 50 years.

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

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Not later than one year	65.9	59.5	48.1	42.7
Later than one year but not later than five years	93.1	87.2	63.8	62.3
Later than five years	69.9	86.4	5.7	20.0
	228.9	233.1	117.6	125.0

The minimum lease payments recognised in the profit and loss account amounted to $64.2 million (2011-12: $63.8 million) and $53.2 million (2011-12: $52.8 million) for the Group and the Company respectively.

As lessor

Aircraft

The Company's existing commercial aircraft leases for 6 B777-200ER aircraft continued during the year in accordance with the lease contracts. The non-cancellable lease contracts were originally for a basic lease term of 2 years and 6 months for the first 3 aircraft and 2 years for the other 3 aircraft. The lease term for 4 of the aircraft had been extended for periods ranging from 12 months to 20 months. During the financial year, 2 of the aircraft leases ceased on expiry of the lease term. The lease rental is fixed throughout the lease term for all 6 aircraft.

SIA Cargo had previously entered into a commercial aircraft lease. This non-cancellable lease has a remaining lease term of 2 years and 5 months. The lease rental is fixed throughout the lease term.

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

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Not later than one year	70.8	96.1	58.7	83.8
Later than one year but not later than five years	20.4	79.4	3.3	49.9
	91.2	175.5	62.0	133.7

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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 at the Chiang Kai Shek International Airport, Taipei on 31 October 2000. All the claims have been settled by insurers under the insurance policy procured by the Company.

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

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

On 8 February 2011, SIA Cargo confirmed its acceptance of a plea bargain offered by the United States Department of Justice (USD48.0 million or $62.5 million). This amount has been reflected as exceptional items in the Group's accounts in FY2010-11. The plea agreement has brought the Department of Justice's air cargo investigations in the United States to a close for SIA Cargo.

On 30 November 2010, the Korea Fair Trade Commission ("KFTC") released an adverse decision against 21 air cargo airlines, including SIA Cargo, in respect of fuel surcharges. A fine of KRW3.117 billion ($3.6 million) was imposed on SIA Cargo. The fine was paid in January 2011 in accordance with Korean laws. This amount has been reflected as exceptional items in the Group's accounts in FY2010-11. SIA Cargo contested the validity of the KFTC decision and filed an appeal before the Seoul High Court. In July 2012, the Seoul High Court rejected SIA Cargo's appeal. SIA Cargo has appealed the Seoul High Court judgment to the Supreme Court.

On 9 November 2010, the European Commission issued an adverse decision against 13 air cargo airlines, including SIA Cargo and the Company, in respect of fuel surcharges, security surcharges and commissions on surcharges. A fine of EUR74.8 million ($135.7 million) was imposed on SIA Cargo and the Company. SIA Cargo paid the fine in February 2011 in accordance with European Union laws. This amount has been reflected as exceptional items in the Group's accounts in FY2010-11. SIA Cargo and the Company have filed an appeal to the European General Court seeking annulment of the decision.

In July 2010, SIA Cargo was among eight airlines to receive notification that the Competition Commission of South Africa had referred a complaint to the South Africa Competition Tribunal in respect of fuel surcharges. In August 2012, the Competition Commission of South Africa sent a notice withdrawing the complaint referral as concerns SIA Cargo and the Company. This step ended the proceedings in South Africa as concerns SIA Cargo and the Company.

In December 2012, SIA Cargo confirmed its acceptance of settlement agreements with the Australian Competition and Consumer Commission and the New Zealand Commerce Commission, bringing to an end civil penalty proceedings concerning the air cargo issues which had been initiated in 2008. SIA Cargo agreed to pay a penalty and costs amount of AUD12.2 million ($15.5 million) in Australia. In New Zealand, SIA Cargo agreed to pay a penalty and costs amount of NZD4.4 million ($4.4 million). SIA Cargo paid these amounts in December 2012 and January 2013 in accordance with Australian and New Zealand laws respectively. The total Australian and New Zealand settlement amount of $19.9 million has been reflected in the exceptional items of the Group's accounts.

36 Contingent Liabilities (in $ million) (continued)

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

In November 2012, the Secretariat of the Competition Commission of Switzerland issued a draft decision against 13 airlines including SIA Cargo and the Company concerning the air cargo issues. The draft decision is a notification of alleged infringements, not an official finding by the Commission. SIA Cargo and the Company are defending these proceedings.

After the investigations commenced, civil damage lawsuits were filed in the United States, Canada, Australia, South Korea, England and the Netherlands by private parties against several airlines, including SIA Cargo and the Company. Other lawsuits have been threatened by customers of SIA Cargo or shippers that purportedly contracted with SIA Cargo's customers.

The plaintiffs in the South Korea proceedings withdrew their complaint in July 2011 and the proceedings were accordingly dismissed without prejudice.

In June 2011, without admitting any liability, SIA Cargo and the Company reached a settlement with the plaintiffs in Canada whereby SIA Cargo agreed to pay CAD1.05 million ($1.3 million) to resolve all liability of SIA Cargo and the Company as concerns the civil damage lawsuits filed in Canada. This amount has been reflected as an exceptional item in the Group's accounts in FY2011-12.

In addition, without admitting any liability, SIA Cargo reached settlements with certain of its customers to resolve all pending and potential future civil damage claims regarding the air cargo issues. The settlements have been reflected in the Group's accounts. The individual terms of such settlements are required to be kept confidential.

Apart from Canada and South Korea, the filed cases remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

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

(c) Passengers: Civil Class Actions, South African settlement and Indian case

The Company and several other airlines have been named in civil class action lawsuits in the United States and Canada alleging an unlawful agreement to fix surcharges and fares on transpacific flights. These cases are currently in the procedural stages and none has been tried thus far on their respective substantive legal merits. As these lawsuits have neither been tried nor the alleged damages quantified, it is premature to make a provision in the financial statements.

With regard to an investigation conducted by the South African Competition Commission ("SACC") concerning price-fixing on certain routes, a settlement agreement was reached in March 2012 which included an administrative penalty of ZAR25 million ($4.1 million). The Competition Tribunal confirmed the settlement agreement between the Company and the SACC and the Company has paid the agreed upon administrative penalty.

In July 2010, the Company received notice of an investigation by the Competition Commission of India ("CCI") concerning alleged collusion in the elimination of commissions paid to travel agents in India. In January 2011, the Office of the Director General of the CCI issued a report exonerating the Company and the other defendant airlines. The Travel Agent Association of India ("TAAI") has filed an appeal of the CCI's decision with the Competition Appellate Tribunal ("COMPAT"). The TAAI's appeal of the CCI decision was dismissed by the COMPAT and the TAAI has since appealed the COMPAT's decision to the Supreme Court of India.

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36 Contingent Liabilities (in $ million) (continued)

(d) Australian Travel Agents' Representative Actions

A former Australian travel agent, Leonie's Travel Pty Limited, filed a representative action in the Federal Court of Australia (New South Wales District Registry) on 15 December 2006 against 6 airlines, namely Qantas Airways Limited, British Airways plc, Air New Zealand Limited, Malaysian Airline System Berhad, Cathay Pacific Airways Limited ("CX") and Singapore Airlines 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 (the "Leonie's Case").

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 CX and the Company, as Leonie's Travel did not issue fares against CX or the Company (the "Paxtours Case").

On 19 August 2011, the Leonie's Case was discontinued against the Company.

Following discussion with Paxtours' solicitors, the parties have agreed on a settlement mechanism, which has been approved by the court. The settlement amount paid by the Company was not material and the case is now concluded.

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 revenue and expenses, including fair value gains and losses, are recognised.

