SINGAPORE AIRLINES

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

S$1,000,000,000

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; or

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

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 25 June 2010.

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APPENDICES

NOTICE

Citicorp Investment Bank (Singapore) Limited ("**Citicorp**") and DBS Bank Ltd. ("**DBS**" and together with Citicorp, 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. 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) the annual reports of the Company for each of the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009;

(2) any annual reports or summary financial 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;

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

(4) all public announcements.

Copies of the documents referred to in 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
"**Arrangers**"	:	Citicorp 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
"**Citicorp**"	:	Citicorp Investment Bank (Singapore) Limited
"**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
“**LIBOR**”	:	The meaning ascribed to such term in the Conditions
“**MAS**”	:	The Monetary Authority of Singapore
“**MTN Programme**”	:	The S$1,000,000,000 Multi-currency Medium Term Note Programme of the Company as described in this Information Memorandum
“**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) Citicorp and DBS, as arrangers, and (3) Citicorp, DBS, HSBC, OCBC, Standard Chartered and UBS, 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
"**United States**" or "**US**"	:	United States of America
"**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 Chew Choon Seng William Fung Kwok Lun Euleen Goh Yiu Kiang David Michael Gonski James Koh Cher Siang Christina Ong Helmut Gunter Wilhelm Panke Lucien Wong Yuen Kuai
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 3 Temasek Avenue #17-00 Centennial Tower Singapore 039190 DBS Bank Ltd. 6 Shenton Way #35-00 DBS Building Tower One Singapore 068809
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. 60 Alexandra Terrace The Comtech #05-27 Singapore 118502
TRUSTEE	:	HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #14-01 HSBC Building Singapore 049320
LEGAL ADVISERS TO THE ARRANGERS	:	WongPartnership LLP One George Street #20-01 Singapore 049145
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	:	Citicorp 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	:	Citicorp, DBS, HSBC, OCBC, Standard Chartered and UBS
Description	:	S$1,000,000,000 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$1,000,000,000 (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:

(I) "**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

(II) "**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 "Agreed Yield" 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 "Rate of Interest".

(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. REDEMPTION AND PURCHASE

(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 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, and the potential sovereign credit default situation in Europe currently, 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 so called 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. Singapore Airlines believes that the impact of these developments has not been fully played out, particularly in Asia where regulatory constraints and competitive fares still pose major obstacles to such airlines.

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 - but regulatory intervention on environmental issues may become increasingly important. 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 - for the financial year ended 31 March 2009, a change in price of one US dollar per barrel of jet fuel would have affected the Group's annual fuel costs by US$35.8 million. The Group cannot control fuel prices or events that affect fuel prices, and faces a risk that fuel prices will increase significantly and remain chronically high over the long term.

The Group's strategy for managing the fuel price risk aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps and options with approved counterparties and within approved credit limits. The Group manages this fuel price risk by using swap and option contracts and hedging up to 15 months forward. There can be no assurance that the Group will be able to manage its exposure to fuel costs effectively.

Foreign Currency Risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For the financial year ended 31 March 2009, these accounted for 63% of total revenue and 69% of total operating expenses. The Group's largest exposures are from US Dollars, 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 2009, the Group generated a surplus in all of these currencies, with the exception of US Dollars. The deficit in US Dollars is attributable to capital expenditure, fuel costs and aircraft leasing costs - all conventionally denominated and payable in US Dollars.

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 Dollars and Singapore Dollars. 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 swaps contracts and interest rate caps 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. As at 31 March 2009, the majority of the Group's interest-bearing financial liabilities with maturities above one year had fixed rates of interest.

Market Price Risk

The Group owned S$655.6 million in available-for-sale investments as at 31 March 2009. The market 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 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 2009, the Group had at its disposal, cash and short-term deposits amounting to S$3,848.0 million. In addition, the Group had available short-term credit facilities of about S$486.1 million. The Company has a medium term note programme. Under this programme, notes issued by the Company may have maturities as may be agreed with the relevant financial institutions. There can be no assurance that liquidity risks can be fully mitigated.

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 2013 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" section of this Information Memorandum. However, there is no assurance that such Notes will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked at any time.

The Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**") has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain qualifications and conditions, income tax exemption is granted on interest, discount income (not including discount income from secondary trading), "prepayment fee", "redemption premium" and "break cost" (as such terms are defined in the ITA) 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 2013;

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

(c) cannot be redeemed, called, exchanged or converted within ten years from the date of their issue; and

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

With respect to any Tranche of Notes issued with an original maturity of at least ten years and which are "qualifying debt securities", there is no assurance that holders of such Notes would enjoy any tax exemption under the QDS Plus Scheme as it is currently unclear how the above requirements would be applicable in the context of certain events occurring within ten years from the date of issue of such Notes.

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 parties 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 do 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.

CAPITALISATION

Singapore Airlines Company Capitalisation

The following table sets out the capitalisation of Singapore Airlines as at 31 March 2010, based on the audited balance sheet of the Company:

	(S$ million)
Share capital of Singapore Airlines - issued and fully paid[1]	1,750.6
Distributable reserves	11,668.5
Non-distributable reserves	
Treasury Shares	(0.9)
Share-based compensation reserve	147.9
Fair value reserve	(85.3)
Capital reserve	2.5
Equity holders' funds	**13,483.3**
Long-term liabilities	
Notes payable	900.0
Short-term liabilities	–
Total Indebtedness	**900.0**
Total Capitalisation	**14,383.3**

1 As at 31 March 2010, 1,191,608,511 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 $18.1 billion[2] as at 31 March 2010. The majority shareholder of Singapore Airlines, Temasek, held, directly and indirectly, approximately 54.2% of the total share capital of Singapore Airlines as at 31 March 2010. Temasek is wholly-owned by the government of Singapore.

Singapore Airlines provides commercial airline services to destinations in Asia, Australia, New Zealand, North America, Europe and Africa from its hub at Singapore's Changi Airport. For the financial year ended 31 March 2010, Singapore Airlines carried more than 16 million passengers.

The Group earned a net profit attributable to equity holders of $216 million for the financial year ended 31 March 2010, maintaining its unbroken record of full year profitability. Together with $404 million net profit in the third quarter of FY2010, the fourth quarter FY2010's net profit of $278 million reversed the $466 million loss recorded in the first half of FY2010. For details on the audited results of the Group for the financial year ended 31 March 2010, please refer to the SGX-ST announcement in Appendix III.

Singapore Airlines earned an operating profit of $159 million in the fourth quarter of FY2010, $145 million higher than the same quarter in the preceding financial year, reflecting a recovery of load factors.

The major subsidiaries of the Group are SIAEC, SIA Cargo, and SilkAir. SIAEC is listed on the SGX-ST. All the major subsidiaries in the Group achieve better year-on-year operating results in the fourth quarter of FY2010:

SIAEC	Operating profit of $41 million (profit of $27 million in 2009)
SilkAir	Operating profit of $31 million (profit of $17 million in 2009)
SIA Cargo	Operating profit of $8 million (loss of $123 million in 2009)

A comprehensive list of awards won by the Group is set out on pages 27 to 28 of its Annual Report for the financial year ended 31 March 2009. Singapore Airlines is amongst the world's most awarded airlines. While Singapore Airlines' success is not merely measured by the number of awards, in its most recent financial year ended 31 March 2010, it again emerged as 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 favourite airline for frequent business travellers in the annual global poll conducted by the Official Airline Guide organisation based in London. Singapore Airlines was voted "OAG Airline of the Year" for the seventh time and earned top placing in the following categories: Best Airline based in Asia, Best Europe to Asia/Australasia Airline and Best Transpacific Airline.

Condé Nast Traveler (US), a leading travel publication, named Singapore Airlines as the "Best Global Airline" for the 21st consecutive year in its 2009 Readers' Choice Awards.

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 14th consecutive year.

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[2] Based on closing price of $15.20 as at 31 March 2010.

Readers of a leading regional travel magazine, *Business Traveller Asia Pacific,* voted Singapore Airlines the "Best Airline" for the 18th consecutive year. In addition, readers rated Singapore Airlines as the "Best Airline in the Asia Pacific" and the airline with the "Best Business Class", "Best First Class" and "Best Economy Class".

For the eighth consecutive year, Singapore Airlines was inducted into the Travel Hall of Fame in the *TTG Travel Awards 2009*. In the *Skytrax World Airline Survey Awards 2009*, it was named the airline with the "Best First and Business Class". In Aviation Week's Top Performing Companies 2009, it was ranked first in the Mainline Carriers category.

Singapore Airlines was also recognised for its management strength. Singapore Airlines was ranked 27th in Fortune magazine's list of *The World's Most Admired Companies 2010, and was awarded* the "Platinum Award - Airline Category in Singapore" and the "Gold Award - Airline Category in Asia" in the *Readers Digest Trusted Brands (Singapore) survey.*

At the *Securities Investors Association of Singapore 10th Investors' Choice Awards 2009*, Singapore Airlines received the "Most Transparent Company Award 2009" for the fifth consecutive year, in the Transport/Storage/Communications Category. In 2009, Singapore Airlines also clinched the Golden Circle Award, which is based on key criteria such as timeliness, substantiality of news release, clarity of news release, degree of media access, frequency of corporate results, availability of segmental information and communication channels (e.g. company website, webcasting).

PRINCIPAL ACTIVITIES OF SINGAPORE AIRLINES

The principal activities of the SIA Group consist of passenger and cargo air transportation, aircraft 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 2009 and 2008. With effect from 1 September 2009, Singapore Airlines has distributed its entire shareholding in SATS to its shareholders through a dividend *in specie* so as to unlock shareholder value by giving Singapore Airlines' shareholders direct ownership of SATS at no cost to them. The distribution allows Singapore Airlines to concentrate on its airline and aircraft maintenance, repair and overhaul businesses. SATS, on the other hand, will be able to independently pursue opportunities to lessen its dependence on the aviation business.

Analysis by business activity (SIA Group)

	Revenue		Operating Profit	
	Financial year ended 31st March			
	2009 (S$ million)	2008 (S$ million)	2009 (S$ million)	2008 (S$ million)
Airline operations	15,177.3	15,314.5	610.6	1,845.3
Airport terminal services	1,062.1	958.0	170.9	174.3
Engineering services	1,045.3	1,009.6	112.6	102.9
Others	193.9	207.3	10.8	25.1
	17,478.6	17,489.4	904.9	2,147.6
Inter-segment transactions	(1,482.3)	(1,516.9)	(1.3)	(23.1)
Total	15,996.3	15,972.5	903.6	2,124.5

Source: Annual Report of the Company for the financial year ended 31 March 2009.

Passenger Airline Operations

The table below summarises certain key indicators of Singapore Airlines' passenger business for the past five financial years ended 31 March 2009:

	Financial year ended 31 March				
	2009	2008	2007	2006	2005
Passengers carried (thousand)	18,293	19,120	18,346	16,995	15,944
Revenue passenger-km (million)	90,128.1	91,485.2	89,148.8	82,741.7	77,593.7
Available seat-km (million)	117,788.7	113,919.1	112,543.8	109,483.7	104,662.3
Passenger load factor (%)	76.5	80.3	79.2	75.6	74.1

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 2009.

Singapore Airlines is one of the world's largest international passenger airlines. It was ranked fifth largest in terms of international revenue passenger kilometres ("**RPKs**") in 2008:

Ranking	Airline	International RPKs (million)
1	Air France	121,498
2	Lufthansa	121,101
3	British Airways	113,075
4	Emirates	100,672
5	Singapore Airlines	93,626
6	Cathay Pacific	83,542
7	American Airlines	80,809
8	KLM	77,550
9	United Airlines	73,927
10	Delta Airlines	71,972

Source: IATA, World Air Transport Statistics, 53rd Edition, 2009.

Singapore Airlines has a geographically diversified revenue base from passenger operations. For the financial year ended 31 March 2009, Singapore Airlines derived 73.3% 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 31st March			
	2009		2008	
	(S$ million)	%	(S$ million)	%
East Asia	2,546.4	26.7	2,838.1	28.9
Americas	1,697.6	17.8	1,840.9	18.7
Europe	2,364.3	24.9	2,139.9	21.8
South West Pacific	1,806.9	19.0	1,795.3	18.3
West Asia and Africa	1,108.1	11.6	1,211.9	12.3
Passenger Revenue (including Excess Baggage Revenue)	9,523.3	100.0	9,826.1	100.0

Source: Annual Report of the Company for the financial year ended 31 March 2009.

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

	Financial year ended 31st March			
	2009		2008	
	(S$ million)	%	(S$ million)	%
East Asia	4,362.4	45.8	4,626.9	47.1
Americas	740.1	7.8	881.5	8.9
Europe	2,023.3	21.2	1,844.9	18.8
South West Pacific	1,749.9	18.4	1,716.9	17.5
West Asia and Africa	647.6	6.8	755.9	7.7
Passenger Revenue (including Excess Baggage Revenue)	9,523.3	100.0	9,826.1	100.0

Source: Annual Report of the Company for the financial year ended 31 March 2009.

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".

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, the Singapore - Hong Kong - San Francisco - Hong Kong route is classified under Americas region.

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

Singapore Airlines focuses on its core airline business, with key stakes in airline-related services in order to maintain high quality and safety standards. Singapore Airlines also supplements organic growth through strategic stakes in other airlines and related businesses that provide alternative sources of income. An example is its 49% stake in Virgin Atlantic Limited.

Singapore Airlines' key business strategies aim to:

- achieve steady capacity growth in a cyclical business and build 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.

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" on pages 38 to 42 of this Information Memorandum.

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 2009, SIA Group's operating fleet consisted of 131 aircraft, as follows:

Aircraft Type	Number of Aircraft	Average Age in Years (y) and Months (m)
Singapore Airlines:		
B747-400	12	11 y 4 m
B777-200	13	8 y 7 m
B777-200A	17	7 y 11 m
B777-200ER	15	6 y 10 m
B777-300	12	7 y 5 m
B777-300ER	19	1 y 7 m
A340-500	5	5 y 1 m
A380-800	6	1 y 0 m
A330-300	4	0 y 1 m
Sub-total	103	6 y 2 m
SIA Cargo:		
B747-400F	12	8 y 6 m
SilkAir:		
A319-100	6	6 y 8 m
A320-200	10	5 y 4 m
Sub-total	16	5 y 10 m
Total	131	6 y 4 m

During the financial year ended 31 March 2010, seven new Airbus 330-300 aircraft joined the fleet. These deliveries raised the number of Airbus 330-300 aircraft in the airline to 11, with an additional eight to be delivered by December 2010, bringing the total to 19. 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 regions. The extended range version of the Boeing 777 aircraft is used mainly for destination points in Europe. Singapore Airlines also took delivery of four new Airbus A380-800 during the financial year ended 31 March 2010, thus raising the number of Airbus A380-800 aircraft in the fleet to ten.The A380-800s and B747-400s are deployed on long haul routes or where there are higher passenger numbers. Airbus 340-500 aircraft are used for non-stop services from Singapore to Los Angeles and New York.

New aircraft will be added to the fleet. As at 31 March 2010, Singapore Airlines had firm orders for 57 aircraft, with options for a further 46 aircraft. Singapore Airlines will take delivery of three A380-800s and the remaining A330-300s by December 2010. The contractual aircraft delivery periods are as follows:

- 9 A380-800 - Deliveries scheduled between 2010 and 2012.
- 8 A330-300 - Deliveries scheduled between April 2010 to December 2010.
- 20 Boeing 787-9 - Delivery schedule has been delayed. Singapore Airlines is working with the aircraft manufacturer to firm up the revised delivery schedule.
- 20 A350-900XWB - Deliveries scheduled between 2013 and 2015.

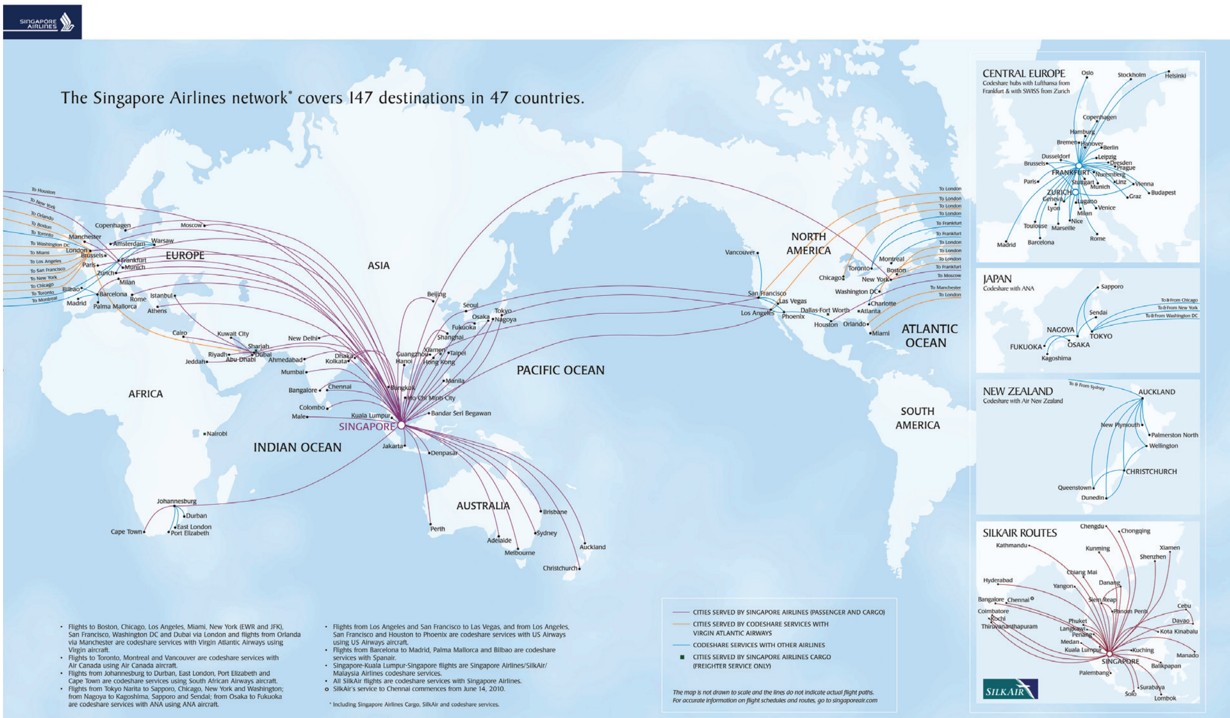
In addition, as at 31 March 2010, SilkAir has firm orders for eight A320 family aircraft, with options for a further four such aircraft.