The following tables analyse 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:

2013 The Group	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Derivatives at fair value through profit or loss	Total
Assets							
Long-term investments	-	354.9	352.0	-	-	-	706.9
Other receivables	213.9	-	-	-	-	-	213.9
Trade debtors	1,578.4	-	-	-	-	-	1,578.4
Deposits and other debtors	54.9	-	-	-	-	-	54.9
Investments	-	336.5	12.9	-	-	-	349.4
Derivative assets	-	-	-	79.1	-	-	79.1
Cash and bank balances	5,059.6	-	-	-	-	-	5,059.6
Total financial assets	6,906.8	691.4	364.9	79.1	-	-	8,042.2
Total non-financial assets							14,385.9
Total assets							22,428.1
Liabilities							
Notes payable	-	-	-	-	800.0	-	800.0
Finance lease commitments	-	-	-	-	208.4	-	208.4
Loans	-	-	-	-	5.7	-	5.7
Trade and other creditors	-	-	-	-	3,201.1	-	3,201.1
Derivative liabilities	-	-	-	31.9	-	41.3	73.2
Total financial liabilities	-	-	-	31.9	4,215.2	41.3	4,288.4
Total non-financial liabilities							4,722.4
Total liabilities							9,010.8

37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

2013 The Company	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
Assets						
Long-term investments	-	274.8	352.0	-	-	626.8
Other receivables	213.9	-	-	-	-	213.9
Trade debtors	1,080.9	-	-	-	-	1,080.9
Deposits and other debtors	36.6	-	-	-	-	36.6
Amounts owing by subsidiary companies	189.9	-	-	-	-	189.9
Investments	-	276.5	12.9	-	-	289.4
Derivative assets	-	-	-	77.7	-	77.7
Cash and bank balances	4,834.3	-	-	-	-	4,834.3
Total financial assets	6,355.6	551.3	364.9	77.7	-	7,349.5
Total non-financial assets						13,389.4
Total assets						20,738.9
Liabilities						
Notes payable	-	-	-	-	800.0	800.0
Trade and other creditors	-	-	-	-	2,510.1	2,510.1
Amount owing to subsidiary companies	-	-	-	-	1,219.8	1,219.8
Derivative liabilities	-	-	-	25.7	-	25.7
Total financial liabilities	-	-	-	25.7	4,529.9	4,555.6
Total non-financial liabilities						4,224.7
Total liabilities						8,780.3

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37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

2012 The Group	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Derivatives at fair value through profit or loss	Total
Assets							
Long-term investments	-	238.5	135.2	-	-	-	373.7
Other receivables	215.6	-	-	-	-	-	215.6
Trade debtors	1,354.8	-	-	-	-	-	1,354.8
Deposits and other debtors	46.8	-	-	-	-	-	46.8
Investments	-	596.3	28.8	-	-	-	625.1
Derivative assets	-	-	-	71.9	-	-	71.9
Cash and bank balances	4,702.7	-	-	-	-	-	4,702.7
Total financial assets	6,319.9	834.8	164.0	71.9	-	-	7,390.6
Total non-financial assets							14,652.4
Total assets							22,043.0
Liabilities							
Notes payable	-	-	-	-	800.0	-	800.0
Finance lease commitments	-	-	-	-	275.4	-	275.4
Loans	-	-	-	-	2.4	-	2.4
Trade and other creditors	-	-	-	-	2,885.4	-	2,885.4
Derivative liabilities	-	-	-	26.2	-	52.7	78.9
Total financial liabilities	-	-	-	26.2	3,963.2	52.7	4,042.1
Total non-financial liabilities							4,813.5
Total liabilities							8,855.6

37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

2012 The Company	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
Assets						
Long-term investments	-	158.5	135.2	-	-	293.7
Other receivables	215.6	-	-	-	-	215.6
Trade debtors	870.2	-	-	-	-	870.2
Deposits and other debtors	26.7	-	-	-	-	26.7
Amounts owing by subsidiary companies	195.2	-	-	-	-	195.2
Investments	-	536.4	28.8	-	-	565.2
Derivative assets	-	-	-	57.4	-	57.4
Cash and bank balances	4,450.7	-	-	-	-	4,450.7
Total financial assets	5,758.4	694.9	164.0	57.4	-	6,674.7
Total non-financial assets						15,009.6
Total assets						21,684.3
Liabilities						
Notes payable	-	-	-	-	800.0	800.0
Trade and other creditors	-	-	-	-	2,210.2	2,210.2
Amount owing to subsidiary companies	-	-	-	-	1,525.2	1,525.2
Derivative liabilities	-	-	-	12.7	-	12.7
Total financial liabilities	-	-	-	12.7	4,535.4	4,548.1
Total non-financial liabilities						4,289.3
Total liabilities						8,837.4

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

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
Derivative assets				
Currency hedging contracts	24.2	21.3	22.8	14.6
Fuel hedging contracts	52.7	46.7	52.7	38.9
Interest rate cap contracts	2.2	3.9	2.2	3.9
	79.1	71.9	77.7	57.4
Derivative liabilities				
Currency hedging contracts	19.2	15.5	19.2	12.2
Fuel hedging contracts	6.5	0.6	6.5	0.5
Cross currency swap contracts	40.7	50.9	-	-
Interest rate swap contracts	6.8	11.9	-	-
	73.2	78.9	25.7	12.7

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31 March 2013

37 Financial Instruments (in $ million) (continued)

(b) Fair values

Financial instruments carried at fair value

Fair value hierarchy

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	The Group			
	31 March 2013		31 March 2012	
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)
Financial assets:				
Available-for-sale investments				
Quoted investments				
- Government securities	3.0	-	4.1	-
- Equity investments	166.5	-	32.8	-
- Non-equity investments	279.5	-	232.0	-
Unquoted investments				
- Government securities	-	-	-	307.5
- Non-equity investments	-	143.5	-	159.6
Derivative assets				
Currency hedging contracts	-	24.2	-	21.3
Fuel hedging contracts	-	52.7	-	46.7
Interest rate cap contracts	-	2.2	-	3.9
	449.0	222.6	268.9	539.0
Financial liabilities:				
Derivative liabilities				
Currency hedging contracts	-	19.2	-	15.5
Fuel hedging contracts	-	6.5	-	0.6
Cross currency swap contracts	-	40.7	-	50.9
Interest rate swap contracts	-	6.8	-	11.9
	-	73.2	-	78.9

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)

37 Financial Instruments (in $ million) (continued)

(b) Fair values (continued)

Financial instruments carried at fair value (continued)

Determination of fair value

The Group and the Company have carried all investment securities that are classified as available-for-sale financial assets and all derivative instruments at their fair values.

The fair values of jet fuel swap contracts are the mark-to-market values of these contracts. The fair values of jet fuel option contracts are determined by reference to available market information and the Black-Scholes option valuation model. As the Group hedges its jet fuel requirements in Mean of Platts Singapore Jet Kerosene ("MOPS") and that the majority of the Group's fuel uplifts are in MOPS, the MOPS price (2013: USD 122.17/BBL, 2012: USD 135.42/BBL) is used as the input for market fuel price to the Black-Scholes option valuation model. Consequently, the annualised volatility (2012-13: 11.75%, 2011-12: 11.34%) 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 (2012-13: 0.27%, 2011-12: 0.33%) 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 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, funds from subsidiary companies, amounts owing to/by subsidiary companies, trade debtors, other debtors, trade and other creditors.

Financial instruments carried at other than fair value

Long-term investments classified as available-for-sale amounting to $98.9 million (2012: $98.8 million) for the Group and $18.8 million (2012: $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.

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37 Financial Instruments (in $ million) (continued)

(b) Fair values (continued)

Financial instruments carried at other than fair value (continued)

Investments classified as held-to-maturity amounting to $364.9 million (2012: $164.0 million) for the Group and the Company are stated at amortised cost. The fair value of these investments as at 31 March 2013 approximate $366.0 million (2012: $163.4 million) for the Group and the Company. Fair value is determined by reference to their published market bid price at the end of the reporting period.

The Group and the Company have no intention to dispose of their interests in the above investments in the foreseeable future.

The fair values of long-term liabilities are disclosed in Note 19.

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 through the use of 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 expenses 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, options and collars with approved counterparties and within approved credit limits.

Cash flow hedges

The Group manages this fuel price risk by using swap, option and collar contracts and hedging up to 18 months forward using jet fuel swap, option and collar contracts.

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 $309.6 million (2012: $308.1 million), with a related deferred tax credit of $92.0 million (2012: $91.5 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 $45.6 million and $38.4 million (2011-12: $44.1 million and $37.1 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are still outstanding as at the end of the reporting period and assumes that all jet fuel hedges are highly effective. Under these assumptions, with an increase or decrease in jet fuel prices, each by one USD per barrel, the before tax effects on equity are set out in the table below.

Sensitivity analysis on outstanding fuel hedging contracts:

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
	Effect on equity		Effect on equity	
Increase in one USD per barrel	18.5	4.5	15.2	3.7
Decrease in one USD per barrel	(18.5)	(4.5)	(15.2)	(3.7)

(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 2013, these accounted for 56.4% of total revenue (2011-12: 60.5%) and 68.7% of total operating expenses (2011-12: 68.9%). 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 2013, the Company holds USD256.0 million (2012: USD97.0 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. A fair value gain of $4.9 million (2012: $1.4 million) is included in the fair value reserve in respect of these contracts.

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 2013, a net fair value gain before tax of $305.1 million (2012: $301.6 million), with a related deferred tax charge of $85.0 million (2012: $84.4 million), is included in the fair value reserve in respect of these contracts.