The new aircraft will cater to future growth, as well as replace older aircraft, to ensure that Singapore Airlines maintains a young fleet. 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 March 2010, 39 aircraft in SIA Group's operating fleet were on operating leases, of which 32 were leased by the Company.

Route Network

Singapore Airlines operates an extensive and well-connected international route network. As at 1 May 2010, Singapore Airlines' route network, including SIA Cargo, SilkAir and codeshare services, covers 147 destinations in 47 countries.



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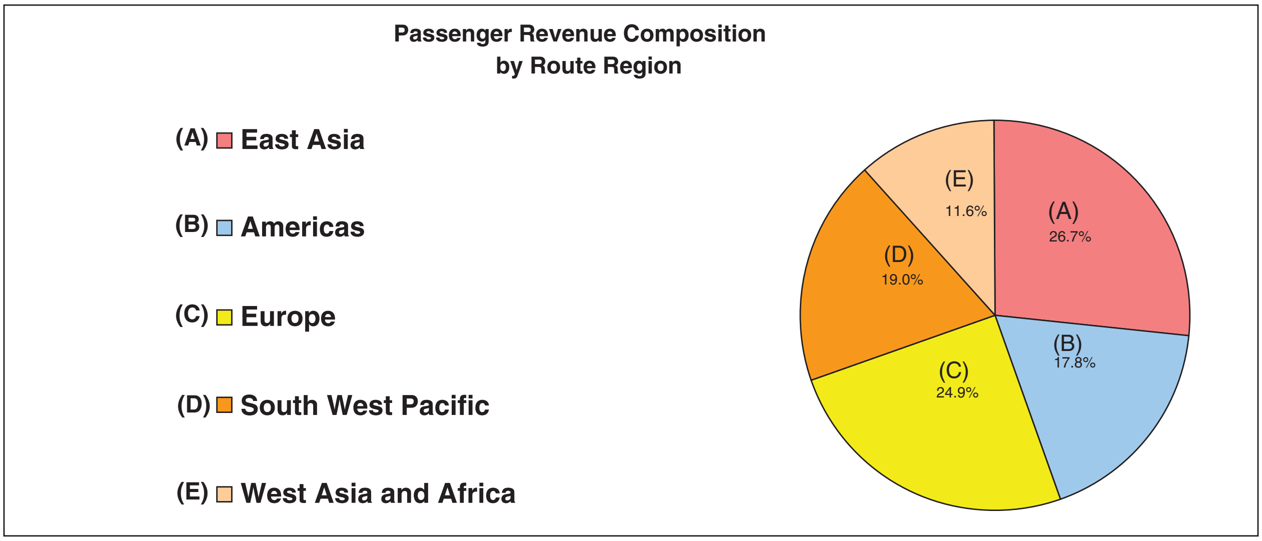
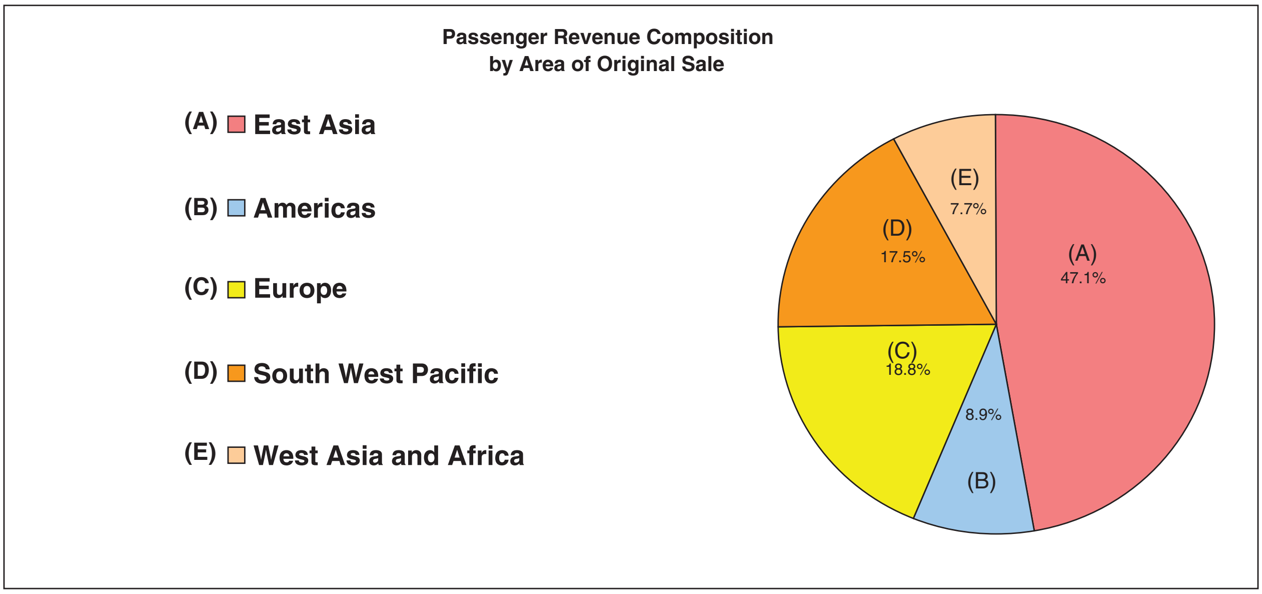
Singapore Airlines' network growth strategy is premised on pursuing sustainable, profitable growth across a well-diversified network. The network diversification minimises the impact of localised economic shock. In FY2009, the split in passenger revenue from each route region is as follows:

Passenger Revenue Share by Route Region (FY2009)



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 (FY2009)



CUSTOMER SERVICE

Singapore Airlines aims to provide a high level of service to its customers and its 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 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.

In 2009, Singapore Airlines took delivery of its first Airbus A330-300 aircraft and launched its inaugural A330-300 flight to Brisbane in March 2009. The Singapore Airlines A330-300 features a new Business Class seat that has been especially designed for regional and medium-haul routes, offering enhanced levels of comfort, privacy and functionality, and converts to an incline lie-flat bed. The aircraft also features the new generation Singapore Airlines Economy Class seats, ergonomically designed to provide customers with improved comfort, more personal space and increased legroom, and, a world first, iPod and iPhone connectivity in every seat. All seats are equipped with *KrisWorld*, Singapore Airlines' award-winning inflight entertainment system. Progressively, the aircraft has entered service on routes between Singapore and Adelaide, Perth, Nagoya, Osaka, Male and other cities.

Singapore Airlines continually renews and reviews its menus, taking customers' feedback into consideration. Its World Gourmet Cuisine features meals designed by its International Culinary Panel of chefs, with one of China's leading lights in the culinary world – Chef Zhu Jun – Singapore Airlines' latest appointment to the panel. Winner of the 'Excellent Chef' accolade at the 15th China Chef Festival, Chef Zhu's dishes carry his signature Shanghainese influence, with a dash of Sichuan, Huaiyang, Fujian and Guangdong touches.

Singapore Airlines opened its new Service Centre at ION Orchard, Singapore, in July 2009. Located at Orchard Turn, just above Orchard Mass Rapid Transit station, the new location, with 8,500 square feet of understated East-meets-West luxury and cream and earth tones conveying the warmth of Asian hospitality, offers greater accessibility for customers. Also, with the Singapore Airlines Service Centre and PPS[6] Club Service Centre integrated under one roof, customers can look forward to a more seamless service experience.

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 2009 can be found on pages 66 and 67 of the Annual Report of the Company for the financial year ended 31 March 2009, which is extracted and reproduced in Appendix II of this Information Memorandum.

SIAEC GROUP

	FY2009 S$ million	FY2008 S$ million	Change %
Total revenue	1,045.3	1,009.6	+3.5
Total expenditure	932.7	906.7	+2.9
Operating profit	112.6	102.9	+9.4
Profit attributable to equity holders of the company	260.6	253.8	+2.7

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 2010 was $3.8 billion[7]. Singapore Airlines held 80.4% of the total share capital of SIAEC as at 31 March 2010.

As at 31 March 2010, SIAEC derives about 30% to 35% of its revenues from non-SIA Group companies and the remainder from the SIA Group.

6 "**PPS**" means Priority Passenger Service.

7 Based on closing price of $3.55 as at 31 March 2010.

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 2010, SIAEC had 25 subsidiaries, joint ventures and associated companies, 20 of which were established in partnership with well-established aerospace companies and other strategic partners.

In 2002, 2003, 2004, 2006 and 2008, SIAEC was one of the winners of the "Most Transparent Company in the service/utilities/agriculture sector" awarded by the Securities Investors Association of Singapore ("**SIAS**"), in recognition of its adherence to good corporate governance. In 2009, SIAS also awarded SIAEC a Merit Award under the "Singapore Corporate Governance Award".

SIA CARGO

	FY2009 S$ million	FY2008 S$ million	Change %
Total revenue	2,974.0	3,322.2	–10.5
Total expenditure	3,219.0	3,190.7	+0.9
Operating (loss)/profit	(245.0)	131.5	n.m.
(Loss)/Profit after taxation	(153.9)	115.4	n.m.

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 11 B747-400 freighters as at 31 March 2010. 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 fourth largest in the world in 2008 measured by international freight-tonne-kilometres ("**FTKs**") flown.

Ranking	Airline	International FTKs (million)
1	Korean Airlines	8,822
2	Cathay Pacific Airways	8,245
3	Lufthansa	8,194
4	Singapore Airlines	7,486
5	Federal Express	6,582

Source: IATA, World Air Transport Statistics, 53rd Edition, 2009.

SIA Cargo is committed to deliver the best airport-to-airport service to its customers. Its strategy is to focus on the following key areas:

- superior and highly reliable uplift and delivery for both small and large shipments, including priority 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; and
- continuous enhancement of information technology applications to improve information handling and efficiency and increased shipment visibility for its customers.

Singapore Airlines' cargo operation has regularly won international awards for its service. SIA Cargo was awarded the "Award for Excellence" consecutively in 2007, 2008, 2009 and 2010 in the Air Carrier category, which was awarded by Air Cargo World. SIA Cargo won the "Top Airline for Outstanding Service" award in the Federation of Asia-Pacific Aircargo Association Awards and also won the "Top 10 Airlines by Cargo Carriage" award for the second year in succession by CAAS. In addition, SIA Cargo was named the "Best Green Service Provider (Airline)" at the 2009 Asian Freight & Supply Chain Awards (ASFCA). Besides its high standards of customer service, Singapore Airlines Cargo was also honored for its contributions to the Arts and was awarded the "Friend of Heritage Award", given out in 2008, 2009 and 2010 by the National Heritage Board of Singapore.

As at 31 March 2010, SIA Cargo served 70 cities in 36 countries, including seven "freighter only" destinations.

SILKAIR

	FY2009 S$ million	FY2008 S$ million	Change %
Total revenue	546.3	506.0	+8.0
Total expenditure	512.7	466.0	+10.0
Operating profit	33.6	40.0	–16.0
Profit after taxation	30.9	34.8	–11.2

SilkAir 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 21st year of operation this year, as at 31 March 2010, SilkAir's network has matured steadily with more than 230 scheduled services per week between Singapore and 30 points in Indonesia, Cambodia, China, India, Malaysia, Myanmar, Nepal, The 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 a fleet of 18 Airbus A320 family aircraft, with eight more of the same family on firm order and options for a further four.

OUTLOOK

In the year to March 2011, Singapore Airlines expects to take delivery of four A380-800s and eight A330-300s, while one B747-400 (to be returned at end of lease) and ten B777s (four sold and six leased out) are expected to leave the fleet. The resulting increase of one aircraft will bring Singapore Airlines' fleet to a total of 109 aircraft by March 2011. The planned deployment will produce a net growth of 2 per cent in available seat-kilometres.

Fuel cost will continue to be a major expense of the Group. The price of jet fuel has hovered around US$90 per barrel recently. It is difficult to predict how the price will behave over the course of the year. The Group's uplift of jet fuel in FY2010-11 is projected to be 33 million barrels. At this point, the intention is to hedge at least a fifth of the required uplift.

Advance bookings for travel in the year ahead are encouraging, especially in Business Class. Similarly, forward indicators suggest that the recent recovery in volumes of air cargo will hold up in the near term. Yields for both passenger and cargo should keep pace with the growth in demand. The sustainability of this improvement depends on developments in the world economy and on business and consumer confidence.

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 2009, 2008, 2007 and 2006.

SIA Group

Profit and Loss Statement:

	For the financial year ended 31 March			
S$ million	2009	2008	2007	2006
Total Revenue	15,996.3	15,972.5	14,494.4	13,341.1
Expenditure	15,092.7	13,848.0	13,180.0	12,127.8
Operating Profit	903.6	2,124.5	1,314.4	1,213.3
Profit Before Tax	1,198.6	2,547.2	2,284.6	1,662.1
Profit Attributable to Equity Holders	1,061.5	2,049.4	2,128.8	1,240.7

Balance Sheet:

	As at 31 March			
S$ million	2009	2008	2007	2006
Cash and Bank Balances	3,848.0	5,119.0	5,117.6	3,151.6
Total Assets	24,818.5	26,515.2	25,992.0	23,369.5
Equity Holders' Funds	13,930.6	15,125.2	15,100.0	13,470.6

Singapore Airlines (Company)

Profit and Loss Statement:

	For the financial year ended 31 March			
S$ million	2009	2008	2007	2006
Total Revenue	13,049.5	12,759.6	11,343.9	10,302.8
Expenditure	12,226.6	11,115.6	10,316.9	9,651.8
Operating Profit	822.9	1,644.0	1,027.0	651.0
Profit Before Tax	1,252.4	2,077.6	2,291.1	940.8
Profit After Tax	1,218.7	1,758.8	2,213.2	746.0

Balance Sheet:

	As at 31 March			
S$ million	2009	2008	2007	2006
Cash and Bank Balances	3,458.0	4,216.7	4,627.5	2,765.1
Total Assets	22,494.3	23,786.1	23,852.7	20,814.6
Equity Holders' Funds	12,899.0	13,535.7	14,092.1	12,244.6

FINANCIAL REVIEW

The following sets out a financial review for each of the past three financial years ended 31 March 2009, 2008 and 2007.

Financial year ended 31 March 2007 compared with financial year ended 31 March 2006
Singapore Airlines (Company)

	FY2007 (S$ million)	FY2006 (S$ million)	Change %
Revenue	11,343.9	10,302.8	+10.1
Expenditure	(10,316.9)	(9,651.8)	+6.9
Operating Profit	1,027.0	651.0	+57.8
Non-operating items	701.1	289.8	n.m.
Profit before taxation and exceptional items	1,728.1	940.8	+83.7
Exceptional items	563.0	–	n.m.
Profit before taxation	2,291.1	940.8	+143.5
Taxation	(77.9)	(194.8)	–60.0
Profit after taxation	2,213.2	746.0	+196.7

Company Revenue

The Company's revenue increased by 10.1% to $11,344 million. The largest contributions to the increase were passenger revenue (excluding fuel surcharges), with a 6.9% increase to $8,573 million, and indirect operating revenue, with a 41.7% increase to $1,581 million. The increase in passenger revenue was the result of a 7.7% increase in passenger traffic, partially offset by a 1.0% decrease in passenger yield (excluding fuel surcharges). This decrease in passenger yield was due to the effect of a stronger Singapore Dollar, partially offset by an improved passenger mix and higher local currency yields. The rise in indirect operating revenue was mainly due to higher fuel surcharges.

Company Operating Expenditure

The Company's operating expenditure in FY2007 increased by 6.9%, to $10,317 million, substantially attributable to increased fuel and staff costs.

Expenditure on fuel rose by $513 million (15.2%) due to a 10.7% increase in the weighted average fuel price, plus a 3.1% increase in fuel consumed and a fuel hedging loss of $94 million compared to a hedging gain of $167 million in FY2006. Staff costs rose by $115 million (7.3%) due to a higher provision for profit sharing bonus and other capacity-related costs.

Company Operating Profit

The Company's operating profit increased from $651 million in FY2006 to a record $1,027 million in FY2007.

Group Earnings and Financial Position

The Group achieved an operating profit of $1,314 million in FY2007, which was $101 million (8.3%) more than the previous financial year, which is credited to a strong performance by the Company. Robust passenger demand underpinned the record Group revenue of $14,494 million, an increase of $1,153 million (8.6%) compared with FY2006. Despite higher fuel prices, the Group was able to curb the rise in expenditure. Excluding fuel, the increase in Group expenditure (up 4.8%) was lower than the increase in revenue.

Profit attributable to equity holders was $2,129 million, an increase of $888 million (71.6%) from the previous year. This was driven by exceptional gains of $421 million (from the sale of SIA Building and the disposal of the Group's shareholding in Singapore Aircraft Leasing Enterprise Pte. Ltd.), a tax write-back of $247 million due to the reduction in the statutory tax rate from 20% to 18%, and higher operating profit.

The Group's total assets stood at $25,992 million at 31 March 2007, an increase of 11.2% from a year earlier. Equity holders' funds increased 12.1% to $15,100 million.

The Group's net liquid asset position increased from $1,706 million to $3,810 million as at 31 March 2007. The total debt to equity ratio reduced from 0.17 times to 0.12 times.

Capital expenditure was $3,027 million, 47.0% higher than the year before. Internally generated cash flow of $4,823 million was 1.6 times capital expenditure. The increase in internally generated cash flow was driven primarily by higher proceeds from the disposal of aircraft and other assets, and higher cash generated from operations.

Financial year ended 31 March 2008 compared with financial year ended 31 March 2007 Singapore Airlines (Company)

	FY2008 (S$ million)	FY2007 (S$ million)	Change %
Revenue	12,759.6	11,343.9	+12.5
Expenditure	(11,115.6)	(10,316.9)	+7.7
Operating Profit	1,644.0	1,027.0	+60.1
Non-operating items	433.6	701.1	–38.2
Profit before taxation and exceptional items	2,077.6	1,728.1	20.2
Exceptional items	–	563.0	n.m.
Profit before taxation	2,077.6	2,291.1	–9.3
Taxation	(318.8)	(272.1)	+17.2
Adjustment for reduction in Singapore statutory tax rate	–	194.2	n.m.
Profit after taxation	1,758.8	2,213.2	–20.5

Company Revenue

The Company's revenue increased by 12.5% to $12,760 million. The largest contributions to the increase were passenger revenue (excluding fuel surcharges), with a 14.3% increase to $9,798 million, and indirect operating revenue, with a 8.8% increase to $1,721 million. The increase in passenger revenue was the result of a 2.6% increase in passenger traffic and 11.5% increase in passenger yield (excluding fuel surcharges). This increase in passenger yield was due mainly to higher local currency yields and improved passenger mix.

Company Operating Expenditure

The Company's operating expenditure in FY2008 increased by 7.7% to $11,116 million, substantially attributable to increased fuel, staff costs and depreciation. Expenditure on fuel (before hedging) rose by $453 million due to a 17.5% increase in the weighted average fuel price and a 1.5% increase in fuel consumed, partially offset by a weaker US Dollar. Staff costs rose by $156 million (9.2%) due to payment of 60th anniversary bonus, service increments, higher average staff strength this year and other capacity-related costs. Depreciation charges increased $159 million mainly due to capitalisation of expenditure for heavy maintenance visits on aircraft and engines, and progressive delivery of B777-300ER aircraft (commissioning of five B777-300ER aircraft during the year). The increase was partially offset by the full year's impact of the sale of four B747-400 aircraft in the previous year and sale of two B747-400 aircraft during the year.

Company Operating Profit

The Company's operating profit increased from $1,027 million in FY2007 to $1,644 million in FY2008.

Group Earnings and Financial Position

Group operating profit for the year was $2,125 million, a year-on-year improvement of $810 million (61.6%). This was principally on account of the Company (+$617 million) and the wholly-owned cargo company (+$164 million), although all the five main operating companies in the Group posted better operating results. Group revenue grew 10.2% to $15,973 million, $1,478 million higher than the year before. The improvement was mainly on account of the Group's airline operations which were up $1,478 million (+10.7%), benefiting from strong passenger yields and higher passenger load factor. The Company carried 19.1 million passengers during the full year, an increase of 4.2%. Underpinned by the strong growth in carriage for passenger operations, passenger yield improved 11.0%. Group expenditure also increased, albeit at a slower pace than revenue growth, rising $668 million (+5.1%) to $13,848 million. The increase in expenditure was due mainly to higher fuel cost from increase in jet fuel price and depreciation from delivery of new aircraft.

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

The Group's total assets stood at $26,515 million at 31 March 2008, up 2.0% from a year earlier. Equity holders' funds increased 0.2% to $15,125 million.

Following a regular review of the group's capital structure, the Board of Singapore Airlines approved the distribution of surplus capital, which was in excess of the business needs of the Group, to shareholders. To this end, the Company, in October 2007, completed a cash distribution of $2.2 billion to shareholders. There were two parts to the Company's cash distribution exercise.

- Payment to shareholders of a special dividend of $633 million; and
- Return of capital to entitled shareholders through a capital reduction exercise (the "**Capital Reduction**") amounting to approximately $1.5 billion (the "**Capital Distribution Amount**"), via the cancellation of shares.

After payment of the Capital Distribution Amount, the financial position and cash flow generation of the Company and the Group are expected to be able to support their capital, operating and investment needs going forward.

The Group's net liquid asset position increased from $3,810 million to $3,927 million as at 31 March 2008. The total debt to equity ratio improved marginally by 0.01 times to 0.11 times.

Capital expenditure was $2,089 million, 31.0% lower than the year before. Internally generated cash flow of $5,092 million was 2.44 times capital expenditure. The increase in internally generated cash flow was driven primarily by higher cash generated from operations and dividends received from associated and joint venture companies, offset by lower proceeds from disposal of aircraft and other assets.

Financial year ended 31 March 2009 compared with financial year ended 31 March 2008
Singapore Airlines (Company)

	FY2009 (S$ million)	FY2008 (S$ million)	Change %
Revenue	13,049.5	12,759.6	+2.3
Expenditure	(12,226.6)	(11,115.6)	+10.0
Operating Profit	822.9	1,644.0	–49.9
Non-operating items	429.5	433.6	–0.9
Profit before taxation	1,252.4	2,077.6	–39.7
Taxation	(147.7)	(318.8)	–53.7
Adjustment for reduction in Singapore statutory tax rate	114.0	–	n.m.
Profit after taxation	1,218.7	1,758.8	–30.7

Company Revenue

The Company's revenue increased by 2.3% to $13,050 million. The largest contributions to the increase were indirect operating revenue, with a 26.1% increase to $2,170 million and bellyhold revenue from Singapore Airlines Cargo, with an 11.7% increase to $1,347 million. This was partially offset by a 3.1% decrease in passenger revenue. The decrease in passenger revenue was the result of a 1.5% decrease in passenger traffic and 1.9% decrease in passenger yield (excluding fuel surcharges).

Company Operating Expenditure

The Company's operating expenditure in FY2009 increased by 10.0%, to $12,227 million, substantially attributable to increased fuel cost and depreciation, partially offset by lower staff costs. Expenditure on fuel (before hedging) rose by $803 million due to a 19.6% increase in the weighted average fuel price and a 2.8% increase in fuel consumed, partially offset by a weaker USD. Depreciation charges increased $212 million mainly due to capitalisation of expenditure for heavy maintenance visits on aircraft and engines, and progressive delivery of B777-300ER aircraft (commissioning of five B777-300ER aircraft during the year) and one A380 aircraft. The increase was partially offset by sale and leaseback of five B777 aircraft during the year. Staff costs declined by $316 million mainly due to lower provision for profit-sharing bonus due to weaker operating performance.

Company Operating Profit

The Company's operating profit decreased from $1,644 million in FY2008 to $823 million in FY2009.

Group Earnings and Financial Position

The Group's performance in FY2009 was hit by high prices of fuel in the first half of the financial year and a sharp decline in cargo and passenger traffic in the second half of the financial year. As a result, the Group reported an operating profit of $904 million, a year-on-year decline of $1,221 million (-57.5%). This was principally on account of weaker performance by the Company and the wholly owned cargo company. All the five main operating companies in the Group posted weaker operating results, with the exception of SIAEC and its subsidiaries, which registered a year-on-year improvement. A summary of the Group's five main operating companies operating profit/(loss) is as follows:

- Singapore Airlines — Profit of $823 million (-49.9%)
- Singapore Airport Terminal Services Group — Profit of $171 million (-2.0%)
- SIAEC and its subsidiaries — Profit of $113 million (+9.4%)
- SilkAir — Profit of $34 million (-16.0%)
- Singapore Airlines Cargo — Loss of $245 million (Profit of $132 million previously)

Group revenue was increased by 0.1% to $15,996 million, $24 million higher than the year before.

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

The Group earned a profit attributable to equity holders of $1,062 million for FY2009, $988 million lower (-48.2%) than the preceding year. The FY2009's earnings included a one-off write-back of $138 million in prior years' deferred tax provision following a reduction in the Singapore corporate tax rate from 18% to 17%.

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

The Group's total assets stood at $24,819 million at 31 March 2009, down 6.4% from a year earlier. Net asset value per share decreased 7.8% to approximately $11.8.

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

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

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

Capital expenditure was $2,031 million, 2.8% lower than the year before. Internally generated cash flow of $2,773 million (-44.9%) was 1.37 times of capital expenditure. The decrease in internally generated cash flow was driven primarily by lower cash generated from operations, partially offset by higher proceeds from disposal of aircraft and other assets and dividends received from associated and joint venture companies. About 93% of the capital spending was on aircraft 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. Amongst 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. Age 63.

Chew Choon Seng

Director and Chief Executive Officer

Appointed Director on 5 March 2003, Mr Chew became the Chief Executive Officer on 9 June 2003. He joined the Company in 1972 and has held senior assignments in Finance, Planning and Marketing, at head office and overseas. Mr Chew has been a member of the Board of Governors of the International Air Transport Association (IATA) since June 2003. He was named Outstanding CEO for 2007 by the judges of the 23rd Singapore Business Awards in March 2008. Age 63.

William Fung Kwok Lun

Director

Appointed on 1 December 2009. Dr Fung is Group Managing Director of Li & Fung Limited, a multinational group of companies headquartered in Hong Kong. Dr Fung held key positions in major trade and business associations. He was Chairman of the Hong Kong General Chamber of Commerce, Hong Kong Exporters' Association and Hong Kong Committee for the Pacific Economic Cooperation Council. Dr Fung has received numerous awards and accolades for his business contributions including the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2008. He was also conferred the Honorary Degrees of Doctor of Business Administration by Hong Kong University of Science & Technology and by Hong Kong Polytechnic University. Age 61.

Euleen Goh Yiu Kiang

Director

Appointed Director on 1 September 2006. Ms Goh has been the Chairperson of the Board of Governors of Singapore International Foundation since 1 April 2008 and Accounting Standards Council since 11 December 2007. She is also Advisor to the Singapore Institute of International Affairs. She was the Chairperson of International Enterprise Singapore from April 2005 to April 2008. Ms Goh held various senior management positions in Standard Chartered Bank before retiring as Chief Executive Officer, Singapore in March 2006, after more than 20 years service. She was awarded a Public Service Medal for her contributions to the Financial Services sector in 2006. Age 55.

David Michael Gonski

Director

Appointed Director on 9 May 2006. Mr Gonski is Chairman of several companies including the Australian Securities Exchange Ltd, Investec Bank (Australia) Limited and Coca Cola Amatil Ltd. Mr Gonski is also Chancellor of the University of New South Wales and a director of the Westfield Group. Mr Gonski was awarded Australia's highest honour when he was made Companion of the Order of Australia (AC) in the Queen's Birthday 2007 awards. He also received the Centenary Medal in 2003. Mr Gonski is a lawyer by training. Age 56.

James Koh Cher Siang

Director

Appointed Director on 1 August 2005. Mr Koh is Chairman of Housing & Development Board, Singapore Deposit Insurance Corporation Limited and CapitaMall Trust Management Limited. From 1997 to 2005, he was Chief Executive Officer of the Inland Revenue Authority of Singapore. In that capacity, he was both Commissioner of Inland Revenue and Commissioner of Charities. Mr Koh had substantial experience in public administration having served in the Ministries of Finance, National Development, Community Development, Education and the Prime Minister's Office. He was awarded the Public Administration Medal (Gold) in 1983 and the Meritorious Service Medal in 2002 for his outstanding contributions to the public sector. Age 64.

Christina Ong

Director

Appointed Director on 1 September 2007. Mrs Christina Ong is a well-known hotelier and fashion retailer who owns the Como Hotels & Resorts Group of hotels and spas. She is also the owner of various high-end international fashion stores under the Club 21 umbrella. Mrs Ong was a recipient of The Italian Fashion Hall of Fame Award in 1995 and The Italian Award of Cavaliere De Lavo. Age 62.

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. Age 63.

Lucien Wong Yuen Kuai

Director

Appointed Director on 1 September 2007. He is the Managing Partner of Allen & Gledhill LLP and has over 30 years of experience in the practice of law, specialising in banking, corporate and financial services work. His other directorships include Director of Cerebos Pacific Limited, Director of Hap Seng Plantations Holdings Berhad and Director of Singapore Press Holdings Limited. He is also Chairman of the Maritime and Port Authority of Singapore, a Board member of the Monetary Authority of Singapore as well as a Member of the Board of Trustees of National University of Singapore. Age 56.

EMPLOYEES

As at 31 March 2010, the SIA Group had a total staff strength of 20,962 around the world, including the total staff strength of Singapore Airlines of about 13,392.

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 to reward for Company and individual performance.

The number of outstanding shares granted under the RSP and PSP were 1,734,240 and 644,163 respectively, as at 31 March 2010. 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.

Options have been granted under the ESOP, and remain outstanding, in respect of 52,411,320 ordinary shares of Singapore Airlines as at 31 March 2010.

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 issued by the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, 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 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) may be subject to special rules. 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 17 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 DBS Bank Ltd. and Citicorp Investment Bank (Singapore) Limited, each of which is 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 2013 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 Comptroller and 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 Comptroller and 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 Comptroller and 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.

There is an enhancement to the Qualifying Debt Securities Scheme known as the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"). Under the 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 Comptroller and 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 2013;

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

(c) cannot be redeemed, converted, exchanged or called within ten years from the date of their issue; and

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

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, capital allowances and donations 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 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 2010.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the audited financial statements for the financial year ended 31 March 2009 except for the adoption of all the new, revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 April 2008. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the financial statements reported for the current or prior years.

4. Litigation

Cargo: Investigations by competition authorities and Civil Class Actions

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

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

In December 2008, the competition authorities in New Zealand and Australia initiated civil penalty proceedings concerning the air cargo issues. In New Zealand, a statement of claim was issued against 14 airlines including both SIA Cargo and the Company. In Australia, statements of claim have been issued against nine airlines including SIA Cargo, but the competition authority has indicated that additional proceedings will be brought against other carriers. These proceedings are at a preliminary stage. An initial defence has been filed in both proceedings.

In October 2009, SIA Cargo was among several airlines to have received notification of alleged infringements in South Korea in the form of an Examiner's Report and Recommendations (the "**Examiner's Report**") to the South Korean Fair Trade Commission (the "**KFTC**"). The Examiner's Report was a preliminary document and did not constitute findings by the KFTC against SIA Cargo. SIA Cargo provided its written response to the Examiner's Report and hearings were held in May 2010. On 27 May 2010, the KFTC announced administrative surcharges applicable to 19 airlines including SIA Cargo in respect of the air cargo issues. In SIA Cargo's case, the administrative surcharge announced was KRW 2.351 billion.

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

No competition authority, other than the KFTC, has adopted any adverse decision against SIA Cargo and the Company, while the civil class action suits have neither been tried on their respective substantive legal merits nor have damages been quantified. Apart from the KTFC decision in respect of air cargo issues, it is premature to make any determination regarding whether the other investigations, proceedings or civil suits can be regarded as contingent liabilities. Accordingly, SIA Cargo has only made a provision of the equivalent of KRW 2.351 billion (approximately S$2.74 million) in FY2011.

Passengers: Civil Class Actions and Investigations by Competition Authorities

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

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

Australian travel agents' representative actions

A former Australian travel agent, Leonie's Travel Pty Limited, filed a representative action in the Federal Court of Australia (New South Wales District Registry) on 15 December 2006 naming seven respondents (IATA, Qantas Airways Limited, British Airways plc, Air New Zealand Limited, the Company, Malaysian Airline System Berhad, and Cathay Pacific Airways Limited) in a claim on behalf of Australian travel agents for alleged non-payment of commissions on fuel surcharges applied to passenger tickets issued in Australia from May 2004 onwards. IATA was subsequently removed from the proceedings.

In May 2007, the applicant's solicitors filed a fresh similar representative application on behalf of Paxtours International Travel Pty Ltd, another Australian travel agent, against Cathay Pacific Airways Limited and the Company. The Company denies the claims and, along with each of the named airlines, is defending the actions.

By agreement amongst the parties, the first case was heard with one airline from the respondent group as the lead defendant. The subsequent claims against the Company were put on hold until the first case is resolved.

In March 2009, the Court dismissed the first travel agent's claim. The agents appealed and on 4 May 2010 the Federal Court reversed the earlier decision. The other airline has filed their application for leave to appeal to the High Court of Australia.

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

5. Consents

Ernst & Young LLP (Certified Public Accountants) (Auditors) have audited, and rendered an unqualified audit report on, the financial statements of the Company and its subsidiaries for the financial years ended 31 March 2009 and 31 March 2010 and have given and have not withdrawn their written consent to the issue of this Information Memorandum with the inclusion in it of their reports for the financial years ended 31 March 2009 and 31 March 2010 in the form and context in which they are respectively included.

The Arrangers, the Trustee, the Principal Issuing and Paying Agent and Principal Agent Bank, the Singapore Issuing and Paying Agent and Singapore Agent Bank, the Dealers, the Legal Advisers to the Arrangers, the Legal Advisers to the Company and the Auditors have given and have not withdrawn their respective written consents to the issue of this Information Memorandum with the references herein to their names in the form and context in which they appear 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;

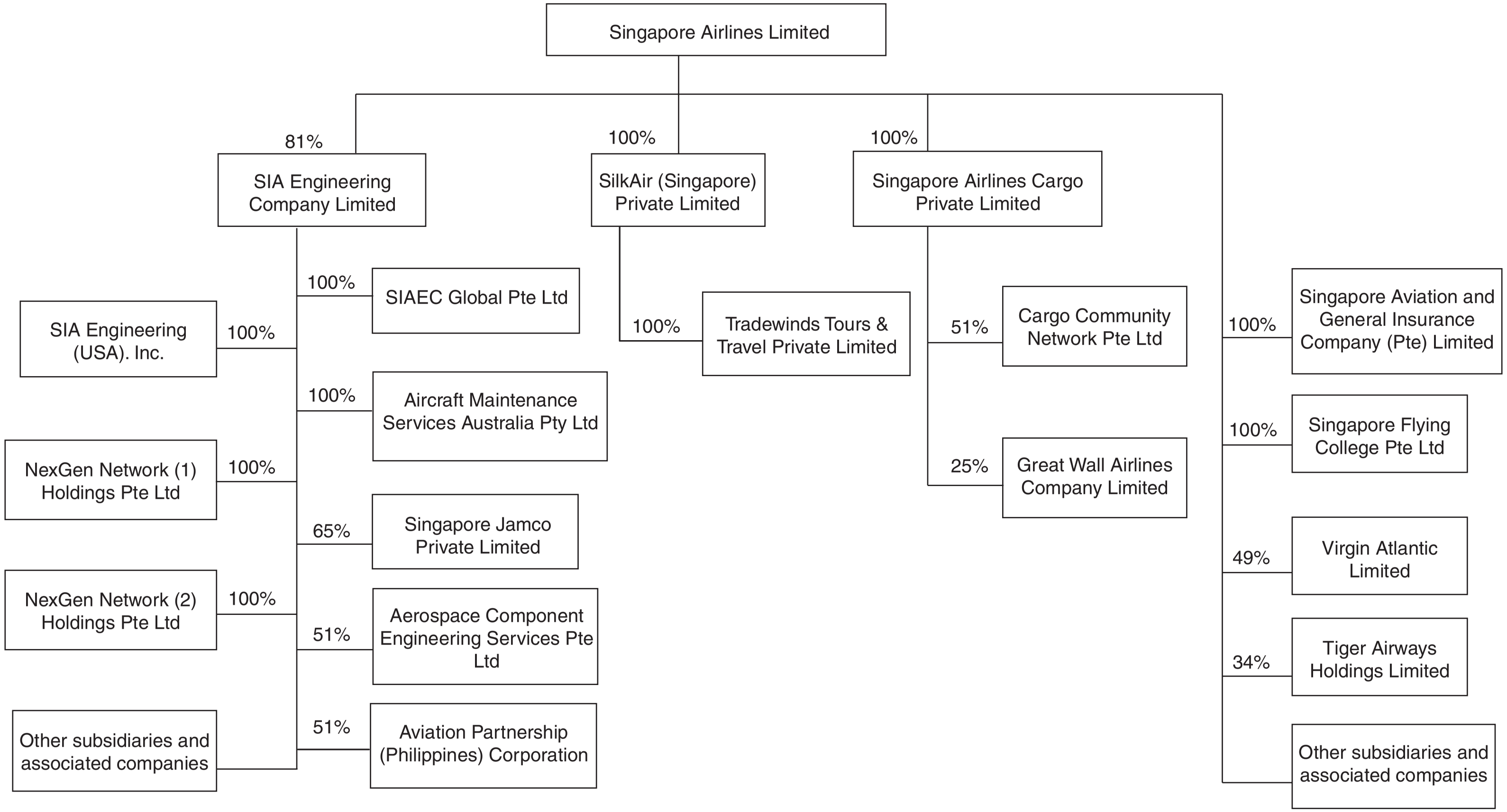
(ii) the documents set out in sub-paragraphs (1), (2) and (3) of the first paragraph of the section "Documents Incorporated by Reference" on page 4 of this Information Memorandum;

(iii) the Agency Agreement;

(iv) the Trust Deed; and

(v) the Supplemental Trust Deed.