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

(b) Foreign currency risk (continued)

Fair value through profit or loss

In addition, the Group has cross currency swap contracts in place with notional amounts ranging from $17.5 million to $68.9 million (2012: $23.9 million to $89.7 million) where it pays SGD and receives USD at USD/SGD exchange rates ranging from 1.3085 to 1.6990 (2011-12: 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.

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 outstanding foreign currency hedging contracts and significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates.

Sensitivity analysis:

	The Group 31 March			
	2013		2012	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	2.9	(2.6)	2.0	(1.6)
EUR	1.1	(1.6)	2.5	(1.4)
GBP	1.4	(0.7)	1.1	(0.5)
JPY	1.4	(0.5)	1.5	(0.4)
USD	(9.6)	(8.5)	(4.3)	(5.1)

	The Company 31 March			
	2013		2012	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	2.6	(2.3)	1.8	(1.4)
EUR	0.5	(0.9)	1.8	(0.5)
GBP	1.2	(0.6)	0.9	(0.4)
JPY	0.9	(0.4)	1.0	(0.2)
USD	(8.5)	(6.7)	(4.3)	(5.2)

[R1] *Sensitivity analysis on outstanding foreign currency hedging contracts.*

[R2] *Sensitivity analysis on significant outstanding foreign currency denominated monetary items.*

If the relevant foreign currency strengthens by 1% against SGD, equity and profit before taxation would change by the same amounts in the opposite direction.

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

(c) Interest rate risk

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

Cash flow hedges

As at 31 March 2013, the Company has interest rate cap contracts at a strike rate of 6.50% (2012: 6.50%), maturing in 4 to 5 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. A net fair value loss before tax of $17.6 million (2012: $15.9 million), with a related deferred tax credit of $3.0 million (2012: $2.7 million), is included in the fair value reserve in respect of these contracts.

In FY2009-10, the Company entered into interest rate swap contracts to protect a portion of the future operating lease rent payments from exposure to fluctuations in interest rates. These contracts were settled in FY2010-11. The balance in the fair value reserve will be recognised in the profit and loss account over the lease term of the respective aircraft. A net fair value loss before tax of $24.8 million (2012: $34.8 million), with a related deferred tax credit of $4.2 million (2012: $5.9 million), is included in the fair value reserve in respect of these contracts.

As at 31 March 2013, other than those instruments entered into by the Company, the Group has interest rate swap agreements in place whereby it pays fixed rates of interest ranging from 3.00% to 4.95% (2012: 3.00% to 4.95%) and receives a variable rate linked to LIBOR. These contracts are used to protect a portion of the finance lease commitments from exposure to fluctuations in interest rates. The maturity period of these swaps ranges from 1 March 2014 to 5 March 2016. The cash flow hedges of some of these contracts are assessed to be highly effective and at 31 March 2013, a net fair value loss of $4.4 million (2012: $8.3 million) is included in the fair value reserve in respect of these contracts.

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

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

(c) Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

Under these assumptions, an increase or decrease in market interest rates of one basis point for all currencies in which the Group has derivative financial instruments and variable rate assets and liabilities at 31 March 2013 will have the effects as set out in the table below.

Sensitivity analysis:

	The Group 31 March			
	2013		2012	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in one basis point in market interest rates	0.1	0.5	0.1	0.5
Decrease in one basis point in market interest rates	(0.1)	(0.5)	(0.1)	(0.5)

	The Company 31 March			
	2013		2012	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in one basis point in market interest rates	0.1	0.4	0.1	0.3
Decrease in one basis point in market interest rates	(0.1)	(0.4)	(0.1)	(0.3)

[R1] *Sensitivity analysis on derivative financial instruments.*

[R2] *Sensitivity analysis on variable rate assets and liabilities.*

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

(d) Market rate risk

At 31 March 2013, the Group and the Company own investments of $957.4 million (2012: $900.0 million) and $897.4 million (2012: $840.1 million) respectively, which are subject to market rate risk. The market risk associated with these investments is the potential loss resulting from a decrease in market prices.

Market price sensitivity analysis

If prices for these investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity are set out in the table below.

Sensitivity analysis on investments:

	The Group 31 March		The Company 31 March	
	2013	2012	2013	2012
	Effect on equity		Effect on equity	
Increase in 1% of quoted prices	5.9	7.4	5.3	6.8
Decrease in 1% of quoted prices	(5.9)	(7.4)	(5.3)	(6.8)

(e) Liquidity risk

At 31 March 2013, the Group has at its disposal, cash and short-term deposits amounting to $5,059.6 million (2012: $4,702.7 million). In addition, the Group has available short-term credit facilities of about $374.2 million (2012: $520.7 million). The Group also has Medium Term Note Programmes under which it may issue notes up to $1,000.0 million (2012: $1,000.0 million) and as of 31 March 2013, $500.0 million (2012: $500.0 million) remains unutilised. Under these Programmes, notes issued by the Company may have varying maturities as agreed with the relevant financial institutions.

The Group's holdings of cash and short-term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for the Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The Group's policies in this regard are in line with the funding policies of other major airlines.

The maturity profile of the financial liabilities of the Group and the Company is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

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

(e) Liquidity risk (continued)

2013	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	22.6	22.5	319.3	16.1	16.1	536.6	933.2
Finance lease commitments	72.4	56.3	51.3	21.9	21.8	-	223.7
Loans	5.7	-	-	-	-	-	5.7
Trade and other creditors	3,201.1	-	-	-	-	-	3,201.1
Derivative financial instruments:							
Currency hedging contracts	19.2	-	-	-	-	-	19.2
Fuel hedging contracts	6.5	-	-	-	-	-	6.5
Cross currency swap contracts	40.7	-	-	-	-	-	40.7
Interest rate swap contracts	6.8	-	-	-	-	-	6.8
	3,375.0	78.8	370.6	38.0	37.9	536.6	4,436.9
The Company							
Notes payable	22.6	22.5	319.3	16.1	16.1	536.6	933.2
Trade and other creditors	2,510.1	-	-	-	-	-	2,510.1
Amounts owing to subsidiary companies	1,219.8	-	-	-	-	-	1,219.8
Derivative financial instruments:							
Currency hedging contracts	19.2	-	-	-	-	-	19.2
Fuel hedging contracts	6.5	-	-	-	-	-	6.5
	3,778.2	22.5	319.3	16.1	16.1	536.6	4,688.8

2012	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	22.6	22.6	22.6	319.3	16.1	552.6	955.8
Finance lease commitments	72.2	73.6	57.0	51.6	22.1	22.1	298.6
Loans	2.4	-	-	-	-	-	2.4
Trade and other creditors	2,885.4	-	-	-	-	-	2,885.4
Derivative financial instruments:							
Currency hedging contracts	15.5	-	-	-	-	-	15.5
Fuel hedging contracts	0.6	-	-	-	-	-	0.6
Cross currency swap contracts	50.9	-	-	-	-	-	50.9
Interest rate swap contracts	11.9	-	-	-	-	-	11.9
	3,061.5	96.2	79.6	370.9	38.2	574.7	4,221.1
The Company							
Notes payable	22.6	22.6	22.6	319.3	16.1	552.6	955.8
Trade and other creditors	2,210.2	-	-	-	-	-	2,210.2
Amounts owing to subsidiary companies	1,525.2	-	-	-	-	-	1,525.2
Derivative financial instruments:							
Currency hedging contracts	12.2	-	-	-	-	-	12.2
Fuel hedging contracts	0.5	-	-	-	-	-	0.5
	3,770.7	22.6	22.6	319.3	16.1	552.6	4,703.9

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

(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 is represented by the carrying amount of each financial asset in the statement of financial position.

There are no significant concentrations of credit risk other than on derivative counterparties where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to a broad diversification. In specific instances, the contract may require special collateral.

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collaterals requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

Allowance is made for doubtful accounts whenever risks are identified.

(g) Counterparty risk

Counterparty risk is the potential financial loss from a transaction that may arise in the event of default by the counterparty. 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.

Surplus funds are invested in interest-bearing bank deposits and other high quality short-term liquid investments.