CORPORATE STRUCTURE OF SINGAPORE AIRLINES LIMITED AT 31 MARCH 2010



EXTRACTS OF THE ANNUAL REPORT OF SINGAPORE AIRLINES LIMITED FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

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 2009 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 2009.

Contents of the Extracts from the Annual Report

Contents Page

FINANCIAL REVIEW

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

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

FINANCIAL REVIEW

Performance of the Group

Group Earnings

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

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

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

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

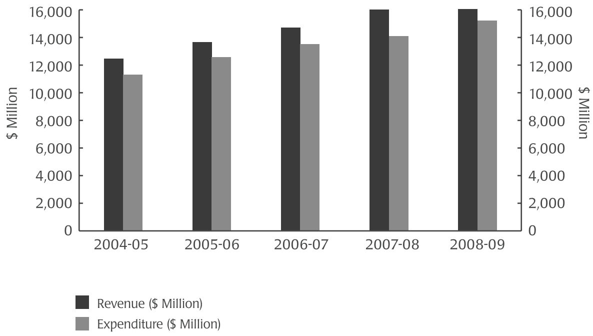
The Group earned a profit attributable to equity holders of $1,062 million for the financial year ended 31 March 2009, $988 million lower (-48.2 per cent) than the preceding year. This year's earnings included a one-off write-back of $138 million in prior years' deferred tax provision following a reduction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

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

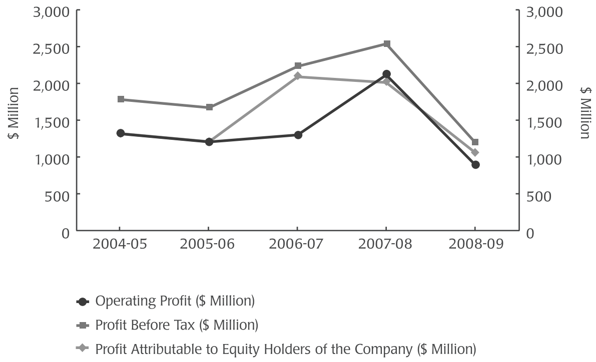
Performance of the Group (continued)

Group Earnings (continued)

Group Revenue and Expenditure



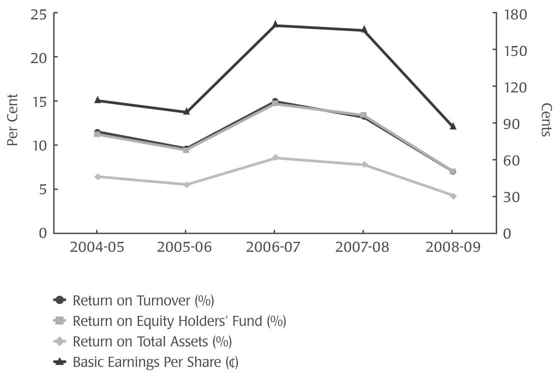
Group Operating Profit, Profit Before Tax and Profit Attributable to Equity Holders of the Company



Profitability ratios of the Group are as follows:

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

Group Profitability Ratios



Performance of the Group (continued)

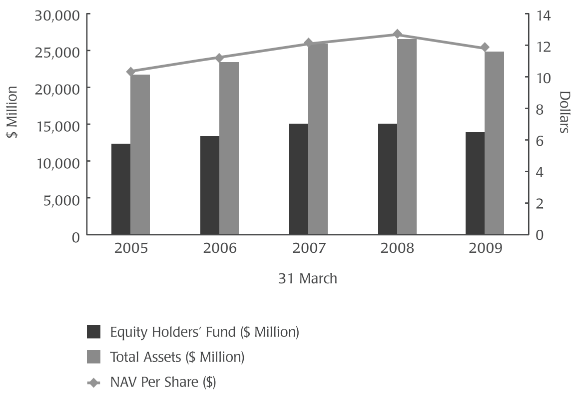
Financial Position of the Group

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

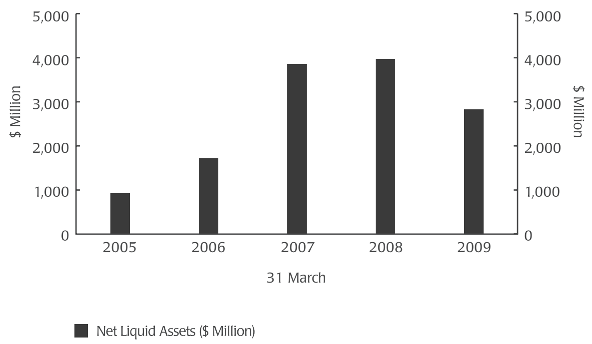
Equity holders' funds decreased 7.9 per cent to $13,931 million as at 31 March 2009, mainly arising from the payment of dividends during the year and decrease in fair value reserve. During the year, dividends paid included final dividend of 80 cents per share in respect of financial year 2007-08 and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

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

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



Group Net Liquid Assets



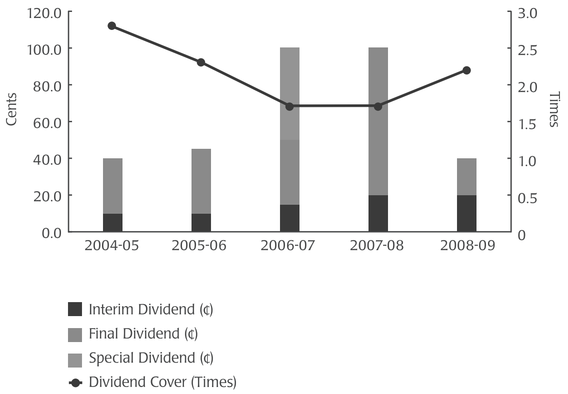
R1 *Net liquid assets is defined as the sum of cash and bank balances (net of bank overdrafts), investments, loans to third parties, and net of finance lease commitments, loans and fixed rate notes issued.*

Performance of the Group (continued)

Financial Position of the Group (continued)

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

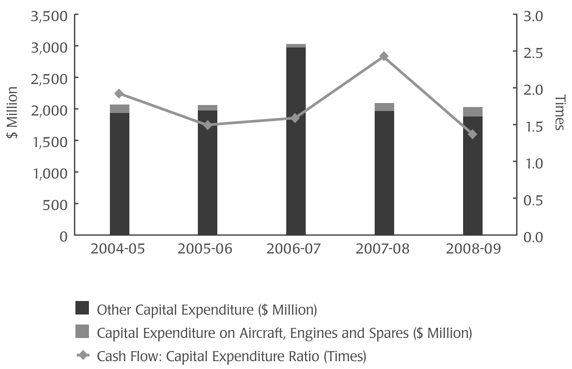
Dividend Payout



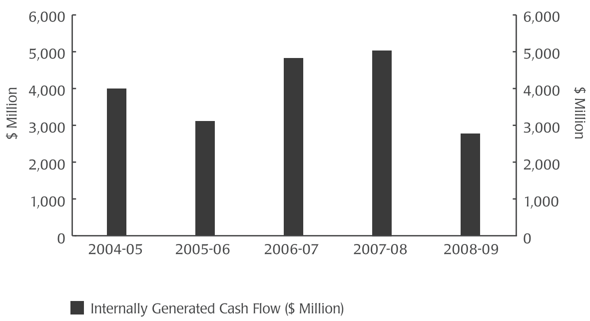
Capital Expenditure and Cash Flow of the Group

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

Group Capital Expenditure



Internally Generated Cash Flow



Performance of the Group (continued)

Statements of Value Added and its Distribution ($ million)

	2008-09	2007-08	2006-07	2005-06	2004-05
Total revenue	15,996.3	15,972.5	14,494.4	13,341.1	12,012.9
Less: Purchase of goods and services	(10,810.2)	(9,413.3)	(9,078.6)	(8,352.2)	(7,030.7)
	5,186.1	6,559.2	5,415.8	4,988.9	4,982.2
Add: Interest income	96.0	181.2	181.8	96.7	52.7
Surplus on disposal of aircraft, spares and spare engines	60.6	49.1	237.9	115.7	215.2
Dividends from long-term investments, gross	23.7	34.8	38.8	24.6	8.0
Other non-operating items	29.4	96.8	77.9	12.3	9.8
Share of profits of joint venture companies	63.9	50.8	57.9	40.6	12.5
Share of profits of associated companies	111.1	110.2	79.0	255.2	203.7
Surplus on sale of SIA Building	-	-	223.3	-	-
Surplus on sale of investment in Singapore Aircraft Leasing Enterprise Pte Ltd	-	-	197.7	-	-
Staff compensation and restructuring of operations	-	-	-	-	(37.8)
Surplus on sale of investment in Air New Zealand Limited	-	-	-	-	45.7
Surplus on sale of investment in Raffles Holdings Ltd	-	-	-	-	32.6
Surplus on sale of investment in Taikoo (Xiamen) Aircraft Engineering Company Limited	-	-	-	-	9.0
Total value added available for distribution	5,570.8	7,082.1	6,510.1	5,534.0	5,533.6
Applied as follows:					
To employees					
- Salaries and other staff costs	2,545.9	2,903.4	2,727.4	2,481.1	2,456.5
To government					
- Corporation taxes	190.0	410.3	328.9	352.6	387.3
To suppliers of capital					
- Interim and proposed dividends	473.6	1,184.4	1,245.2	550.5	487.4
- Finance charges	89.7	100.2	124.1	96.3	77.5
- Minority interests	85.3	87.5	73.6	68.8	51.3
Retained for future capital requirements					
- Depreciation and amortisation	1,736.6	1,531.3	1,374.0	1,294.5	1,208.6
- Retained profit [R1]	449.7	865.0	636.9	690.2	865.0
Total value added	5,570.8	7,082.1	6,510.1	5,534.0	5,533.6
Value added per $ revenue ($)	0.35	0.44	0.45	0.41	0.46
Value added per $ employment cost ($)	2.19	2.44	2.39	2.23	2.25
Value added per $ investment in property, plant and equipment	0.22	0.29	0.27	0.23	0.24

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

Performance of the Group (continued)

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

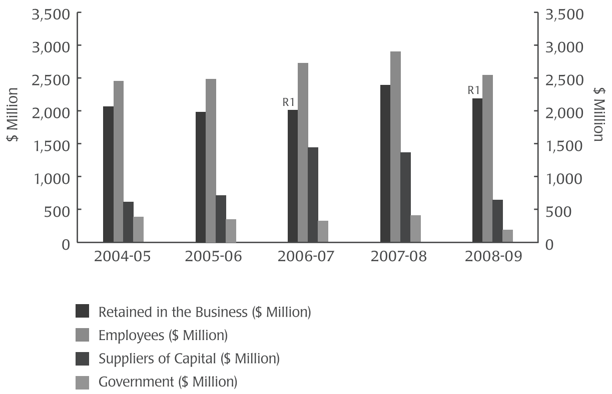
Value added is a measure of wealth created. The statement above shows the Group's value added from 2004-05 to 2008-09 and its distribution by way of payments to employees, government, and to those who have provided capital. It also indicates the portion retained in the business for future capital requirements.

Value Added

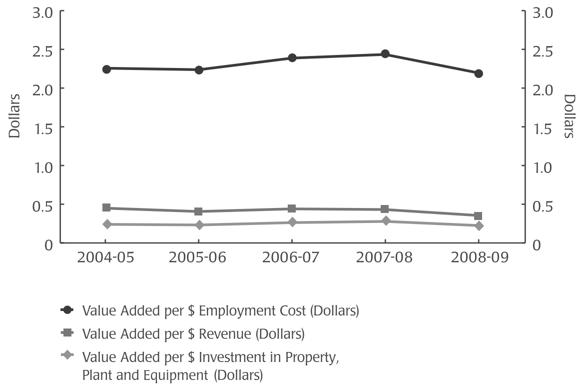
Total value added for 2008-09 fell 21.3 per cent (-$1,511 million) to $5,571 million. The decrease was mainly attributable to higher purchase of goods and services (-$1,397 million) and lower interest income (-$85 million).

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

Group Value Added Distribution



Group Value Added Productivity Ratios



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

FINANCIAL REVIEW

Performance of the Group (continued)

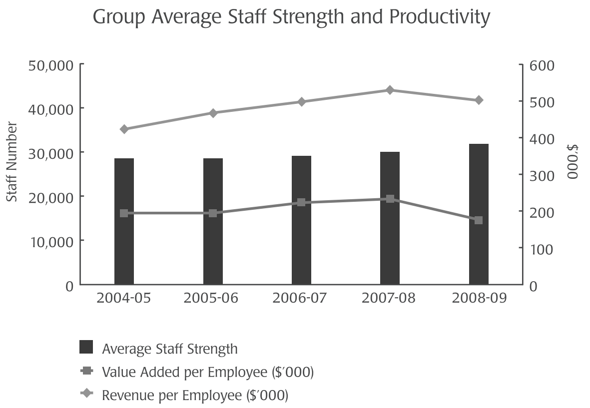
Group Average Staff Strength and Productivity

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

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

Average staff productivity are as follows:

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



Performance of the Company

Operating Performance

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

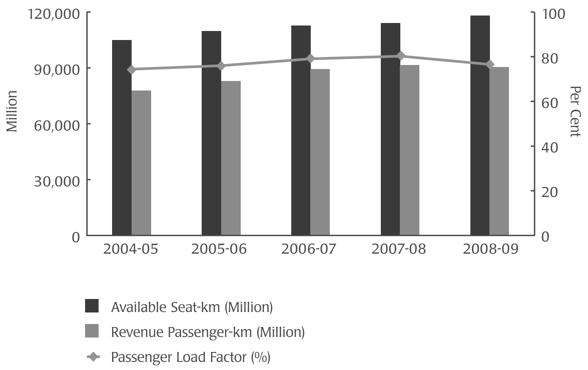
Performance of the Company (continued)

Operating Performance (continued)

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

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

Available Seat Capacity, Passenger Traffic and Load Factor



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

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

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

Performance of the Company (continued)

Operating Performance (continued)

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

Earnings

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

n.m. not meaningful

Performance of the Company (continued)

Revenue

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

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

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

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

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

	$ million
1.0% point change in passenger load factor, if yield and seat capacity remain constant	124.1
1.0% change in passenger yield, if passenger traffic remains constant	94.9

Performance of the Company (continued)

Revenue (continued)

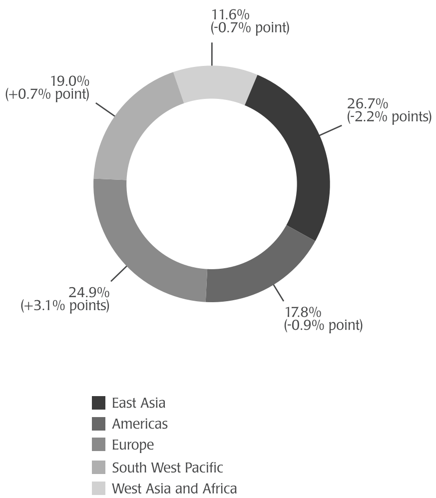
A breakdown of passenger revenue[R1] by route region and area of original sale is shown below:

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

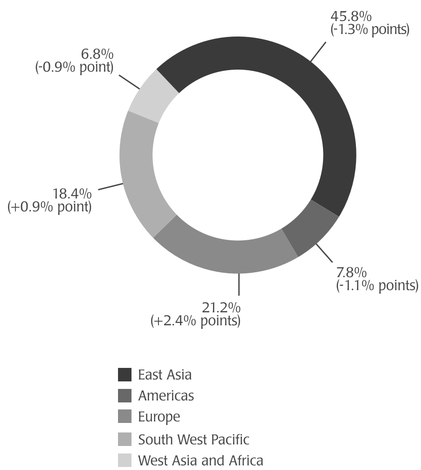
R1 *Includes excess baggage revenue.*

R2 *Each area of original sale comprises countries within a region from which the sale is made.*

Passenger Revenue Composition
by Route Region



Passenger Revenue Composition
by Area of Original Sale



Performance of the Company (continued)

Expenditure

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

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

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

R2 Sales costs included commissions and incentives payable, frequent flyer programme cost, computer reservation system booking fees, advertising expenses and other sales costs.

R3 Communication and information technology costs were for data transmission and contract service fees, hire of computer equipment, maintenance/rental of software, and information technology contract and professional fees.

R4 Other costs mainly comprised crew expenses, company accommodation cost, foreign exchange hedging and revaluation gain, comprehensive aviation insurance cost, airport lounge expenses, non-information technology contract and professional fees, expenses incurred to mount non-scheduled services, aircraft licence fees and recoveries.

A breakdown by fuel cost is shown below:

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

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

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

Performance of the Company (continued)

Expenditure (continued)

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

Depreciation charges increased $212 million mainly due to (i) capitalisation of expenditure for heavy maintenance visits on aircraft and engine overhauls, and (ii) progressive delivery of B777-300ER aircraft (commissioning of five B777-300ER aircraft during the year) and one A380 aircraft. The increase was partially offset by sale and leaseback of five B777 aircraft during the year.

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

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

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

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

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

Fuel Productivity and Sensitivity Analysis

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

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

Performance of the Company (continued)

Fuel Productivity and Sensitivity Analysis (continued)

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

Fuel Productivity of Passenger Fleet

Finance Charges

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

Interest Income

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

Dividends from Subsidiary Companies

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

Taxation

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

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

Performance of the Company (continued)

Average Staff Strength and Productivity

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

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

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

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

Performance of Subsidiary Companies

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

Singapore Airport Terminal Services Group

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

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

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

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

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

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

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

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

Performance of Subsidiary Companies (continued)

SIA Engineering Group

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

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

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

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

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

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

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

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

Singapore Airlines Cargo

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

Performance of Subsidiary Companies (continued)

Singapore Airlines Cargo (continued)

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

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

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

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

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

SilkAir

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

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

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

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

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

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

REPORT BY THE BOARD OF DIRECTORS

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

1 Directors of the Company

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

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

2 Arrangements to Enable Directors to Acquire Shares And Debentures

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangements to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares and share options in, or debentures of, the Company or any other body corporate, other than pursuant to the Singapore Airlines Limited Employee Share Option Plan, the Singapore Airlines Limited Restricted Share Plan and the Singapore Airlines Limited Performance Share Plan.

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

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

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

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

Name of Director	Direct interest 1.4.2008	Direct interest 31.3.2009	Deemed interest 1.4.2008	Deemed interest 31.3.2009
Conditional award of restricted shares				
Chew Choon Seng	77,025	118,687	-	-
Conditional award of performance shares				
Chew Choon Seng	77,025	134,625	-	-
Interest in SIA Engineering Company Limited				
Ordinary shares				
Chew Choon Seng	20,000	20,000	-	-
Interest in Singapore Airport Terminal Services Limited				
Ordinary shares				
Chew Choon Seng	10,000	10,000	-	-
Lucien Wong Yuen Kuai	-	-	117,000	117,000
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Stephen Lee Ching Yen	190	190	190	190
Chew Choon Seng	10,500	10,500	-	-
Euleen Goh Yiu Kiang	1,537	1,537	-	-
James Koh Cher Siang	10,679	10,679	-	990
Lucien Wong Yuen Kuai	1,680	1,680	2,900	2,900
Interest in SMRT Corporation Limited				
Ordinary shares				
Chew Choon Seng	50,000	50,000	-	-
James Koh Cher Siang	5,000	5,000	-	-
Lucien Wong Yuen Kuai	-	-	-	210,000
Interest in Neptune Orient Lines Limited				
Ordinary shares				
Stephen Lee Ching Yen	30,000	30,000	-	-
Euleen Goh Yiu Kiang	2,000	2,000	-	-
James Koh Cher Siang	6,632	6,632	-	6,000
Interest in Mapletree Logistics Trust				
Units				
James Koh Cher Siang	100,000	177,250	-	-

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

	Direct interest		Deemed interest	
Name of Director	**1.4.2008**	**31.3.2009**	**1.4.2008**	**31.3.2009**
Interest in SP AusNet				
Ordinary shares				
James Koh Cher Siang	4,000	4,000	-	-
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Lucien Wong Yuen Kuai	211,125	216,000	20,000	20,000
Options to subscribe for ordinary shares				
Lucien Wong Yuen Kuai	108,375	103,500	-	-

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

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

4 Directors' Contractual Benefits

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

5 Options on Shares in the Company

(i) Employee Share Option Plan

The Singapore Airlines Limited Employee Share Option Plan ("the Plan"), which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, was adopted at the Extraordinary General Meeting of the Company held on 8 March 2000 and modified at the Extraordinary General Meetings of the Company held on 14 July 2001 and 26 July 2003, respectively.

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

5 Options on Shares in the Company (continued)

(i) Employee Share Option Plan (continued)

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

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

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

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

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

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

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

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

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

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

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

During the financial year, in consideration of the payment of $1.00 for each offer accepted, offers of options were granted pursuant to the Plan in respect of 12,836,062 unissued shares in the Company at an exercise price of $14.83 per share.

5 Options on Shares in the Company (continued)

(i) Employee Share Option Plan (continued)

At the end of the financial year, options to take up 63,383,492 unissued shares in the Company were outstanding:

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

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

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

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

The particulars of options on shares in subsidiary companies are as follows:

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

The Singapore Airport Terminal Services Limited Employee Share Option Plan ("SATS ESOP"), which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, was approved on 20 March 2000.

5 Options on Shares in the Company (continued)

(i) Employee Share Option Plan (continued)

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

The basis upon which an option may be exercised is identical to that of the Plan implemented by the Company.

During the financial year, in consideration of the payment of $1.00 for each offer accepted, offers of options were granted pursuant to the SATS ESOP in respect of 13,517,300 unissued shares in SATS at an exercise price of $2.17 per share.

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

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

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

5 Options on Shares in the Company (continued)

(i) Employee Share Option Plan (continued)

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

The SIA Engineering Company Limited Employee Share Option Plan ("SIAEC ESOP"), which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, was approved on 9 February 2000.

The basis upon which an option may be exercised is identical to that of the Plan implemented by the Company.

During the financial year, in consideration of the payment of $1.00 for each offer accepted, offers of options were granted pursuant to the SIAEC ESOP in respect of 13,592,000 unissued shares in SIAEC at an exercise price of $3.74 per share.

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

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

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

5 **Options on Shares in the Company (continued)**

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

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

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

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

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

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

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

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

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

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

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

5 Options on Shares in the Company (continued)

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

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

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

	Conditional awards granted during financial year under review	**Adjustment#**	**Aggregate adjusted awards granted since commencement of plans to end of financial year under review**	**Awards released during the financial year under review**	**Aggregate awards released since commencement of plans to end of financial year under review**	**Aggregate awards not released at end of financial year under review**
RSP						
Chew Choon Seng	54,000	6,162	137,187	18,500	18,500	118,687
PSP						
Chew Choon Seng	57,600	-	134,625	-	-	134,625

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

5 Options on Shares in the Company (continued)

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

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

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

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

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

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

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

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

5 Options on Shares in the Company (continued)

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

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

The SIAEC RSP and SIAEC PSP were approved by the shareholders of SIAEC on 25 July 2005.

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

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

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

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

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

6 Audit Committee

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

7 Auditors

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

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

CHEW CHOON SENG
Chief Executive Officer

Dated this 14th day of May 2009

REPORT BY THE BOARD OF DIRECTORS

STATEMENT BY THE DIRECTORS PURSUANT TO SECTION 201(15)

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

(i) the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2009 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

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

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

CHEW CHOON SENG
Chief Executive Officer

Dated this 14th day of May 2009

AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE AIRLINES LIMITED

We have audited the accompanying financial statements of Singapore Airlines Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 83 to 204, which comprise the balance sheets of the Group and the Company as at 31 March 2009, the statements of changes in equity of the Group and the Company and the profit and loss account and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

AUDITORS' REPORT

Opinion

In our opinion,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2009 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

ERNST & YOUNG LLP
Public Accountants and
Certified Public Accountants

Dated this 14th day of May 2009
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

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

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

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

BALANCE SHEETS

At 31 March 2009 (in $ million)

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

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

BALANCE SHEETS

At 31 March 2009 (in $ million)

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

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

STATEMENTS OF CHANGES IN EQUITY

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

The Group

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

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

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

STATEMENTS OF CHANGES IN EQUITY

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

The Group

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

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

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

STATEMENTS OF CHANGES IN EQUITY

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

The Company

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

The Company

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

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

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

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

CONSOLIDATED CASH FLOW STATEMENT

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

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

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

CONSOLIDATED CASH FLOW STATEMENT

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

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

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

1 General

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

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

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

The financial statements for the financial year ended 31 March 2009 were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2009.

2 Accounting Policies

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

(a) Basis of preparation

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

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

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

(b) New and revised standards

In the current financial year, the Group has adopted all of the new, revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2008. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the financial statements reported for the current or prior years.

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

2 Accounting Policies (continued)

(b) New and revised standards (continued)

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

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

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

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

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

2 Accounting Policies (continued)

(b) New and revised standards (continued)

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

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

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

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

(c) Basis of consolidation

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

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

Acquisitions of subsidiary companies are accounted for using the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet.

2 Accounting Policies (continued)

(c) Basis of consolidation (continued)

The accounting policy for goodwill is set out in Note 2(e)(i). Any excess of the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is recognised in the profit and loss account on the date of acquisition.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group and are presented separately in the consolidated profit and loss account and within equity in the consolidated balance sheet, separately from equity attributable to equity holders of the Company. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal of minority interests is recognised directly in equity.

(d) Subsidiary, associated and joint venture companies

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

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

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

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

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

2 Accounting Policies (continued)

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

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

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

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

(e) Intangible assets

(i) Goodwill

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

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

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

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

2 Accounting Policies (continued)

(e) Intangible assets (continued)

(ii) Computer software

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

(iii) Brands, customer relationships and licences

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

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

(f) Foreign currencies

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

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

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

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

2 Accounting Policies (continued)

(f) Foreign currencies (continued)

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

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

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

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

(g) Property, plant and equipment

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

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

2 Accounting Policies (continued)

(h) Depreciation of property, plant and equipment

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

Freehold land, advance and progress payments are not depreciated.

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

(i) Aircraft, spares and spare engines

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

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

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

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

(ii) Land and buildings

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

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

(iii) Others

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

2 Accounting Policies (continued)

(i) Investment properties

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

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

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

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

(j) Leases

(i) Finance lease – as lessee

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

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

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

(ii) Operating lease – as lessee

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

2 Accounting Policies (continued)

(j) Leases (continued)

(ii) Operating lease – as lessee (continued)

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

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

(iii) Operating lease – as lessor

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

(k) Inventories

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

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

(l) Financial assets

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

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

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

2 Accounting Policies (continued)

(l) Financial assets (continued)

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

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

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

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

(ii) Loans and receivables

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

(iii) Available-for-sale investments

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

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

2 Accounting Policies (continued)

(m) Long-term investments

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

(n) Trade debtors and other receivables

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

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

(o) Investments

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

(p) Cash and cash equivalents

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

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

(q) Impairment of non-financial assets

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

2 Accounting Policies (continued)

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

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

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

(r) Impairment of financial assets

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

(i) Assets carried at amortised cost

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

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

2 Accounting Policies (continued)

(r) Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

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

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

(ii) Assets carried at cost

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

(iii) Available-for-sale financial assets

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

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

(s) Financial liabilities

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

2 Accounting Policies (continued)

(s) Financial liabilities (continued)

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

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

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the profit and loss account when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the profit and loss account, unless they are designated as hedging derivatives.

(t) Loans, notes payable and borrowings

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

(u) Trade and other creditors

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

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

(v) Provisions

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

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

2 Accounting Policies (continued)

(v) Provisions (continued)

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

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

(w) Share capital and share issue expenses

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

(x) Treasury shares

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

(y) Frequent flyer programme

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

(z) Taxation

(i) Current tax

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

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

2 Accounting Policies (continued)

(z) Taxation (continued)

(ii) Deferred tax

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

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

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

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

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

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

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

(aa) Revenue

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

2 Accounting Policies (continued)

(aa) Revenue (continued)

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

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

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

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

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

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

(ab) Income from investments

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

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

(ac) Employee benefits

(i) Equity compensation plans

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

2 Accounting Policies (continued)

(ac) Employee benefits (continued)

(i) Equity compensation plans (continued)

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

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

Details of the plans are disclosed in Note 13 to the financial statements.

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

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

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

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

(ac) Employee benefits (continued)

(ii) Defined contribution plans

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

(iii) Defined benefit plans

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

(ad) Aircraft maintenance and overhaul costs

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

(ae) Training and development costs

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

(af) Borrowing costs

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

2 Accounting Policies (continued)

(ag) Claims and liquidated damages

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

(ah) Derivative financial instruments and hedging

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

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

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

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

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

2 Accounting Policies (continued)

(ah) Derivative financial instruments and hedging (continued)

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

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

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

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

(ai) Segmental reporting

(i) Business segment

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

(ii) Geographical segment

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

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

3 Significant Accounting Estimates

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

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

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

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

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

Aircraft are depreciated on a straight-line basis at rates which are calculated to write-down their cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of the fleet are made by the Group based on past experience and these are in line with the industry. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2009 was $12,448.2 million (2008: $12,545.9 million) and $10,212.6 million (2008: $10,193.7 million) respectively.

(iii) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the balance sheet and recognised as revenue at the end of two years. This is estimated based on historical trends and experiences of the Group whereby ticket uplift occurs mainly within the first two years. The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2009 was $1,143.6 million (2008: $1,680.3 million) and $1,111.6 million (2008: $1,647.0 million) respectively.

3 Significant Accounting Estimates (continued)

(iv) Frequent flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage and redemption, which is then used to project the expected utilisation of these benefits. Any remaining unutilised benefits are recognised as revenue upon expiry. The carrying amount of the Group's and the Company's deferred revenue at 31 March 2009 was $500.8 million (2008: $435.7 million).

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

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

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

4 Segment Information (in $ million)

Business segments

The Group's businesses are organised and managed separately according to the nature of the services provided. The following tables present revenue and profit information regarding business segments for the financial years ended 31 March 2009 and 2008 and certain assets and liabilities information of the business segments as at those dates.

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

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

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

4 Segment Information (in $ million) (continued)

Business segments (continued)

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

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

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

4 Segment Information (in $ million) (continued)

Geographical segments

The following table presents revenue information on airline operations by geographical areas for the financial years ended 31 March 2009 and 2008.

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

5 Staff Costs (in $ million)

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

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expenses for the Group were $14.7 million for 2008-09 and $18.5 million for 2007-08. As these are not material to the total staff costs of the Group for 2008-09 and 2007-08, additional disclosures of these defined benefit plans are not shown. Disclosures relating to share-based compensation expense are in Note 13.

6 Operating Profit (in $ million)

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

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

** Amount less than $0.1 million.*

7 Finance Charges (in $ million)

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

8 Interest Income (in $ million)

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

9 Other Non-operating Items (in $ million)

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

10 Taxation (in $ million)

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

10 Taxation (in $ million) (continued)

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

The Group has tax losses of approximately $21.9 million (2008: $22.9 million) that are available for offset against future taxable profits of the companies in which no deferred tax assets are recognised due to uncertainty of its recoverability. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

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

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

11 Earnings Per Share

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

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

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

34.0 million (2007-08: 12.2 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous years presented.

12 Dividends Paid and Proposed (in $ million)

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

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

13 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2009	2008	2009	2008
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April	1,186,334,147	1,246,833,370	1,682.0	1,494.9
Share options exercised during the year	213,643	22,717,093	2.8	322.8
Shares cancelled during the year pursuant to the capital reduction exercise	-	(84,309,846)	-	(155.9)
Shares issued during the year in relation to the top-up offer pursuant to the capital reduction exercise	-	1,093,530	-	20.2
Balance at 31 March	1,186,547,790	1,186,334,147	1,684.8	1,682.0
Special share				
Balance at 1 April and 31 March	1	1	#	#

The value is $0.50

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

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

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

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

13 Share Capital (in $ million) (continued)

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

In the previous financial year, the Company cancelled 84,309,846 shares at the price of $18.46 per share pursuant to a capital reduction exercise under Section 78G of the Singapore Companies Act. In addition, 1,093,530 shares were issued under a top-up offer of new shares at the price of $18.46 per share following the capital reduction. The offer was given to shareholders to round up their holding of shares after the capital reduction to the nearest multiple of 200 shares.

Share option plans

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

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

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

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

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

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

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

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

There are no cash settlement alternatives.

13 Share Capital (in $ million) (continued)

Share option plans (continued)

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

SIA ESOP

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

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

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

SATS ESOP

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

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

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

13 Share Capital (in $ million) (continued)

Share option plans (continued)

SIAEC ESOP

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

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

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

Fair values of SIA, SATS and SIAEC ESOP

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted each year under the SIA, SATS and SIAEC ESOP. The estimate of the fair value of the services received is measured based on a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the July 2008 and July 2007 grants:

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

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

13 Share Capital (in $ million) (continued)

Share option plans (continued)

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

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

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

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

13 Share Capital (in $ million) (continued)

Share option plans (continued)

Terms of share options outstanding as at 31 March 2009:

SIA ESOP

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

13 Share Capital (in $ million) (continued)

Share option plans (continued)

SIA ESOP (continued)

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

@ *The total number of options outstanding includes:*

(a) *5,630,522 (2008: 5,867,606) share options not exercised by employees who have retired or ceased to be employed by the Company or any of the subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Board Compensation & Industrial Relations Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier; and*

(b) *377,259 (2008: 216,078) share options not exercised by employees who have completed their fixed term contracts during the financial year. The said options, if unvested, shall immediately vest and be exercisable from the date of cessation of employment to the date falling one year from the date of cessation of employment.*

SATS ESOP

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

13 Share Capital (in $ million) (continued)

Share option plans (continued)

SATS ESOP (continued)

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

@ *The total number of options outstanding includes 7,272,850 (2008: 6,699,050) share options not exercised by employees who have retired or ceased to be employed by SATS or any of its subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Remuneration and Human Resource Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier.*

SIAEC ESOP

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

13 Share Capital (in $ million) (continued)

Share option plans (continued)

SIAEC ESOP (continued)

Exercisable period	Exercise price	Number outstanding	Number exercisable
2.7.2002 - 1.7.2011	$1.01	20,750	20,750
2.7.2003 - 1.7.2011	$1.01	395,350	395,350
2.7.2004 - 1.7.2011	$1.01	50,000	50,000
2.7.2005 - 1.7.2011	$1.01	50,000	50,000
1.7.2003 - 30.6.2012	$1.98	281,425	281,425
1.7.2004 - 30.6.2012	$1.98	2,601,825	2,601,825
1.7.2005 - 30.6.2012	$1.98	406,400	406,400
1.7.2006 - 30.6.2012	$1.98	407,150	407,150
1.7.2004 - 30.6.2013	$1.35	64,375	64,375
1.7.2005 - 30.6.2013	$1.35	677,275	677,275
1.7.2006 - 30.6.2013	$1.35	94,500	94,500
1.7.2007 - 30.6.2013	$1.35	113,000	113,000
1.7.2005 - 30.6.2014	$1.69	302,250	302,250
1.7.2006 - 30.6.2014	$1.69	2,675,100	2,675,100
1.7.2007 - 30.6.2014	$1.69	379,000	379,000
1.7.2008 - 30.6.2014	$1.69	441,125	441,125
1.7.2006 - 30.6.2015	$2.25	406,875	406,875
1.7.2007 - 30.6.2015	$2.25	6,102,650	6,102,650
1.7.2008 - 30.6.2015	$2.25	506,875	506,875
1.7.2009 - 30.6.2015	$2.25	641,125	-
3.7.2007 - 2.7.2016	$3.44	342,775	342,775
3.7.2008 - 2.7.2016	$3.44	12,520,825	12,520,825
3.7.2009 - 2.7.2016	$3.44	421,425	-
3.7.2010 - 2.7.2016	$3.44	421,425	-
2.7.2008 - 1.7.2017	$4.67	310,100	310,100
2.7.2009 - 1.7.2017	$4.67	14,164,550	-
2.7.2010 - 1.7.2017	$4.67	311,350	-
2.7.2011 - 1.7.2017	$4.67	311,350	-
1.7.2010 - 30.6.2018	$3.74	13,517,600	-
Total number of options outstanding		61,260,663[@]	31,471,838

[@] *The total number of options outstanding includes 4,888,225 (2008: 3,849,875) share options not exercised by employees who have retired or ceased to be employed by SIAEC or any of its subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Compensation and Human Resource Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier.*

13 Share Capital (in $ million) (continued)

Share option plans (continued)

Share-based incentive plans

The Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans for senior executives and key senior management, which were approved by the shareholders of the Company on 28 July 2005. Similar share-based incentive plans were approved by the shareholders of SATS and SIAEC on 19 July 2005 and 25 July 2005 respectively.