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

(g) Counterparty risk (continued)

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

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2013	2012	2013	2012	2013	2012	2013	2012
Counterparty profiles								
By industry:								
Travel agencies	632.0	637.3	7.9%	8.6%	349.1	340.7	4.8%	5.1%
Airlines	381.1	344.1	4.7%	4.7%	179.0	116.3	2.4%	1.7%
Financial institutions	5,518.9	5,132.9	68.6%	69.5%	5,279.4	4,837.6	71.8%	72.5%
Others	812.9	942.0	10.1%	12.7%	734.5	885.2	10.0%	13.3%
	7,344.9	7,056.3	91.3%	95.5%	6,542.0	6,179.8	89.0%	92.6%
By region:								
East Asia	4,779.5	4,935.0	59.4%	66.8%	4,241.4	4,424.2	57.7%	66.3%
Europe	744.8	677.0	9.2%	9.1%	610.4	495.6	8.3%	7.4%
South West Pacific	1,525.0	982.0	19.0%	13.3%	1,487.1	944.4	20.2%	14.1%
Americas	190.6	351.9	2.4%	4.8%	140.5	250.8	1.9%	3.8%
West Asia and Africa	105.0	110.4	1.3%	1.5%	62.6	64.8	0.9%	1.0%
	7,344.9	7,056.3	91.3%	95.5%	6,542.0	6,179.8	89.0%	92.6%
By Moody's credit ratings:								
Investment grade (A to Aaa)	5,513.6	5,669.5	68.5%	76.7%	5,294.2	5,400.6	72.0%	80.9%
Investment grade (Baa)	1.1	1.7	0.0%	0.0%	0.4	0.8	0.0%	0.0%
Non-rated	1,830.2	1,385.1	22.8%	18.8%	1,247.4	778.4	17.0%	11.7%
	7,344.9	7,056.3	91.3%	95.5%	6,542.0	6,179.8	89.0%	92.6%

39 Capital Management (in $ million)

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

The Company did not breach any gearing covenants during the financial years ended 31 March 2013 or 31 March 2012. In the same period, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

	The Group 31 March		**The Company 31 March**	
	2013	**2012**	**2013**	**2012**
Notes payable	800.0	800.0	800.0	800.0
Finance lease commitments	208.4	275.4	-	-
Loans	5.7	2.4	-	-
Total debt	1,014.1	1,077.8	800.0	800.0
Share capital	1,856.1	1,856.1	1,856.1	1,856.1
Reserves	11,248.6	11,037.3	10,102.5	10,990.8
Total capital	13,104.7	12,893.4	11,958.6	12,846.9
Gearing ratio (times)	0.08	0.08	0.07	0.06

40 Related Party Transactions (in $ million)

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

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the directors, chief executive officer and executive vice presidents of the Company to be key management personnel of the Company.

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

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	
	2012-13	2011-12
Purchases of services from associated companies	37.3	124.1
Services rendered to associated companies	(85.2)	(12.6)
Purchases of services from joint venture companies	0.4	2.9
Services rendered to joint venture companies	(14.8)	(11.5)
Purchases of services from related parties	1,013.5	1,033.1
Professional fees paid to a firm of which a director is a member	0.1	0.3

Directors' and key executives' remuneration of the Group

	The Group	
	2012-13	2011-12
Directors		
Salary, bonuses, fee and other costs	3.2	3.2
CPF and other defined contributions	*	*
Share-based compensation expense	0.8	1.3
	4.0	4.5
Key executives (excluding executive directors)		
Salary, bonuses and other costs	1.8	2.7
CPF and other defined contributions	*	*
Share-based compensation expense	1.1	2.1
	2.9	4.8

* Amount less than $0.1 million

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

Name of participant	Aggregate options granted since commencement of scheme up to end of financial year under review	Aggregate options exercised since commencement of scheme up to end of financial year under review	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	444,075	197,950	246,125
Mak Swee Wah	362,750	232,975	129,775
Ng Chin Hwee	214,025	214,025	-

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

Conditional awards granted to director 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 2012	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2013	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	60,371	42,000	18,005	84,366	157,256
Mak Swee Wah	39,188	21,000	18,005	42,183	114,186
Ng Chin Hwee	39,188	21,000	18,005	42,183	98,268

RSP Final Awards (Pending Release) [R1]

Name of participant	Balance as at 1 April 2012	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2013	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review *
Goh Choon Phong	11,106	17,470	16,370	12,206	56,828
Mak Swee Wah	12,706	17,470	16,903	13,273	54,687
Ng Chin Hwee	12,706	17,470	16,903	13,273	35,756

Time-based RSP Awards

Name of participant	Balance as at 1 April 2012	Balance as at 31 March 2013	Aggregate Awards granted since commencement of time-based RSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of time-based RSP to end of financial year under review
Goh Choon Phong	105,917	105,917	105,917	-
Mak Swee Wah	105,917	105,917	105,917	-
Ng Chin Hwee	105,917	105,917	105,917	-

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

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

PSP Base Awards [R2]

Name of participant	Balance as at 1 April 2012	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2013	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review *
Goh Choon Phong	83,631	66,000	9,490	140,141	175,500	44,522
Mak Swee Wah	56,982	26,400	17,794	65,588	114,888	63,663
Ng Chin Hwee	56,982	26,400	17,794	65,588	100,182	47,450

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

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

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

* *During the financial year, 50,176 and 56,370 treasury shares were issued to director and key executives of the Company pursuant to the RSP and PSP respectively.*

41 Subsequent Events

Pursuant to Tiger Airways Holdings Limited's ("Tiger Airways") renounceable Rights Issue and non-renounceable Preferential Offering of 2.0 per cent perpetual convertible capital securities ("Convertible Securities") convertible into fully paid-up ordinary shares in the capital of Tiger Airways, the Company had been allocated 53,702,775 Rights Shares and 189,390,367 Convertible Securities. Based on an issue price of $0.47 per Rights Share and $1.07 per Convertible Security, the total consideration paid by the Company in relation to the subscription of the Rights Shares and Convertible Securities was $227.9 million. Immediately following the Rights Issue, the total number of shares held by the Company increased to 322,216,650, and the Company's shareholding in Tiger Airways remained unchanged at 32.7% of the enlarged share capital. If all of the Convertible Securities are converted into ordinary shares at a conversion price of $0.74, the total number of shares held by the Company will increase to 596,064,883, and the Company's shareholding in Tiger Airways will increase to approximately 46.5% of the enlarged share capital.

In accordance with the subscription agreement announced on 30 October 2012, the Company exercised its anti-dilution rights on 22 April 2013 to subscribe for 12,545,666 ordinary shares in Virgin Australia Holdings Limited ("Virgin Australia"). Based on the subscription price of AUD0.4288 per share, the total consideration paid by the Company was AUD5.4 million ($7.0 million). This enabled the Company to maintain its 10.0% stake in Virgin Australia.

On 24 April 2013, the Company entered into a Share Sale and Purchase Agreement to further acquire 255,541,946 ordinary shares in the capital of Virgin Australia at AUD0.48 per share for a total consideration of AUD122.7 million ($158.9 million). The purchase is subject to regulatory approvals. If approved, the Company's stake in Virgin Australia will increase to 19.9%.

Appendix III

SGX-ST ANNOUNCEMENT DATED 6 FEBRUARY 2014 ON UNAUDITED RESULTS OF SINGAPORE AIRLINES LIMITED FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2013

This Appendix III is a reproduction of the announcement made by the Company on the SGX-ST on 6 February 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

SINGAPORE AIRLINES

UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2013

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2013 (in $ million)

	The Group		The Group	
	3rd Quarter 2013-14	3rd Quarter 2012-13	9 Months 2013-14	9 Months 2012-13
REVENUE	3,874.6	3,860.4	11,615.5	11,431.4
EXPENDITURE				
Staff costs	568.8	583.2	1,760.5	1,750.4
Fuel costs	1,409.8	1,483.6	4,318.7	4,458.8
Depreciation	394.8	420.4	1,198.4	1,185.5
Impairment of property, plant and equipment	5.2	2.4	13.1	3.0
Amortisation of intangible assets	6.3	4.4	18.9	16.9
Aircraft maintenance and overhaul costs	161.4	134.5	478.2	393.7
Commission and incentives	86.9	89.9	262.3	266.1
Landing, parking and overflying charges	177.9	177.0	541.3	522.9
Handling charges	262.8	252.7	785.0	764.9
Rentals on leased aircraft	168.3	137.7	474.4	414.6
Material costs	50.6	46.6	163.0	162.4
Inflight meals	139.1	138.3	415.5	409.1
Advertising and sales costs	56.9	47.4	178.6	149.2
Insurance expenses	10.2	10.0	31.3	32.8
Company accommodation and utilities	29.1	29.3	87.7	86.6
Other passenger costs	43.5	42.8	127.2	124.0
Crew expenses	36.5	35.6	110.0	112.1
Other operating expenses	115.5	93.6	331.8	305.0
	3,723.6	3,729.4	11,295.9	11,158.0
OPERATING PROFIT	151.0	131.0	319.6	273.4
Finance charges	(8.4)	(10.2)	(28.7)	(32.0)
Interest income	17.5	23.7	48.0	48.3
Surplus on disposal of aircraft, spares and spare engines	13.0	6.2	36.0	1.3
Dividends from long-term investments	9.2	6.9	17.4	23.6
Other non-operating items	0.5	8.6	0.8	11.7
Share of profits of joint venture companies	18.8	22.5	72.7	70.3
Share of (losses)/profits of associated companies	(40.8)	20.3	(5.0)	44.1
PROFIT BEFORE EXCEPTIONAL ITEMS	160.8	209.0	460.8	440.7
EXCEPTIONAL ITEMS	(79.9)	(19.9)	(58.1)	(19.9)
PROFIT BEFORE TAXATION	80.9	189.1	402.7	420.8
TAXATION	(15.9)	(31.4)	(21.6)	(63.6)
PROFIT FOR THE PERIOD	65.0	157.7	381.1	357.2
PROFIT ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	50.1	142.5	332.5	310.6
NON-CONTROLLING INTERESTS	14.9	15.2	48.6	46.6
	65.0	157.7	381.1	357.2
BASIC EARNINGS PER SHARE (CENTS)	4.3	12.1	28.3	26.4
DILUTED EARNINGS PER SHARE (CENTS)	4.2	12.0	28.0	26.2