The details of the two plans are described below:

	RSP	PSP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.
Performance Conditions		
SIA	At both Company and Group level	
	• EBITDAR# Margin	• Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE)
	• Value Added per $ Employment Cost	• Relative TSR against selected airline peer index companies
SATS	At SATS Group level	
	• EBITDA* Margin	• Absolute TSR
	• Value Added per $ Employment Cost	• Absolute Return on Equity (ROE)
SIAEC	At SIAEC Group level	
	• EBITDA* Margin	• Absolute TSR outperform COE
	• Value Added per $ Employment Cost	• ROE

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

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

13 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

	RSP	PSP
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over a three-year performance period.
Payout		
SIA and SATS	0% - 120% depending on the achievement of pre-set performance targets over the performance period.	0% - 150% depending on the achievement of pre-set performance targets over the performance period.
SIAEC	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 200% depending on the achievement of pre-set performance targets over the performance period.

Fair values of RSP and PSP

SIA RSP and PSP

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

The following table lists the key inputs to the model used for the July 2008 and August 2007 awards:

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

13 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SIA RSP and PSP (continued)

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

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

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

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

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

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

13 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SIA RSP and PSP (continued)

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

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

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

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

SATS RSP and SATS PSP

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

13 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SATS RSP and SATS PSP (continued)

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

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

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

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

13 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SATS RSP and SATS PSP (continued)

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the SATS RSP ranges from $1.65 to $1.86 (2007-08: $2.70 to $2.85) and the estimated fair value at date of grant for each share granted under the SATS PSP is $1.62 (2007-08: $2.57).

The number of contingent shares granted but not released as at 31 March 2009, were 1,008,994 (2008: 563,676) and 330,851 (2008: 238,851) for SATS RSP and SATS PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 1,193,984 (2008: 676,411) and 496,277 (2008: 358,277) fully-paid ordinary shares of SATS, for SATS RSP and SATS PSP respectively.

SIAEC RSP and SIAEC PSP

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

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

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

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

13 Share Capital (in $ million) (continued)

Share-based incentive plans (continued)

Fair values of RSP and PSP (continued)

SIAEC RSP and SIAEC PSP (continued)

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

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the SIAEC RSP ranges from $3.05 to $3.38 (2007-08: $4.19 to $4.38) and the estimated fair value at date of grant for each share granted under the SIAEC PSP is $2.88 (2007-08: $3.53).

The number of contingent shares granted but not released as at 31 March 2009, were 1,294,528 (2008: 533,200) and 220,800 (2008: 92,300) for SIAEC RSP and SIAEC PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 1,789,948 (2008: 639,840) and 395,450 (2008: 138,450) fully-paid ordinary shares of SIAEC, for SIAEC RSP and SIAEC PSP respectively.

Share-based compensation expense

For the current financial year, the Group has recorded $10.6 million (2007-08: $6.5 million) in respect of the RSP and PSP based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

The total amount recognised in the profit and loss account for share-based compensation transactions with employees can be summarised as follows:

	The Group 2008-09	2007-08
Share-based compensation expense		
- Employee share option plan	58.0	67.4
- Restricted share plan	8.6	5.4
- Performance share plan	2.0	1.1
	68.6	73.9

14 Treasury Shares (in $ million)

	The Group and the Company 31 March 2009	2008
Balance at 1 April	(33.2)	-
Purchase of treasury shares	(64.1)	(33.2)
Treasury shares reissued pursuant to equity compensation plans:		
- For cash on exercise of employee share options	39.2	-
- Transferred from share-based compensation reserve	10.0	-
- Loss on reissuance of treasury shares	3.7	-
	52.9	-
Balance at 31 March	(44.4)	(33.2)

Treasury shares relate to ordinary shares of the Company that are held by the Company. Pursuant to the share buyback mandate approved by shareholders, the Company purchased 5,177,000 (2008: 2,301,000) of its ordinary shares by way of on-market purchases at share prices ranging from $9.48 to $16.07 (2007-08: $13.92 to $15.24). The total amount paid to purchase the shares was $64.1 million (2008: $33.2 million) and this is presented as a component within equity attributable to equity holders of the Company.

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

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

15 Other Reserves (in $ million)

(a) Capital reserve

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

15 Other Reserves (in $ million) (continued)

(b) Foreign currency translation reserve

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

(c) Share-based compensation reserve

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

(d) Fair value reserve

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

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

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

15 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

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

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

16 Deferred Account (in $ million)

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

17 Deferred Taxation (in $ million)

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

18 Long-Term Liabilities (in $ million)

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

Notes payable

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

Loans

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

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

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

Loans (continued)

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

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

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

Finance leases

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

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

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

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

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

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

Finance leases (continued)

The SATS Group entered into a finance lease agreement for the lease of tractors for a period of 10 years from March 2008. The principal is payable by instalments over a period of 120 months, at an interest rate of 5.10% (2007-08: 5.10%) per annum.

In addition, the SATS Group also has finance leases for certain items of plant, machinery and equipment. These lease agreements do not have renewal clauses but provide the SATS Group with options to purchase the leased assets at nominal values at the end of the lease term.

Future lease payments under these finance leases are as follows:

	The Group 31 March			
	2009		2008	
	Minimum Payments	Repayment of Principal	Minimum Payments	Repayment of Principal
Not later than one year	85.3	66.9	78.4	56.9
Later than one year but not later than five years	359.3	308.2	329.3	263.7
Later than five years	188.4	173.4	254.8	232.1
Total future lease payments	633.0	548.5	662.5	552.7
Amounts representing interest	(84.5)	-	(109.8)	-
Principal value of finance lease commitments	548.5	548.5	552.7	552.7

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

Other liabilities

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

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

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

19 Property, Plant and Equipment (in $ million)

The Group

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

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

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

The Company

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

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

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

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

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

Property, plant and equipment pledged as security

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

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

20 Intangible Assets (in $ million)

The Group

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

** Amount less than $0.1 million.*

Goodwill arising on consolidation

In 2002-03, SATS acquired 66.7% equity interest in Country Foods Pte Ltd at a cost of $6.0 million. Goodwill on acquisition of $1.5 million was capitalised and amortised in financial years 2003-04 ($0.1 million) and 2004-05 ($0.1 million).

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

20 Intangible Assets (in $ million) (continued)

The Group (continued)

Brands, customer relationships and licences

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

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

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

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

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

Impairment testing of goodwill arising on consolidation and brands

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

20 Intangible Assets (in $ million) (continued)

The Company

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

21 Investment Properties (in $ million)

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

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

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

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

22 Subsidiary Companies (in $ million)

	The Company 31 March 2009	2008
Investment in subsidiary companies (at cost)		
Quoted equity investments	##	##
Unquoted equity investments	1,772.4	1,772.4
	1,772.4	1,772.4
Accumulated impairment loss	(16.6)	(16.6)
	1,755.8	1,755.8
Loan to a subsidiary company	25.0	25.0
	1,780.8	1,780.8
Funds from subsidiary companies	(1,426.6)	(1,540.7)
Amounts owing to subsidiary companies	(171.2)	(188.4)
	(1,597.8)	(1,729.1)
Amounts owing by subsidiary companies	284.6	227.4
Market value of quoted equity investments	2,679.6	5,437.5

The value is $2.

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

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

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

Amounts owing to/by subsidiary companies are unsecured, trade-related, non-interest bearing and are repayable on demand. The amounts owing by subsidiary companies are neither overdue nor impaired.

As at 31 March 2009, the composition of funds from subsidiary companies held in foreign currencies by the Company is as follows: USD – 9.4% (2008: 6.2%) and AUD – 0.4% (2008: 0.4%).

22 Subsidiary Companies (in $ million) (continued)

Acquisition of subsidiary companies

SATS Hong Kong Limited ("SATS HK")

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

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

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

Total cost of business combination

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

The effect of acquisition on cash flows is as follows:

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

Impact of acquisition on profit and loss account

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

22 Subsidiary Companies (in $ million) (continued)

Acquisition of subsidiary companies (continued)

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

Goodwill arising on acquisition

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

Singapore Food Industries Limited ("SFI")

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

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

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

22 Subsidiary Companies (in $ million) (continued)

Acquisition of subsidiary companies (continued)

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

Total cost of business combination

The total cost of the business combination is as follows:

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

The effect of acquisition on cash flows is as follows:

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

Impact of acquisition on profit and loss account

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

Goodwill arising on acquisition

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

Provisional accounting of acquisition

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

22 Subsidiary Companies (in $ million) (continued)

Acquisition of minority interests

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

The subsidiary companies at 31 March are:

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

22 Subsidiary Companies (in $ million) (continued)

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

22 Subsidiary Companies (in $ million) (continued)

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

22 Subsidiary Companies (in $ million) (continued)

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

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

* *Audited by member firms of Ernst & Young*

** *Audited by Baker Tilly*

\# *Audited by KPMG LLP, Singapore*

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

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

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

23 Associated Companies (in $ million)

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

23 Associated Companies (in $ million) (continued)

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

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

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

Loans to associated companies are unsecured and have no foreseeable terms of repayments. Accordingly, the fair values of the loans are not determinable as the timing of future cash flows arising from the loans cannot be estimated reliably. The loans are non-interest bearing, except for $1.4 million (2008: $2.6 million) and $133.0 million (2008: $133.0 million), which bear interest ranging from 3.43% to 6.05% and LIBOR plus 2.50% (2007-08: 4.70% to 7.36% and LIBOR plus 2.50%) per annum respectively.

The loan of $133.0 million represents cumulative redeemable preference shares issued by the Company's associated company, Virgin Atlantic Limited ("VAL"). The cumulative redeemable preference shares carry no entitlement to vote at meetings. On a winding up of VAL, the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, the amount paid up on any share including any amount paid up by way of share premium plus any arrears or accruals of dividend calculated down to the date of the return of capital irrespective of whether such dividends have been earned or declared or not.

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

23 Associated Companies (in $ million) (continued)

The associated companies at 31 March are:

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

23 Associated Companies (in $ million) (continued)

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

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

23 Associated Companies (in $ million) (continued)

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

	The Group 31 March 2009	2008
Assets and liabilities		
Current assets	3,833.7	4,500.2
Non-current assets	2,661.3	2,692.7
	6,495.0	7,192.9
Current liabilities	(3,976.4)	(3,176.0)
Non-current liabilities	(1,197.1)	(1,832.4)
	(5,173.5)	(5,008.4)

	2008-09	2007-08
Results		
Revenue	7,702.1	9,643.9
(Loss)/Profit for the period	(28.2)	368.7

24 Joint Venture Companies (in $ million)

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

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

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

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

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

The joint venture companies at 31 March are:

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

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

25 Long-Term Investments (in $ million)

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

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

26 Other Non-Current Assets (in $ million)

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

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

The remaining non-current assets relate to capital expenditure incurred for the setting up of associated companies which are not legally incorporated as at year-end.

27 Inventories (in $ million)

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

During the financial year, the Group wrote down $22.7 million (2007-08: $22.0 million) of inventories which are recognised as other operating expenses in the profit and loss account.

28 Trade Debtors (in $ million)

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

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

28 Trade Debtors (in $ million) (continued)

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

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

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

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

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

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

29 Deposits and Other Debtors (in $ million)

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

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

30 Investments (in $ million)

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

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

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

31 Cash and Bank Balances (in $ million)

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

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

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.02% to 7.50% (2007-08: 1.03% to 7.23%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 1.14% (2007-08: 2.95%) per annum.

32 Trade and Other Creditors (in $ million)

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

An analysis of provision for warranty claims is as follows:

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

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

33 Bank Overdrafts (in $ million)

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

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

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

34 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

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

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

(b) Operating lease commitments

As lessee

Aircraft

The Company has five B747-400, four B777-200, three B777-200ER, seven B777-300, four A330-300 and five A380-800 aircraft under operating leases with fixed rental rates. Under one of the aircraft lease agreements, the rentals will be adjusted if one-month LIBOR exceeds 6.50% per annum. The original lease terms range from 4.7 to 10.5 years. In five of the aircraft lease agreements, the Company holds options to extend the leases for a further maximum period of three years and in nine others, the Company holds the options to extend the leases for a further maximum period of two years. None of the operating lease agreements confer on the Company an option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements.

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

(b) Operating lease commitments (continued)

As lessee (continued)

Aircraft (continued)

SIA Cargo has five B747-400F aircraft under operating leases with fixed rental rates. The lease terms range from 5 to 11 years. In two of the aircraft lease agreements, the operating leases are for a period of five years, with early termination rights at the end of Year 3 and Year 4. In one of the aircraft lease agreements, SIA Cargo holds the option to extend the lease for a further maximum period of two years. For the other two agreements, there is no option for renewal. Sub-leasing is allowed under all the lease arrangements.

SilkAir (Singapore) Private Limited ("SilkAir") has four A320-232 and two A319-132 aircraft under operating leases with fixed rental rates. The lease terms for the two A319-132 aircraft are 5.5 years, which SilkAir holds an option to extend the leases for one year. The lease terms for two of the A320-232 aircraft are 4 and 4.5 years, which SilkAir holds an option to extend the leases for four years. The lease terms for the other two of the A320-232 aircraft are 7.5 and 8.5 years, which SilkAir holds an option to extend the leases for one year. None of the operating lease arrangements confer on SilkAir the option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements.

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

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Not later than one year	591.8	447.0	488.0	349.7
Later than one year but not later than five years	1,758.7	1,126.2	1,522.7	882.7
Later than five years	867.1	632.8	792.1	515.9
	3,217.6	2,206.0	2,802.8	1,748.3

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

(b) Operating lease commitments (continued)

As lessee (continued)

Property and equipment

The Group has entered into operating lease agreements for office and computer equipment, leasehold land and buildings. These non-cancellable leases have lease terms of between 1 to 30 years.

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

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

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

As lessor

Aircraft

During the financial year, the commercial lease for one aircraft ended and the Group entered into a new commercial aircraft lease. This non-cancellable lease has a remaining lease term of six years and five months. The lease rental is fixed throughout the lease term.

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

	The Group 31 March	
	2009	**2008**
Not later than one year	-	4.8
Later than one year but not later than five years	59.1	-
Later than five years	20.9	-
	80.0	4.8

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

(c) Other commitments

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

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

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

35 Contingent Liabilities (in $ million)

(a) Flight SQ006

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

(b) Cargo: Investigations by competition authorities

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

35 Contingent Liabilities (in $ million) (continued)

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

In addition to the aforesaid notices, SIA Cargo is amongst numerous airlines to have received a Statement of Objections ("SO") from the European Commission ("EC"). The SO sets out the EC's preliminary view of its case against the airlines with respect to alleged competition law infringements but does not prejudge the outcome. No fine amount is mentioned in the SO. SIA Cargo and the Company provided their written response to the SO on 21 April 2008 and its related oral submissions during the EC Oral Hearing held from 30 June 2008 to 4 July 2008. The timing of any decision by the EC in this case is uncertain, but deliberations are expected to take several months.

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

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

As the EC is still analysing the case, the civil penalty proceedings in Australia and New Zealand are at a preliminary stage, the investigations by the competition authorities in other jurisdictions are still ongoing and the civil class-action suits have neither been tried on their respective substantive legal merits nor have damages been quantified, it is premature to make a determination regarding whether the investigations, proceedings or civil suits can be regarded as contingent liabilities and, therefore, no provision has been made in the financial statements.

(c) Passengers: Civil actions in the US

The Company and several airlines have been named in civil anti-trust class-action law suits in the US alleging an unlawful agreement to fix surcharges on transpacific flights to and from the US. These cases are currently in procedural stages and none have been tried so far.

The investigations by the competition authorities in other jurisdictions are ongoing and the civil class-action suits have neither been tried on their respective substantive legal merits nor have damages been quantified. It is therefore premature to make a determination regarding whether the investigations or civil suits can be regarded as contingent liabilities and, therefore no provision has been made in the financial statements.

35 Contingent Liabilities (in $ million) (continued)

(d) Australian travel agents' representative actions

A former Australian travel agent, Leonie's Travel Pty Limited, filed a representative action in the Federal Court of Australia (New South Wales District Registry) on 15 December 2006 naming seven respondents [International Air Transport Association ("IATA"), Qantas Airways Limited, British Airways plc, Air New Zealand Limited, Singapore Airlines, Malaysian Airline System Berhad, and Cathay Pacific Airways Limited] in a claim on behalf of Australian travel agents for alleged non-payment of commissions on fuel surcharges applied to passenger tickets issued in Australia from May 2004 onwards. IATA was subsequently removed from the proceedings.