Notes:

(i) Profit for the period is arrived at after charging/(crediting) the following:

	The Group		The Group	
	3rd Quarter 2013-14	3rd Quarter 2012-13	9 Months 2013-14	9 Months 2012-13
Interest income from short-term investments	(0.1)	(0.2)	(0.5)	(0.5)
Dividend income from short-term investments	-	-	(0.8)	(0.8)
Income from operating lease of aircraft	(19.6)	(19.7)	(59.6)	(72.6)
Amortisation of deferred (gain)/loss on sale and operating leaseback transactions	(3.2)	1.0	(9.2)	2.4
(Surplus)/Loss on disposal of short-term investments	-	(0.1)	(0.1)	1.9
Bad debts written off	0.1	0.1	0.3	0.5
Impairment/(Writeback of impairment) of trade debtors	1.1	0.1	0.7	(6.3)
Writedown on inventories	6.1	3.3	18.9	16.7
Exchange loss, net	11.4	13.5	67.0	60.9
Currency hedging gain	(14.3)	(8.9)	(43.9)	(21.1)
Fuel hedging gain recognised in "Fuel costs"	(45.9)	(19.9)	(55.2)	(9.0)
Ineffectiveness of fuel hedging contracts recognised in "Fuel costs"	(1.7)	-	(3.1)	-
(Over)/Underprovision of tax in respect of prior years	(20.2)	0.3	(65.8)	(11.9)

(ii) The non-operating items comprise the following:

	The Group		The Group	
	3rd Quarter 2013-14	3rd Quarter 2012-13	9 Months 2013-14	9 Months 2012-13
Recognition of liquidated damages	-	-	-	0.3
Surplus on disposal of other property, plant and equipment	0.5	0.3	0.8	0.4
Gain on disposal of an associated company	-	8.3	-	8.3
Dividends from an associated company	-	-	-	2.7
	0.5	8.6	0.8	11.7

(iii) Exceptional items comprise the following:

	The Group		The Group	
	3rd Quarter 2013-14	3rd Quarter 2012-13	9 Months 2013-14	9 Months 2012-13
Gain on divestment of an associated company	0.7	-	339.9	-
Impairment of freighters	-	-	(293.4)	-
Impairment of property, plant and equipment of Singapore Flying College	-	-	(24.0)	-
Provision for penalties and costs incurred by Singapore Airlines Cargo ("SIAC")	(80.6)	(19.9)	(80.6)	(19.9)
	(79.9)	(19.9)	(58.1)	(19.9)

During the period April-December 2013, the Company completed the sale of its 49% stake in Virgin Atlantic Limited for a consideration of USD361.0 million ($455.3 million). Under the equity method, the Group has previously accounted for $116.6 million in the reserves, which have been offset against the net sales proceeds (after certain post-closing adjustments) of $456.5 million, resulting in a gain of $339.9 million.

SIAC recorded an impairment loss of $293.4 million on four surplus freighters that have been removed from the operating fleet and marked for sale.

In December 2013, SIAC reached a settlement with the plaintiffs in the United States air cargo class action for an amount of USD62.8 million ($78.3 million). The settlement is without admission of any wrongdoing or liability. The settlement is subject to the approval of the United States District Court.

In addition, in a Swiss air cargo competition law case, the Swiss Competition Commission imposed a fine of CHF1.7 million ($2.3 million). SIAC will study the grounds of the Commission's decision carefully and subsequently decide whether to appeal the decision to the Swiss Federal Administrative Tribunal.

The Group’s exceptional items for the April-December 2012 period pertained to provision for penalties and costs agreed between SIAC and the Australian Competition and Consumer Commission for an amount of AUD12.2 million ($15.5 million) and the New Zealand Commerce Commission for an amount of NZD4.4 million ($4.4 million). The penalties and costs were recommended by the parties and endorsed by the respective Courts, bringing the Commissions’ air cargo investigations and proceedings which started in 2008 in Australia and New Zealand to a close for SIAC.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2013 (in $ million)

	The Group		The Group	
	3rd Quarter 2013-14	3rd Quarter 2012-13	9 Months 2013-14	9 Months 2012-13
PROFIT FOR THE PERIOD	65.0	157.7	381.1	357.2
OTHER COMPREHENSIVE INCOME:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	3.4	(0.3)	18.5	(12.8)
Available-for-sale financial assets	(42.3)	(0.2)	(74.3)	3.7
Cash flow hedges	147.9	(43.5)	145.1	13.8
Surplus on dilution of interest in an associated company due to share options exercised	-	-	0.5	0.1
Share of comprehensive income of associated companies and joint venture companies	1.7	(1.0)	0.3	(0.5)
Realisation of reserves on disposal of an associated company	-	-	116.6	-
	110.7	(45.0)	206.7	4.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	175.7	112.7	587.8	361.5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	160.1	97.6	537.3	317.4
NON-CONTROLLING INTERESTS	15.6	15.1	50.5	44.1
	175.7	112.7	587.8	361.5

	The Company		The Company	
	3rd Quarter 2013-14	3rd Quarter 2012-13	9 Months 2013-14	9 Months 2012-13
PROFIT FOR THE PERIOD	222.5	142.9	577.0	451.2
OTHER COMPREHENSIVE INCOME:				
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets	(43.2)	(1.3)	(74.4)	2.2
Cash flow hedges	118.9	(34.4)	119.6	7.0
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	75.7	(35.7)	45.2	9.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	298.2	107.2	622.2	460.4

1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013 (in $ million)

	The Group		The Company	
	31-Dec 2013	31-Mar 2013	31-Dec 2013	31-Mar 2013
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Share capital	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	(252.1)	(269.8)	(252.1)	(269.8)
Other reserves	11,744.9	11,518.4	10,670.0	10,372.3
	13,348.9	13,104.7	12,274.0	11,958.6
NON-CONTROLLING INTERESTS	319.7	312.6	-	-
TOTAL EQUITY	13,668.6	13,417.3	12,274.0	11,958.6
DEFERRED ACCOUNT	221.9	146.7	207.3	127.8
DEFERRED TAXATION	1,884.1	1,951.3	1,551.3	1,621.3
LONG-TERM LIABILITIES	914.6	944.5	800.0	803.9
PROVISIONS	572.4	421.3	542.1	376.1
	17,261.6	16,881.1	15,374.7	14,887.7
Represented by:-				
PROPERTY, PLANT AND EQUIPMENT				
Aircraft, spares and spare engines	10,092.9	10,875.6	8,481.1	8,746.8
Land and buildings	228.6	242.5	66.3	70.7
Others	2,654.9	1,979.9	1,842.0	1,581.8
	12,976.4	13,098.0	10,389.4	10,399.3
INTANGIBLE ASSETS	218.9	218.5	154.6	159.0
SUBSIDIARY COMPANIES	-	-	2,030.1	2,030.1
ASSOCIATED COMPANIES	780.4	554.4	367.4	532.5
JOINT VENTURE COMPANIES	123.2	120.8	-	-
LONG-TERM INVESTMENTS	1,125.3	706.9	1,045.2	626.8
OTHER RECEIVABLES	192.2	213.9	192.2	213.9
DEFERRED ACCOUNT	8.6	16.1	-	-
CURRENT ASSETS				
Inventories	250.2	274.9	172.8	192.7
Trade debtors	1,316.0	1,578.4	849.8	1,080.9
Deposits and other debtors	61.4	54.9	22.8	36.6
Prepayments	129.2	103.2	94.8	75.8
Amounts owing by subsidiary companies	-	-	498.5	189.9
Investments	296.3	349.4	237.2	289.4
Derivative assets	264.7	79.1	263.8	77.7
Cash and bank balances	4,912.5	5,059.6	4,627.5	4,834.3
	7,230.3	7,499.5	6,767.2	6,777.3
Less: **CURRENT LIABILITIES**				
Sales in advance of carriage	1,384.0	1,434.3	1,298.5	1,367.7
Deferred revenue	559.6	532.5	559.6	532.5
Current tax payable	199.7	160.1	162.5	130.2
Trade and other creditors	3,092.8	3,201.1	2,347.1	2,510.1
Amounts owing to subsidiary companies	-	-	1,176.8	1,219.8
Finance lease commitments	61.7	67.8	-	-
Loans	7.6	5.7	-	-
Provisions	37.8	72.3	7.1	65.2
Derivative liabilities	50.5	73.2	19.8	25.7
	5,393.7	5,547.0	5,571.4	5,851.2
NET CURRENT ASSETS	1,836.6	1,952.5	1,195.8	926.1
	17,261.6	16,881.1	15,374.7	14,887.7