In May 2007, the applicant's solicitors filed a fresh similar representative application on behalf of Paxtours International Travel Pty Ltd, another Australian travel agent, against Cathay Pacific Airways Limited and the Company. The Company denies the claims and, along with each of the named airlines, is defending the actions.

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

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

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

As derivatives are used for the purpose of risk management, they do not expose the Group to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenues or costs being hedged. Moreover, counterparty credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore the possibility of a material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

Financial risk management policies are periodically reviewed and approved by the Board Executive Committee ("BEC").

(a) Jet fuel price risk

The Group's earnings are affected by changes in the price of jet fuel. The Group's strategy for managing the risk on fuel price, as defined by BEC, aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps and options with approved counterparties and within approved credit limits.

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

(a) Jet fuel price risk (continued)

The Group manages this fuel price risk by using swap and option contracts and hedging up to 18 months forward using jet fuel swap and option contracts, as well as up to 24 months forward using gasoil swap contracts. These gasoil swap contracts will all be rolled up into jet fuel equivalents by hedging in the gasoil-jet fuel regrade closer to maturity. A change in price of one US dollar per barrel of jet fuel affects the Group's annual fuel costs by USD 35.8 million (2007-08: USD 36.0 million), assuming no change in volume of fuel consumed.

(b) Foreign currency risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For the financial year ended 31 March 2009, these accounted for 63.0% of total revenue (2007-08: 66.0%) and 69.0% of total operating expenses (2007-08: 67.0%). The Group's largest exposures are from USD, Euro, UK Sterling Pound, Swiss Franc, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan, Korean Won and Malaysian Ringgit. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

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

(c) Interest rate risk

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

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

(d) Market price risk

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

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

(e) Counterparty risk

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

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

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

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

(e) Counterparty risk (continued)

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

(f) Liquidity risk

At 31 March 2009, the Group had at its disposal, cash and short-term deposits amounting to $3,848.0 million (2008: $5,119.0 million). In addition, the Group had available short-term credit facilities of about $486.1 million (2008: $200.0 million). The Group also has Medium Term Note Programmes under which it may issue notes up to $1,300.0 million (2008: $1,500.0 million). Under these Programmes, notes issued by the Company may have maturities as may be agreed with the relevant financial institutions, and notes issued by one of its subsidiary companies may have maturities between one month and ten years.

The Group's holdings of cash and short-term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for the Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The Group's policies in this regard are in line with the funding policies of other major airlines.

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

(f) Liquidity risk (continued)

The maturity profile of the financial liabilities of the Group and the Company is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

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

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

(f) Liquidity risk (continued)

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

(g) Credit risk

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

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

(g) Credit risk (continued)

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

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

There are no significant concentrations of credit risk other than on derivative counterparties where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to a broad diversification. In specific instances, the contract may require special collateral.

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collaterals requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

Allowance is made for doubtful accounts whenever risks are identified.

37 Financial Instruments (in $ million)

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Derivatives at fair value through profit and loss	Total
2009						
The Group						
Assets						
Long-term investments	-	43.2	-	-	-	43.2
Other non-current assets	403.6	-	-	-	-	403.6
Trade debtors	1,264.5	-	194.6	-	26.4	1,485.5
Deposits and other debtors	241.9	-	-	-	-	241.9
Amounts owing by associated companies	0.4	-	-	-	-	0.4
Investments	-	655.6	-	-	-	655.6
Cash and bank balances	3,848.0	-	-	-	-	3,848.0
Total financial assets	5,758.4	698.8	194.6	-	26.4	6,678.2
Total non-financial assets						18,140.3
Total assets						24,818.5
Liabilities						
Notes payable	-	-	-	1,100.0	-	1,100.0
Loans	-	-	-	44.0	-	44.0
Finance lease commitments	-	-	-	548.5	-	548.5
Bank overdrafts	-	-	-	9.3	-	9.3
Amounts owing to associated companies	-	-	-	0.6	-	0.6
Trade and other creditors	-	-	928.2	2,616.2	37.1	3,581.5
Total financial liabilities	-	-	928.2	4,318.6	37.1	5,283.9
Total non-financial liabilities						5,044.2
Total liabilities						10,328.1

37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

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

37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Derivatives at fair value through profit and loss	Total
2008						
The Group						
Assets						
Long-term investments	-	43.3	-	-	-	43.3
Other non-current assets	361.8	-	-	-	-	361.8
Trade debtors	1,593.9	-	449.9	-	-	2,043.8
Deposits and other debtors	73.1	-	-	-	-	73.1
Amounts owing by associated companies	0.5	-	-	-	-	0.5
Investments	-	464.3	-	-	-	464.3
Cash and bank balances	5,119.0	-	-	-	-	5,119.0
Total financial assets	7,148.3	507.6	449.9	-	-	8,105.8
Total non-financial assets						18,409.4
Total assets						26,515.2
Liabilities						
Notes payable	-	-	-	1,100.0	-	1,100.0
Loans	-	-	-	4.0	-	4.0
Finance lease commitments	-	-	-	552.7	-	552.7
Amounts owing to associated companies	-	-	-	1.2	-	1.2
Trade and other creditors	-	-	106.5	3,062.4	64.7	3,233.6
Total financial liabilities	-	-	106.5	4,720.3	64.7	4,891.5
Total non-financial liabilities						5,994.8
Total liabilities						10,886.3

37 Financial Instruments (in $ million) (continued)

(a) Classification of financial instruments (continued)

	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
The Company					
Assets					
Long-term investments	-	18.9	-	-	18.9
Other non-current assets	353.6	-	-	-	353.6
Trade debtors	1,069.5	-	363.9	-	1,433.4
Deposits and other debtors	37.7	-	-	-	37.7
Amounts owing by subsidiary companies	227.4	-	-	-	227.4
Investments	-	360.9	-	-	360.9
Cash and bank balances	4,216.7	-	-	-	4,216.7
Total financial assets	5,904.9	379.8	363.9	-	6,648.6
Total non-financial assets					17,137.5
Total assets					23,786.1
Liabilities					
Notes payable	-	-	-	900.0	900.0
Amounts owing to subsidiary companies	-	-	-	1,729.1	1,729.1
Trade and other creditors	-	-	67.5	2,316.3	2,383.8
Total financial liabilities	-	-	67.5	4,945.4	5,012.9
Total non-financial liabilities					5,237.5
Total liabilities					10,250.4

37 Financial Instruments (in $ million) (continued)

(b) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group and Company have carried all investment securities that are classified as available-for-sale financial assets and all derivative instruments at their fair values.

The fair values of jet fuel swap contracts are the mark-to-market values of these contracts. The fair values of jet fuel option contracts are determined by reference to available market information and the Black-Scholes option valuation model. As the Group hedges its jet fuel requirements in Mean of Platts Singapore Jet Kerosene ("MOPS") and that the majority of the Group's fuel uplifts are in MOPS, the MOPS price (2009: USD 57.47/BBL, 2008: USD 128.53/BBL) is used as the input for market fuel price to the Black-Scholes option valuation model. Consequently, the annualised volatility (2008-09: 60.30%, 2007-08: 29.31%) of the jet fuel swap and option contracts is also estimated with daily MOPS price. The continuously compounded risk-free rate estimated as average of the past 12 months Singapore Government Securities benchmark issues' one-year yield (2008-09: 0.88%, 2007-08: 1.97%) was also applied to each individual jet fuel option contract to derive their estimated fair values as at balance sheet date.

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

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

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

Financial instruments whose carrying amounts approximate fair value

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

37 Financial Instruments (in $ million) (continued)

(b) Fair values (continued)

Financial instruments carried at other than fair value

Long-term investments amounting to $43.2 million (2008: $43.3 million) for the Group and $18.8 million (2008: $18.9 million) for the Company are stated at cost because the fair values cannot be obtained directly from quoted market price or indirectly using valuation techniques supported by observable market data.

The Group and the Company have no intention to dispose of their interests in the above investments in the foreseeable future.

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

(c) Derivative financial instruments and hedging activities

Derivative financial instruments included in the balance sheets are as follows:

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Assets*				
Currency hedging contracts	173.7	7.5	143.6	5.6
Fuel hedging contracts	8.8	442.4	7.4	358.3
Cross currency swap contracts	26.4	-	-	-
Interest rate cap contracts	12.1	-	12.1	-
	221.0	449.9	163.1	363.9
Liabilities#				
Currency hedging contracts	14.5	91.2	11.8	67.1
Fuel hedging contracts	899.2	0.4	739.8	0.4
Cross currency swap contracts	29.8	59.7	-	-
Interest rate swap contracts	21.8	19.9	-	-
	965.3	171.2	751.6	67.5

* *Included under trade debtors*

\# *Included under trade creditors*

37 Financial Instruments (in $ million) (continued)

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

Cash flow hedges

The Group enters into fuel hedging contracts in order to hedge the financial risk related to the price of jet fuel. The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value loss before tax of $1,249.6 million (2008: net fair value gain before tax of $741.1 million), with a related deferred tax charge of $251.3 million (2008: $165.4 million), is included in the fair value reserve in respect of these contracts.

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

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

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

37 Financial Instruments (in $ million) (continued)

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

Cash flow hedges (continued)

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

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

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

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

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

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

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

37 Financial Instruments (in $ million) (continued)

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

Fair value through profit and loss

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

(d) Market risk sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the profit and loss and equity of either an instantaneous increase or decrease of 0.01% (1 basis point) in market interest rates or a 1% strengthening or weakening in SGD against all other currencies, from the rates applicable at 31 March 2009, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

Jet fuel price risk

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one US dollar per barrel of jet fuel affects the Group's and the Company's annual fuel costs by $54.4 million and $45.7 million (2007-08: $49.7 million and $40.3 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are still outstanding as at balance sheet date and assumes that all jet fuel, gasoil and regrade hedges are highly effective. Under these assumptions, with an increase or decrease in both jet fuel and gasoil prices, each by one US dollar per barrel, the before tax effects on equity are as follows:

	The Group 31 March		The Company 31 March	
	2009	2008	2009	2008
Effect of an increase in one USD per barrel				
Increase in equity	14.3	18.5	11.8	15.1
Effect of a decrease in one USD per barrel				
Decrease in equity	(14.3)	(18.5)	(11.8)	(15.1)

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

(d) **Market risk sensitivity analysis (continued)**

Foreign currency risk

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

Under this assumption, with a 1% strengthening or weakening of SGD against all other currencies, the before tax effects on profit before taxation and equity are as follows:

	The Group 31 March		The Company 31 March	
	2009	**2008**	**2009**	**2008**
Effect of strengthening of SGD				
Decrease in profit before taxation	(11.6)	(21.8)	(13.9)	(23.4)
Decrease in equity	(16.1)	(18.1)	(12.1)	(13.8)
Effect of weakening of SGD				
Increase in profit before taxation	11.6	21.8	13.9	23.4
Increase in equity	16.1	18.1	12.1	13.8

Interest rate risk

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the balance sheet date.

37 Financial Instruments (in $ million) (continued)

(d) Market risk sensitivity analysis (continued)

Interest rate risk (continued)

Under these assumptions, an increase or decrease in market interest rates of one basis point for all currencies in which the Group has borrowings and derivative financial instruments at 31 March 2009 will have the following effects:

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

** Amount less than $0.1 million.*

Market price risk

If prices for available-for-sale investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity are as follows:

	The Group 31 March		The Company 31 March	
	2009	**2008**	**2009**	**2008**
Effect of an increase in 1% of quoted prices				
Increase in equity	6.6	4.6	5.9	3.6
Effect of a decrease in 1% of quoted prices				
Decrease in equity	(6.6)	(4.6)	(5.9)	(3.6)

38 Capital Management (in $ million)

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

The Company did not breach any gearing covenants during the financial years ended 31 March 2009 or 31 March 2008. In the same period, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

During the previous financial year, the Company made a cash distribution to shareholders totalling approximately $2.2 billion by way of a special dividend and the cancellation of one for every 15 issued shares.

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

39 Related Party Transactions (in $ million)

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

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

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

Directors' and key executives' remuneration of the Company

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

** Amount less than $0.1 million.*

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

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

Name of participant	Options granted during financial year under review	Exercise price for options granted during financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding at end of financial year under review
Chew Choon Seng	-	-	1,194,000	-	1,194,000
Bey Soo Khiang	-	-	762,000	342,000	420,000
Huang Cheng Eng	-	-	747,000	414,750	332,250
Mak Swee Wah	-	-	362,750	156,650	206,100
Ng Chin Hwee	-	-	214,025	67,000	147,025

Conditional awards granted to directors and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

Name of participant	Conditional awards granted during the financial year under review	Adjustment*	Aggregate adjusted awards granted since commencement of plans to end of financial year under review	Awards released during the financial year under review	Aggregate awards released since commencement of plans to end of financial year under review	Aggregate awards not released at end of financial year under review
RSP						
Chew Choon Seng	54,000	6,162	137,187	18,500	18,500	118,687
Bey Soo Khiang	20,000	2,054	49,269	6,200	6,200	43,069
Huang Cheng Eng	17,000	1,540	40,106	4,600	4,600	35,506
Mak Swee Wah	17,000	1,027	33,945	3,100	3,100	30,845
Ng Chin Hwee	17,000	-	17,000	-	-	17,000
PSP						
Chew Choon Seng	57,600	-	134,625	-	-	134,625
Bey Soo Khiang	22,000	-	54,350	-	-	54,350
Huang Cheng Eng	15,000	-	37,594	-	-	37,594
Mak Swee Wah	15,000	-	28,967	-	-	28,967
Ng Chin Hwee	15,000	-	15,000	-	-	15,000

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

40 Reclassifications

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

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

41 Subsequent Event

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

SGX-ST ANNOUNCEMENT DATED 21 MAY 2010 ON AUDITED RESULTS OF SINGAPORE AIRLINES LIMITED FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

This Appendix III is a reproduction of the announcement made by the Company on the SGX-ST on 21 May 2010 and has not been specifically prepared for inclusion in this Information Memorandum.

SINGAPORE AIRLINES

AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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 FINANCIAL YEAR ENDED 31 MARCH 2010 (in $ million)

	The Group		The Group	
	4th Quarter 2009-10	4th Quarter 2008-09	2009-10	2008-09
REVENUE	3,335.8	3,321.3	12,707.3	15,996.3
EXPENDITURE				
Staff costs	495.2	569.2	2,159.4	2,545.9
Fuel costs	996.5	1,300.6	4,194.5	6,408.4
Depreciation	425.1	417.9	1,713.8	1,649.7
Impairment of property, plant and equipment	3.3	--	6.1	41.4
Amortisation of intangible assets	6.4	13.6	42.7	45.5
Aircraft maintenance and overhaul costs	82.8	81.6	342.4	381.6
Commission and incentives	86.1	67.6	316.5	394.5
Landing, parking and overflying charges	145.1	146.8	588.6	656.9
Handling charges	235.0	136.2	784.9	580.7
Rentals on leased aircraft	132.3	136.5	552.9	487.8
Material costs	58.6	143.0	375.4	385.3
Inflight meals	110.3	42.0	347.7	231.0
Advertising and sales costs	55.5	77.5	210.3	240.3
Insurance expenses	14.2	15.6	57.6	60.4
Company accommodation and utilities	29.3	51.0	142.0	187.2
Other passenger costs	32.9	36.4	130.4	146.7
Crew expenses	33.6	44.5	153.4	184.7
Other operating expenses	152.6	69.3	525.5	464.7
	3,094.8	3,349.3	12,644.1	15,092.7
OPERATING PROFIT/(LOSS)	241.0	(28.0)	63.2	903.6
Finance charges	(13.6)	(20.1)	(68.9)	(89.7)
Interest income	10.9	16.7	49.5	96.0
(Loss)/Surplus on disposal of aircraft, spares and spare engines	(1.6)	(5.5)	25.4	60.6
Dividends from long-term investments, gross	2.9	1.6	33.0	23.7
Other non-operating items	7.3	11.9	34.2	29.4
Share of profits of joint venture companies	15.0	19.9	56.1	63.9
Share of profits/(losses) of associated companies	19.0	(106.2)	93.0	111.1
PROFIT/(LOSS) BEFORE TAXATION	280.9	(109.7)	285.5	1,198.6
TAXATION				
Taxation expense	13.0	36.6	(6.0)	(190.0)
Adjustment for reduction in Singapore statutory tax rate	--	138.2	--	138.2
	13.0	174.8	(6.0)	(51.8)
PROFIT FOR THE FINANCIAL YEAR	293.9	65.1	279.5	1,146.8
PROFIT ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE COMPANY	278.0	41.9	215.8	1,061.5
MINORITY INTERESTS	15.9	23.2	63.7	85.3
	293.9	65.1	279.5	1,146.8
BASIC EARNINGS PER SHARE (CENTS)	23.4	3.5	18.2	89.6
DILUTED EARNINGS PER SHARE (CENTS)	23.1	3.5	18.0	89.1

Note : SATS Group was deconsolidated from the Group with effect from 1 September 2009, after completion of the dividend *in specie* distribution. For comparison purposes, a proforma consolidated profit and loss account for the quarter and year ended 31 March 2009 was prepared to exclude the operations of SATS Group from 1 September 2008. Please refer to Annex 1 for the proforma consolidated profit and loss account.

Notes:
(i) Profit for the period is arrived at after charging/(crediting) the following:

	The Group		The Group	
	4th Quarter 2009-10	4th Quarter 2008-09	2009-10	2008-09
Interest income from short-term investments	(0.2)	(0.2)	(0.9)	(0.9)
Dividend income from short-term investments	(0.1)	(0.1)	(0.7)	(0.8)
(Surplus)/Loss on disposal of short-term investments	(0.8)	1.5	(3.6)	4.7
Surplus on disposal of non-current assets	--	(2.1)	--	(2.1)
Income from operating lease of aircraft	(1.0)	(2.2)	(1.0)	(10.5)
Amortisation of deferred gain on sale and operating leaseback transactions	(15.4)	(19.6)	(64.7)	(86.1)
Bad debts written off	0.2	1.3	0.8	2.4
(Writeback)/Impairment of trade debtors	(0.3)	4.5	--	12.3
Writedown of inventories	1.3	22.7	7.4	22.7
Exchange loss/(gain), net	14.9	(11.0)	54.3	73.3
Currency hedging loss/(gain)	27.0	(105.2)	17.7	(138.6)
Fuel hedging loss recognised in "Fuel costs"	19.5	540.0	558.0	348.3
Ineffectiveness of fuel hedging contracts recognised in "Fuel costs"	(0.6)	3.4	0.3	4.0
(Over)/Under provision of tax in respect of prior years	(14.9)	14.5	(44.7)	(10.0)
Adjustment of deferred revenue *	--	--	(57.8)	--

* This adjustment is a result of the recognition of revenue deferred from KrisFlyer miles in line with the maturity profile of outstanding miles.