1(b) (ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 December 2013		As at 31 March 2013	
Secured	Unsecured	Secured	Unsecured
$61.7M	$7.6M	$67.8M	$5.7M

Amount repayable after one year

As at 31 December 2013		As at 31 March 2013	
Secured	Unsecured	Secured	Unsecured
$104.3M	$810.2M	$140.6M	$800.0M

Details of any collateral

The secured borrowings pertained to finance leases of aircraft ($166.0 million).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINIE MONTHS ENDED 31 DECEMBER 2013 (in $ million)

	The Group		The Group	
	3rd Quarter 2013-14	3rd Quarter 2012-13	9 Months 2013-14	9 Months 2012-13
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	80.9	189.1	402.7	420.8
Adjustments for:-				
Depreciation	394.8	420.4	1,198.4	1,185.5
Impairment of property, plant and equipment	5.2	2.4	13.1	3.0
Amortisation of intangible assets	6.3	4.4	18.9	16.9
Impairment/(Writeback of impairment) of trade debtors	1.1	0.1	0.7	(6.3)
Writedown of inventories	6.1	3.3	18.9	16.7
Income from short-term investments	(0.1)	(0.2)	(1.3)	(1.3)
Provisions	41.5	55.7	121.5	110.8
Share-based compensation expense	2.0	1.9	2.8	3.6
Exchange differences	(8.8)	(0.3)	(5.9)	15.4
Amortisation of deferred (gain)/loss on sale and operating leaseback transactions	(3.2)	1.0	(9.2)	2.4
Finance charges	8.4	10.2	28.7	32.0
Interest income	(17.5)	(23.7)	(48.0)	(48.3)
Surplus on disposal of aircraft, spares and spare engines	(13.0)	(6.2)	(36.0)	(1.3)
Dividends from long-term investments	(9.2)	(6.9)	(17.4)	(23.6)
Other non-operating items	(0.5)	(8.6)	(0.8)	(11.7)
Share of profits of joint venture companies	(18.8)	(22.5)	(72.7)	(70.3)
Share of losses/(profits) of associated companies	40.8	(20.3)	5.0	(44.1)
Exceptional items	79.9	19.9	58.1	19.9
Operating profit before working capital changes	595.9	619.7	1,677.5	1,620.1
(Decrease)/Increase in trade and other creditors	(180.5)	(96.9)	(129.6)	85.2
Decrease in sales in advance of carriage	(92.7)	(95.7)	(50.3)	(47.9)
Decrease in trade debtors	133.9	150.8	291.7	21.7
Decrease/(Increase) in deposits and other debtors	7.5	(9.0)	(6.5)	(11.8)
Increase in prepayments	(10.7)	(8.5)	(26.0)	(12.9)
(Increase)/Decrease in inventories	(0.6)	0.3	5.8	(1.0)
(Decrease)/Increase in deferred revenue	(9.6)	10.6	27.1	26.3
Cash generated from operations	443.2	571.3	1,789.7	1,679.7
Payment of cargo fines	-	(19.9)	-	(24.0)
Income taxes paid	(9.8)	(21.6)	(70.1)	(187.5)
NET CASH PROVIDED BY OPERATING ACTIVITIES	433.4	529.8	1,719.6	1,468.2

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2013 (in $ million)

	The Group		The Group	
	3rd Quarter 2013-14	3rd Quarter 2012-13	9 Months 2013-14	9 Months 2012-13
CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure	(605.4)	(550.3)	(1,977.6)	(1,493.4)
Purchase of intangible assets	(3.5)	(22.8)	(18.4)	(73.6)
Proceeds from disposal of aircraft and other property, plant and equipment	491.0	210.4	631.5	288.1
Purchase of long-term investments	(327.0)	(196.3)	(526.6)	(258.7)
Purchase of derivative assets	(20.2)	-	(20.2)	-
Disposal of short-term investments	11.7	141.8	87.6	393.4
Dividends received from associated and joint venture companies	53.3	27.4	129.2	101.6
Dividends received from investments	9.2	6.9	18.2	24.4
Interest received from investments and deposits	15.2	18.6	39.4	36.0
Proceeds from disposal of associated company	0.7	4.6	459.4	4.6
Investments in associated companies	(53.9)	-	(281.8)	-
Proceeds from capital reduction of an associated company	-	-	1.8	-
NET CASH USED IN INVESTING ACTIVITIES	(428.9)	(359.7)	(1,457.5)	(977.6)
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid	(117.7)	(70.5)	(317.8)	(188.0)
Dividends paid by subsidiary companies to non-controlling interests	(17.2)	(16.9)	(57.4)	(56.4)
Interest paid	(2.5)	(0.8)	(23.2)	(22.2)
Proceeds from borrowings	6.5	1.4	12.9	2.3
Repayment of borrowings	(0.3)	-	(0.9)	(0.3)
Repayment of long-term lease liabilities	(12.3)	(11.4)	(45.6)	(43.3)
Proceeds from exercise of share options	7.6	4.9	35.9	24.8
Purchase of treasury shares	-	-	-	(37.7)
NET CASH USED IN FINANCING ACTIVITIES	(135.9)	(93.3)	(396.1)	(320.8)
NET CASH (OUTFLOW)/INFLOW	(131.4)	76.8	(134.0)	169.8
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,039.6	4,774.2	5,059.6	4,702.7
Effect of exchange rate changes	4.3	(0.6)	(13.1)	(22.1)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4,912.5	4,850.4	4,912.5	4,850.4
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Fixed deposits	4,396.5	4,450.6	4,396.5	4,450.6
Cash and bank	516.0	399.8	516.0	399.8
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4,912.5	4,850.4	4,912.5	4,850.4

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2013 (in $ million)

	Attributable to Owners of the Parent									
The Group	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
Balance at 1 October 2013	1,856.1	(253.8)	110.4	(100.3)	135.7	(23.9)	11,576.2	13,300.4	317.8	13,618.2
Comprehensive Income										
Currency translation differences	-	-	-	2.7	-	-	-	2.7	0.7	3.4
Net fair value changes on available-for-sale assets	-	-	-	-	-	(42.3)	-	(42.3)	-	(42.3)
Net fair value changes on cash flow hedges	-	-	-	-	-	147.9	-	147.9	-	147.9
Share of other comprehensive income of associated companies	-	-	-	-	0.2	1.5	-	1.7	-	1.7
Other comprehensive income for the period	-	-	-	2.7	0.2	107.1	-	110.0	0.7	110.7
Profit for the period	-	-	-	-	-	-	50.1	50.1	14.9	65.0
Total comprehensive income for the period, net of tax	-	-	-	2.7	0.2	107.1	50.1	160.1	15.6	175.7
Transactions with owners, recorded directly in equity										
Surplus on dilution of interest in subsidiary companies due to share options exercised	-	-	-	-	(1.2)	-	4.0	2.8	3.5	6.3
Share-based compensation expense	-	-	-	-	2.0	-	-	2.0	-	2.0
Share options lapsed	-	-	-	-	(0.8)	-	0.8	-	-	-
Treasury shares reissued pursuant to equity compensation plans	-	1.7	0.1	-	(0.5)	-	-	1.3	-	1.3
Dividends	-	-	-	-	-	-	(117.7)	(117.7)	(17.2)	(134.9)
Total transactions with owners	-	1.7	0.1	-	(0.5)	-	(112.9)	(111.6)	(13.7)	(125.3)
Balance at 31 December 2013	1,856.1	(252.1)	110.5	(97.6)	135.4	83.2	11,513.4	13,348.9	319.7	13,668.6

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012 (in $ million)

	Attributable to Owners of the Parent									
The Group	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
Balance at 1 October 2012	1,856.1	(274.6)	98.0	(196.0)	154.0	14.9	11,321.4	12,973.8	289.3	13,263.1
Comprehensive Income										
Currency translation differences	-	-	-	(0.2)	-	-	-	(0.2)	(0.1)	(0.3)
Net fair value changes on available-for-sale assets	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Net fair value changes on cash flow hedges	-	-	-	-	-	(43.5)	-	(43.5)	-	(43.5)
Share of other comprehensive income of associated companies	-	-	-	-	-	(1.0)	-	(1.0)	-	(1.0)
Other comprehensive income for the period	-	-	-	(0.2)	-	(44.7)	-	(44.9)	(0.1)	(45.0)
Profit for the period	-	-	-	-	-	-	142.5	142.5	15.2	157.7
Total comprehensive income for the period, net of tax	-	-	-	(0.2)	-	(44.7)	142.5	97.6	15.1	112.7
Transactions with owners, recorded directly in equity										
Surplus on dilution of interest in subsidiary companies due to share options exercised	-	-	-	-	(0.9)	-	2.4	1.5	2.4	3.9
Share-based compensation expense	-	-	-	-	1.9	-	-	1.9	-	1.9
Share options and share awards lapsed	-	-	-	-	(1.1)	-	1.1	-	-	-
Treasury shares reissued pursuant to equity compensation plans	-	1.4	(0.1)	-	(0.3)	-	-	1.0	-	1.0
Dividends	-	-	-	-	-	-	(70.5)	(70.5)	(16.9)	(87.4)
Total transactions with owners	-	1.4	(0.1)	-	(0.4)	-	(67.0)	(66.1)	(14.5)	(80.6)
Balance at 31 December 2012	1,856.1	(273.2)	97.9	(196.2)	153.6	(29.8)	11,396.9	13,005.3	289.9	13,295.2

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2013 (in $ million)

The Company	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 October 2013	1,856.1	(253.8)	(9.3)	113.9	(27.6)	10,411.3	12,090.6
Comprehensive income							
Net fair value changes on available-for-sale assets	-	-	-	-	(43.2)	-	(43.2)
Net fair value changes on cash flow hedges	-	-	-	-	118.9	-	118.9
Other comprehensive income for the period	-	-	-	-	75.7	-	75.7
Profit for the period	-	-	-	-	-	222.5	222.5
Total comprehensive income for the period, net of tax	-	-	-	-	75.7	222.5	298.2
Transactions with owners, recorded directly in equity							
Share-based compensation expense	-	-	-	1.6	-	-	1.6
Share options lapsed	-	-	-	(0.7)	-	0.7	-
Treasury shares reissued pursuant to equity compensation plans	-	1.7	0.1	(0.5)	-	-	1.3
Dividends	-	-	-	-	-	(117.7)	(117.7)
Total transactions with owners	-	1.7	0.1	0.4	-	(117.0)	(114.8)
Balance at 31 December 2013	1,856.1	(252.1)	(9.2)	114.3	48.1	10,516.8	12,274.0

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012 (in $ million)

The Company	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 October 2012	1,856.1	(274.6)	(9.2)	124.6	35.1	11,325.6	13,057.6
Comprehensive income							
Net fair value changes on available-for-sale assets	-	-	-	-	(1.3)	-	(1.3)
Net fair value changes on cash flow hedges	-	-	-	-	(34.4)	-	(34.4)
Other comprehensive income for the period	-	-	-	-	(35.7)	-	(35.7)
Profit for the period	-	-	-	-	-	142.9	142.9
Total comprehensive income for the period, net of tax	-	-	-	-	(35.7)	142.9	107.2
Transactions with owners, recorded directly in equity							
Share-based compensation expense	-	-	-	1.3	-	-	1.3
Share options and share awards lapsed	-	-	-	(1.0)	-	1.0	-
Treasury shares reissued pursuant to equity compensation plans	-	1.4	(0.1)	(0.3)	-	-	1.0
Dividends	-	-	-	-	-	(70.5)	(70.5)
Total transactions with owners	-	1.4	(0.1)	-	-	(69.5)	(68.2)
Balance at 31 December 2012	1,856.1	(273.2)	(9.3)	124.6	(0.6)	11,399.0	13,096.6

1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL AND SHARE PLANS IN THE COMPANY

Share Capital

During the period October to December 2013, the Company did not issue any shares upon exercise of options pursuant to share options exercised under the Employee Share Option Plan.

Group and Company	Number of Shares	Share Capital ($ million)
Issued and fully paid share capital		
Ordinary Shares		
Balance at 1 October 2013	1,199,851,018	1,856.1
Share options exercised during the period October to December 2013	-	-
Balance at 31 December 2013	1,199,851,018	1,856.1

As at 31 December 2013, the number of ordinary shares in issue was 1,199,851,018 of which 22,757,937 were held by the Company as treasury shares. The share capital was $1,856.1 million. (31 December 2012: 1,199,851,018 ordinary shares of which 24,660,340 were held as treasury shares.)

Employee Share Option Plan

As at 31 December 2013, the number of share options of the Company outstanding was 31,527,101 (31 December 2012: 34,209,597). During the period October to December 2013, 153,416 options were exercised under the Singapore Airlines Limited Employee Share Option Plan, which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees.

The movement of share options of the Company during the period October to December 2013 is as follows:

Date of Grant	Balance at 01.10.2013	Cancelled	Exercised	Balance at 31.12.2013	Exercise price*	Expiry date
01.07.2004	2,119,432	(760)	(69,535)	2,049,137	$7.69	30.06.2014
01.07.2005	4,115,859	(15,105)	(32,515)	4,068,239	$8.27	30.06.2015
03.07.2006	5,865,959	(28,565)	(51,366)	5,786,028	$9.59	02.07.2016
02.07.2007	10,322,579	(100,415)	-	10,222,164	$15.71	01.07.2017
01.07.2008	9,495,773	(94,240)	-	9,401,533	$12.32	30.06.2018
	31,919,602	(239,085)	(153,416)	31,527,101		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.50 per share on 31 July 2007, the Board Compensation & Industrial Relations Committee approved a 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 Committee approved another reduction of $0.80 in the exercise prices of the share options outstanding on 18 August 2011, following approval by the Company's shareholders of the declaration of a special dividend of $0.80 per share on 29 July 2011. The exercise prices reflected here are the exercise prices after such adjustments.

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

In addition to the Employee Share Option Plan, senior management staff are entitled to two share-based incentive plans, the RSP and PSP, which were approved by the shareholders of the Company on 28 July 2005.

Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded could range between 0% and 150% of the initial grant of the restricted shares and between 0% and 200% of the initial grant of the performance shares.

As at 31 December 2013, the number of outstanding shares granted under the Company's RSP and PSP were 1,370,286 (31 December 2012: 1,468,167) and 570,112 respectively (31 December 2012: 491,329).

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

	Number of Restricted Shares		
Date of Grant	Balance at 01.10.2013	Vested	Balance at 31.12.2013
RSP			
22.07.2010	108,696	-	108,696
01.07.2011	32,415	-	32,415
10.07.2012	574,923	-	574,923
15.07.2013	654,252	-	654,252
	1,370,286	-	1,370,286

	Number of Performance Shares		
Date of Grant	Balance at 01.10.2013	Vested	Balance at 31.12.2013
PSP			
01.07.2011	153,999	-	153,999
10.07.2012	181,213	-	181,213
15.07.2013	234,900	-	234,900
	570,112	-	570,112

In addition, the Board Compensation & Industrial Relations Committee approved a special time-based RSP in FY2010-11 to be granted to senior management. The details of the shares awarded under the special time-based RSP are as follows:

	Number of Time-based Restricted Shares		
Date of Grant	Balance at 01.10.2013	Vested	Balance at 31.12.2013
RSP			
07.05.2010	233,012	-	233,012

Deferred Share Award ("DSA")

In September 2013, a one-off grant of Deferred Shares Award of fully paid ordinary shares was granted to senior management. At the end of a 3-year vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield. The details of the Deferred Shares Award are as follows:

	Number of Deferred Shares Award		
Date of Grant	Balance at 01.10.2013	Vested	Balance at 31.12.2013
DSA			
04.09.2013	161,800	-	161,800

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2013, the number of ordinary shares in issue was 1,199,851,018 of which 22,757,937 were held by the Company as treasury shares (31 December 2012: 1,199,851,018 ordinary shares of which 24,660,340 were held as treasury shares.)

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the period October to December 2013, the Company did not purchase any treasury shares (October to December 2012: nil).

The Company transferred 153,416 treasury shares to employees on exercise of share options (October to December 2012: 131,457 on exercise of share options). Treasury shares are presented as a component within equity attributable to owners of the parent.

Group and Company	Number of Shares	Treasury Shares ($ million)
Balance at 1 October 2013	22,911,353	(253.8)
Treasury shares transferred on exercise of share options	(153,416)	1.7
Balance at 31 December 2013	22,757,937	(252.1)

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The financial statements have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the FY2013-14 third quarter financial statements compared with the FY2012-2013 financial statements, except for the early adoption of the following FRSs during the quarter:

- Revised FRS 27 Separate Financial Statements
- Revised FRS 28 Investments in Associates and Joint Ventures
- FRS 110 Consolidated Financial Statements
- FRS 111 Joint Arrangements
- FRS 112 Disclosure of Interests in Other Entities

The early adoption of the above standards did not have any effect on the financial performance or position of the Group.

During the year, the Company revised the estimated useful lives of certain of its overhaul assets to better reflect the economic useful life with effect from 1 April 2013. The effect of this change is a reduction in depreciation expense of approximately $25.3 million for the period ended 31 December 2013.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group			
	3rd Quarter 2013-14	3rd Quarter 2012-13	9 Months 2013-14	9 Months 2012-13
Earnings per share (cents)				
- Basic	4.3	12.1	28.3	26.4
- Diluted	4.2	12.0	28.0	26.2

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	As at 31 Dec 13	As at 31 Mar 13	As at 31 Dec 13	As at 31 Mar 13
Net asset value per ordinary share ($)	11.34	11.15	10.43	10.17

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

GROUP FINANCIAL PERFORMANCE

Third Quarter 2013-14

The Group recorded an operating profit of $151 million in the third quarter of the 2013-14 financial year, $20 million higher (+15.3%) than a year ago.

Group revenue was flat at $3,875 million as higher passenger carriage was offset by weaker yields (down by 2.7%) due to efforts to stimulate demand amid the competitive environment and unfavourable exchange rate movements on major revenue generating currencies.

Group expenditure decreased marginally by $5 million (-0.1%) to $3,724 million, largely owing to lower net fuel cost despite appreciation of the US Dollar, as average jet fuel prices decreased 5.6% year-on-year. This was partially offset by higher staff and non-fuel variable costs which rose in line with the increase in capacity.

Group net profit for the third quarter was $50 million, a decline of $93 million (-65.0%) from the corresponding period a year ago. This was largely due to exceptional items of $80 million and share of losses and one-off items from associated companies, mainly Tiger Airways Holdings Limited ("Tiger Airways").

The one-off items from Tiger Airways arose from impairment in Tigerair Mandala and losses related to assets held for sale in Tigerair Philippines, together $46 million.

Excluding the exceptional items and impairment losses from Tiger Airways, Group net profit would have improved by $33 million or 23.1%.

The operating results of the main companies in the Group for the third quarter of the financial year are as follows:

• Parent Airline Company	Operating profit of $130 million	($87 million profit in 2012)
• SIA Engineering	Operating profit of $25 million	($31 million profit in 2012)
• SilkAir	Operating profit of $6 million	($34 million profit in 2012)
• SIA Cargo	Operating profit of $1 million	($29 million loss in 2012)

The operating profit of the Parent Airline Company improved $43 million year-on-year, mainly from a 1.2% reduction in expenditure. Strict cost management helped to keep cost items in check as passenger unit cost decreased by 2.2%.

SilkAir's operating profit in the third quarter of the financial year was $28 million lower as passenger carriage growth lagged behind capacity injection to develop emerging destinations in the region.

SIA Cargo reported an operating profit of $1 million during the seasonal peak in the third quarter, supported by ongoing efforts to better match capacity with demand.

<u>April to December 2013</u>

For the nine months to December 2013, Group operating profit improved $47 million (+17.2%) to $320 million.

Group revenue was up $185 million (+1.6%) to $11,616 million, mainly due to recognition of the settlement pertaining to changes in aircraft delivery slots and growth in passenger carriage. Group expenditure increased largely due to higher staff costs and other variable costs, though at a slower pace of 1.2% (+$138 million) to $11,296 million.

The Group posted a net profit of $332 million for the April-December period, $21 million higher (+6.8%) year-on-year. This is due to an increase in operating profit, non-operating items from sale of aircraft and tax write-backs, partially offset by share of losses from associated companies this year against share of profits from associated companies last year and higher exceptional items [see Note 1(a)(iii) above].

BALANCE SHEET REVIEW
(December 2013 vs March 2013)

Equity attributable to owners of the parent increased by $244 million or 1.9% to $13,349 million as at 31 December 2013 largely due to profits for April 2013 – December 2013 (+$332 million) and fair value changes on cash flow hedges (+$145 million). This was partially reduced by the payment of FY2012-13 final dividend of 17 cents per share (-$200 million) and FY2013-14 interim dividend of 10 cents per share (-$118 million).

Total Group assets increased by $227 million or 1.0% to $22,655 million, primarily from an increase in fair value of derivatives of $186 million, while cashflow from operations and cash resources funded the investments in Virgin Australia ($241 million) and Tiger Airways ($277 million), and dividend payment ($318 million) during the period.

Total Group liabilities decreased marginally by $24 million or 0.3% to $8,987 million as at 31 December 2013. The decline is attributable to lower trade creditors (-$108 million) and deferred taxation (-$67 million), partially offset by an increase in provisions (+$117 million) and deferred account (+$75 million). Increase in provisions primarily arose from higher provisions for return costs for leased aircraft as there are more aircraft on lease.

9 Whether a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

OUTLOOK

The outlook for the air transportation industry continues to be challenging with airlines offering aggressive fares amidst increasing capacity, and fuel prices remaining high by historical standards.

Advance passenger bookings for the fourth quarter are slightly lagging the planned capacity increase due to the shift in Easter holiday travel demand from March last year to April this year. Efforts to stimulate demand to boost loads will continue to place pressure on yields.

Air cargo demand is projected to be relatively flat. However, cargo yields are likely to remain under pressure as the cargo business continues to face overcapacity.

Under these circumstances, the Group will proactively make adjustments to flight schedules and capacity to match market demand. Discipline on costs will be maintained. With strong finances, the Group is well positioned to meet the challenges ahead.

11 Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

None. The Company declares dividends (if any) at the half year and full year results announcement.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/ recommended for the period ended 31 December 2013.

13 Interested Person Transactions

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the 3rd quarter of the Financial Year 2013-14 are as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial quarter under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	3rd Quarter 2013-14 (S$)	3rd Quarter 2013-14 (S$)
PT Bank Danamon Indonesia TBK	-	137,957
SATS Ltd Group		
- Aero Laundry & Linen Services Private Limited	-	3,396,313
- Air India SATS Airport Services Private Limited	-	1,893,767
- Asia Airfreight Terminal Co Ltd	-	1,938,427
- Beijing Airport Inflight Kitchen Ltd	-	991,985
- Beijing Aviation Ground Services Co Ltd	-	1,663,833
- Maldives Inflight Catering Private Limited	-	813,828
- PT Jasa Angkasa Semesta Tbk	-	3,417,210
- SATS HK Limited	-	935,556
- SATS Ltd	-	173,524,709
- SATS Security Services Private Limited	-	5,218,680
- Taj Madras Flight Kitchen Pvt Limited	-	115,824
- Taj SATS Air Catering Ltd	-	997,415
SembCorp Industries Limited Group		
- SembCorp Power Pte Ltd	-	1,001,891
Singapore Telecommunications Limited Group		
- Optus Networks Pty Ltd	-	149,519
- Singapore Telecommunications Limited	-	549,955
Temasek Holdings (Private) Limited and Associates		
- MediaCorp Pte Ltd	-	212,341
- Dahlia Investments Pte Ltd and Aranda Investments Pte Ltd*	49,034,009	-
Total Interested Person Transactions	49,034,009	196,959,210

* Share purchase agreement with Dahlia Investments Pte Ltd and Aranda Investments Pte Ltd to acquire 72,334,350 ordinary shares of Tiger Airways Holdings Ltd.

By Order of the Board

Ethel Tan (Mrs)
Company Secretary
6 February 2014

Singapore Company Registration No.: 197200078R

CONFIRMATION BY THE BOARD

We, Stephen Lee Ching Yen and Goh Choon Phong, being two directors of Singapore Airlines Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the third quarter and nine months ended 31 December 2013 to be false or misleading in any material respect.

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

GOH CHOON PHONG
Chief Executive Officer

6 February 2014

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