(ii) The non-operating items comprise the following:

	The Group		The Group	
	4th Quarter 2009-10	4th Quarter 2008-09	2009-10	2008-09
Recognition of liquidated damages	1.1	13.2	20.4	39.0
Surplus on disposal of other property, plant and equipment	6.2	0.3	6.9	1.8
Amortisation of deferred (loss)/gain on sale and finance leaseback transactions	--	(1.6)	0.5	(0.5)
Impairment of investments	--	--	--	(9.8)
Loss on disposal of non-equity investments	--	--	--	(1.1)
Gain on disposal of SATS shares	--	--	6.4	--
	7.3	11.9	34.2	29.4

Revised FRS 1 Presentation of Financial Statements requires an entity to present all non-owner changes in equity in a Statement of Comprehensive Income. The revised FRS is effective from financial years beginning on or after 1 January 2009. This is a change in disclosure with no impact on the financial position or financial performance of the Group.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (in $ million)

	The Group		The Group	
	4th Quarter 2009-10	4th Quarter 2008-09	2009-10	2008-09
PROFIT FOR THE PERIOD	293.9	65.1	279.5	1,146.8
OTHER COMPREHENSIVE INCOME :				
Currency translation differences	(1.7)	64.3	(31.1)	8.6
Available-for-sale financial assets	(0.5)	(9.0)	10.0	(5.9)
Cash flow hedges	28.9	378.7	509.5	(855.6)
Surplus on dilution of interest in an associated company due to its public listing and share options exercised *	80.5	--	80.5	--
Surplus on dilution of interest in subsidiary companies due to share options exercised	3.5	0.1	7.3	8.8
Share of other comprehensive expense of associated and joint venture companies	(16.9)	22.1	(16.9)	(248.3)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	93.8	456.2	559.3	(1,092.4)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	387.7	521.3	838.8	54.4
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO :				
EQUITY HOLDERS OF THE COMPANY	369.9	488.1	779.6	(55.1)
MINORITY INTERESTS	17.8	33.2	59.2	109.5
	387.7	521.3	838.8	54.4

* Pursuant to the listing of an associated company, Tiger Airways Holdings Limited in January 2010, the Group's shareholdings in the associated company decreased from 49.0% to 34.4%. As a result, the Group recognised a surplus on dilution of interest of $80.5 million in the Statement of Comprehensive Income.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (in $ million)

	The Company		The Company	
	4th Quarter 2009-10	4th Quarter 2008-09	2009-10	2008-09
PROFIT FOR THE PERIOD	179.2	145.3	279.8	1,218.7
OTHER COMPREHENSIVE INCOME :				
Available-for-sale financial assets	--	(11.0)	1.9	(1.5)
Cash flow hedges	18.7	313.0	408.8	(693.1)
Effect of changes in group structure	--	--	1,146.3	--
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	18.7	302.0	1,557.0	(694.6)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	197.9	447.3	1,836.8	524.1

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 AS AT 31 MARCH 2010 (in $ million)

	The Group		The Company	
	31-Mar 2010	31-Mar 2009	31-Mar 2010	31-Mar 2009
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	1,750.6	1,684.8	1,750.6	1,684.8
Treasury shares	(0.9)	(44.4)	(0.9)	(44.4)
Capital reserve	74.8	86.3	2.5	(3.7)
Foreign currency translation reserve	(137.0)	(137.9)	--	--
Share-based compensation reserve	185.3	187.3	147.9	135.0
Fair value reserve	(140.9)	(660.8)	(85.3)	(496.0)
General reserve	11,737.0	12,815.3	11,668.5	11,623.3
	13,468.9	13,930.6	13,483.3	12,899.0
MINORITY INTERESTS	280.4	559.8	--	--
TOTAL EQUITY	13,749.3	14,490.4	13,483.3	12,899.0
DEFERRED ACCOUNT	480.7	673.9	443.9	582.3
DEFERRED TAXATION	2,296.6	2,222.0	1,945.6	1,815.9
LONG-TERM LIABILITIES AND PROVISIONS	1,438.1	1,513.5	1,033.1	988.1
	17,964.7	18,899.8	16,905.9	16,285.3
Represented by:-				
PROPERTY, PLANT AND EQUIPMENT				
Aircraft, spares and spare engines	13,007.4	13,042.5	10,739.5	10,670.1
Land and buildings	253.6	732.6	105.8	119.0
Others	1,802.9	2,217.3	1,520.1	1,780.1
	15,063.9	15,992.4	12,365.4	12,569.2
INTANGIBLE ASSETS	80.8	553.0	55.0	64.9
INVESTMENT PROPERTIES	--	7.0	--	--
SUBSIDIARY COMPANIES	--	--	1,805.8	1,780.8
ASSOCIATED COMPANIES	532.6	855.3	1,715.7	1,719.8
JOINT VENTURE COMPANIES	108.6	127.5	--	--
LONG-TERM INVESTMENTS	35.3	43.2	18.8	18.8
OTHER NON-CURRENT ASSETS	114.4	403.6	114.4	391.6
CURRENT ASSETS				
Inventories	429.5	503.2	309.8	338.7
Trade debtors	1,347.8	1,485.5	958.0	994.9
Deposits and other debtors	66.3	241.9	41.9	207.6
Prepayments	92.6	101.9	82.0	77.8
Amounts owing by subsidiary companies	--	--	141.0	284.6
Amounts owing by associated companies	--	0.4	--	--
Investments	140.6	655.6	80.0	587.6
Cash and bank balances	4,471.9	3,848.0	4,260.7	3,458.0
	6,548.7	6,836.5	5,873.4	5,949.2
Less:- **CURRENT LIABILITIES**				
Sales in advance of carriage	1,338.0	1,143.6	1,301.9	1,111.6
Deferred revenue	460.1	500.8	460.1	500.8
Current tax payable	120.8	348.0	96.5	272.6
Trade and other creditors	2,498.7	3,581.5	1,876.6	2,692.0
Amounts owing to subsidiary companies	--	--	1,298.0	1,597.8
Amounts owing to associated companies	2.0	0.6	--	--
Finance lease commitments	64.5	66.9	--	--
Loans	--	32.7	--	--
Notes payable	--	200.0	--	--
Provisions	35.5	35.3	9.5	26.7
Bank overdrafts	--	9.3	--	7.5
	4,519.6	5,918.7	5,042.6	6,209.0
NET CURRENT ASSETS/(LIABILITIES)	2,029.1	917.8	830.8	(259.8)
	17,964.7	18,899.8	16,905.9	16,285.3

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 March 2010		As at 31 March 2009	
Secured	Unsecured	Secured	Unsecured
$64.5 M	Nil	$78.3 M	$230.6 M

Amount repayable after one year

As at 31 March 2010		As at 31 March 2009	
Secured	Unsecured	Secured	Unsecured
$374.4 M	$900.0 M	$489.9 M	$903.0 M

Details of any collateral

The secured borrowings pertained to finance leases of aircraft ($438.9 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 FINANCIAL YEAR ENDED 31 MARCH 2010 (in $ million)

	The Group	
	2009-10	2008-09
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	285.5	1,198.6
Adjustments for:-		
Depreciation	1,713.8	1,649.7
Impairment of property, plant and equipment	6.1	41.4
Amortisation of intangible assets	42.7	45.5
Impairment of trade debtors	--	12.3
Income from short-term investments	(1.6)	(1.7)
Share-based compensation expense	43.5	68.6
Exchange differences	(2.0)	(3.4)
Amortisation of deferred gain on sale and operating leaseback transactions	(64.7)	(86.1)
Finance charges	68.9	89.7
Interest income	(49.5)	(96.0)
Surplus on disposal of aircraft, spares and spare engines	(25.4)	(60.6)
Surplus on disposal of non-current assets	--	(2.1)
Dividends from long-term investments, gross	(33.0)	(23.7)
Other non-operating items	(34.2)	(29.4)
Share of profits of joint venture companies	(56.1)	(63.9)
Share of profits of associated companies	(93.0)	(111.1)
Operating profit before working capital changes	1,801.0	2,627.8
Decrease in trade and other creditors	(40.9)	(516.5)
Increase/(Decrease) in sales in advance of carriage	194.4	(536.7)
(Increase)/Decrease in trade debtors	(6.6)	428.6
Decrease/(Increase) in deposits and other debtors	157.8	(160.3)
Decrease in prepayments	0.6	3.0
Decrease in inventories	24.2	56.5
(Decrease)/Increase in deferred revenue	(40.7)	65.1
Decrease in amounts owing by associated companies	--	0.1
Increase/(Decrease) in amounts owing to associated companies	1.4	(0.6)
Cash generated from operations	2,091.2	1,967.0
Income taxes paid	(125.0)	(300.0)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,966.2	1,667.0

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (in $ million)

	The Group	
	2009-10	2008-09
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(1,560.3)	(2,031.1)
Purchase of intangible assets	(33.8)	(21.6)
Proceeds from disposal of aircraft and other property, plant and equipment	168.5	893.3
Investments in associated companies	(1.0)	--
Disposal/(Purchase) of short-term investments	533.4	(221.6)
Investments in companies pending incorporation	--	(3.9)
Disposal of subsidiary company	(301.9)	--
Proceeds from sale of non-equity investments	--	13.6
Proceeds from disposal of shares in a subsidiary company	--	0.3
Acquisition of minority interests	--	(0.6)
Acquisition of subsidiary companies, net of cash acquired	--	(457.8)
Repayment of loans by associated companies	4.5	2.8
Proceeds from disposal of non-current assets	--	5.2
Dividends received from associated and joint venture companies	163.6	134.3
Dividends received from investments	33.7	24.5
Interest received from investments and deposits	30.7	84.6
Interest received on loans to associated companies	--	9.8
NET CASH USED IN INVESTING ACTIVITIES	(962.6)	(1,568.2)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(236.9)	(1,185.8)
Dividends paid by subsidiary companies to minority interests	(49.4)	(74.4)
Interest paid	(66.2)	(69.8)
Proceeds from borrowings	2.1	1.9
Repayment of borrowings	(25.0)	(15.2)
Repayment of long-term lease liabilities	(66.9)	(54.8)
Proceeds from issuance of share capital by subsidiary companies to minority interests	1.0	8.8
Proceeds from exercise of share options	105.7	50.6
Purchase of treasury shares	--	(64.1)
NET CASH USED IN FINANCING ACTIVITIES	(335.6)	(1,402.8)
NET CASH INFLOW/(OUTFLOW)	668.0	(1,304.0)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	3,838.7	5,119.0
Effect of exchange rate changes	(34.8)	23.7
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	4,471.9	3,838.7
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Fixed deposits	4,069.8	3,540.8
Cash and bank	402.1	307.2
Bank overdrafts	--	(9.3)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	4,471.9	3,838.7

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 FINANCIAL YEAR ENDED 31 MARCH 2010 (in $ million)

	Attributable to Equity Holders of the Company									
The Group	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Minority interests	Total equity
Balance at 1 April 2009	1,684.8	(44.4)	86.3	(137.9)	187.3	(660.8)	12,815.3	13,930.6	559.8	14,490.4
Total comprehensive (expense)/ income for the financial year	--	--	(17.7)	(22.7)	(3.2)	519.9	303.3	779.6	59.2	838.8
Issuance of share capital by a subsidiary company	--	--	--	--	--	--	--	--	1.0	1.0
Share-based compensation expense	--	--	--	--	43.5	--	--	43.5	--	43.5
Share options exercised	65.8	--	--	--	(3.4)	--	--	62.4	--	62.4
Share options lapsed	--	--	--	--	(3.0)	--	3.0	--	--	--
Treasury shares reissued pursuant to equity compensation plans	--	43.5	6.2	--	(13.7)	--	--	36.0	--	36.0
Dividend *in specie*	--	--	--	23.6	(22.2)	--	(1,147.7)	(1,146.3)	--	(1,146.3)
Disposal of a subsidiary company	--	--	--	--	--	--	--	--	(290.2)	(290.2)
Dividends	--	--	--	--	--	--	(236.9)	(236.9)	(49.4)	(286.3)
Balance at 31 March 2010	1,750.6	(0.9)	74.8	(137.0)	185.3	(140.9)	11,737.0	13,468.9	280.4	13,749.3

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009 (in $ million)

	Attributable to Equity Holders of the Company									
The Group	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Minority interests	Total equity
Balance at 1 April 2008	1,682.0	(33.2)	95.6	(130.7)	136.4	443.4	12,931.7	15,125.2	503.7	15,628.9
Total comprehensive (expense)/ income for the financial year	--	--	(5.6)	(7.2)	(6.4)	(1,104.2)	1,068.3	(55.1)	109.5	54.4
Issuance of share capital by subsidiary companies	--	--	--	--	--	--	--	--	8.8	8.8
Acquisition of shares in a subsidiary company	--	--	--	--	--	--	--	--	15.2	15.2
Acquisition of minority interests	--	--	--	--	--	--	--	--	(3.3)	(3.3)
Disposal of shares in a subsidiary company	--	--	--	--	--	--	--	--	0.3	0.3
Share-based compensation expense	--	--	--	--	68.6	--	--	68.6	--	68.6
Share options exercised	2.8	--	--	--	(0.2)	--	--	2.6	--	2.6
Share options lapsed	--	--	--	--	(1.1)	--	1.1	--	--	--
Purchase of treasury shares	--	(64.1)	--	--	--	--	--	(64.1)	--	(64.1)
Treasury shares reissued pursuant to equity compensation plans	--	52.9	(3.7)	--	(10.0)	--	--	39.2	--	39.2
Dividends	--	--	--	--	--	--	(1,185.8)	(1,185.8)	(74.4)	(1,260.2)
Balance at 31 March 2009	1,684.8	(44.4)	86.3	(137.9)	187.3	(660.8)	12,815.3	13,930.6	559.8	14,490.4

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (in $ million)

The Company	Share capital	Treasury shares	Capital Reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2009	1,684.8	(44.4)	(3.7)	135.0	(496.0)	11,623.3	12,899.0
Total comprehensive income for the financial year	--	--	--	--	410.7	1,426.1	1,836.8
Share-based compensation expense	--	--	--	32.3	--	--	32.3
Share options exercised	65.8	--	--	(3.4)	--	--	62.4
Share options lapsed	--	--	--	(2.3)	--	2.3	--
Treasury shares reissued pursuant to equity compensation plans	--	43.5	6.2	(13.7)	--	--	36.0
Dividend *in specie*	--	--	--	--	--	(1,146.3)	(1,146.3)
Dividends	--	--	--	--	--	(236.9)	(236.9)
Balance at 31 March 2010	1,750.6	(0.9)	2.5	147.9	(85.3)	11,668.5	13,483.3

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009 (in $ million)

The Company	Share capital	Treasury shares	Capital Reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2008	1,682.0	(33.2)	--	98.6	198.6	11,589.7	13,535.7
Total comprehensive (expense)/income for the financial year	--	--	--	--	(694.6)	1,218.7	524.1
Share-based compensation expense	--	--	--	47.3	--	--	47.3
Share options exercised	2.8	--	--	(0.2)	--	--	2.6
Share options lapsed	--	--	--	(0.7)	--	0.7	--
Purchase of treasury shares	--	(64.1)	--	--	--	--	(64.1)
Treasury shares reissued pursuant to equity compensation plans		52.9	(3.7)	(10.0)	--	--	39.2
Dividends	--	--	--	--	--	(1,185.8)	(1,185.8)
Balance at 31 March 2009	1,684.8	(44.4)	(3.7)	135.0	(496.0)	11,623.3	12,899.0

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 financial year, the Company issued 5,060,721 shares upon exercise of options granted 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 April 2009	1,186,547,790	1,684.8
Share options exercised during the financial year	5,060,721	65.8
Balance at 31 March 2010	1,191,608,511	1,750.6

As at 31 March 2010, the number of ordinary shares in issue was 1,191,608,511, of which 76,484 were held by the Company as treasury shares. The share capital was $1,750.6 million. (31 March 2009 : 1,186,547,790 ordinary shares of which 3,907,198 were held as treasury shares.)

Employee Share Option Plan

As at 31 March 2010, the number of share options of the Company outstanding was 52,411,320 (31 March 2009: 63,383,492).

During the financial year, 8,429,077 shares 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 financial year is as follows :

Date of Grant	Balance at 01.04.2009	Cancelled during 01.04.2009 to 31.03.2010	Exercised during 01.04.2009 to 31.03.2010	Balance at 31.03.2010	Exercise price*	Expiry date
28.03.2000	4,337,331	(836,929)	(3,500,402)	-	$13.13	27.03.2010
03.07.2000	4,605,445	(349,940)	(595,980)	3,659,525	$14.44	02.07.2010
02.07.2001	2,316,418	(144,785)	(307,570)	1,864,063	$9.75	01.07.2011
01.07.2002	3,406,111	(124,000)	(358,222)	2,923,889	$10.61	30.06.2012
01.07.2003	2,524,376	(118,271)	(419,157)	1,986,948	$8.13	30.06.2013
01.07.2004	4,219,687	(130,323)	(678,793)	3,410,571	$8.49	30.06.2014
01.07.2005	7,441,664	(63,850)	(1,014,651)	6,363,163	$9.07	30.06.2015
03.07.2006	10,136,708	(113,273)	(1,429,299)	8,594,136	$10.39	02.07.2016
02.07.2007	11,752,920	(307,420)	(950)	11,444,550	$16.51	01.07.2017
01.07.2008	12,642,832	(354,304)	(124,053)	12,164,475	$13.12	30.06.2018
	63,383,492	(2,543,095)	(8,429,077)	52,411,320		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.50 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 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 March 2010, the number of outstanding shares granted under the Company's RSP and PSP were 1,734,240 (31 March 2009: 1,287,203) and 644,163 respectively (31 March 2009: 524,853).

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

	Number of Restricted Shares						
Date of grant	Balance at 01.04.2009/ date of grant	Granted during 01.04.2009 to 31.03.2010	Adjustment#	Cancelled	Vested	Modification*	Balance at 31.03.2010
RSP							
27.07.2006	139,749	-	-	(734)	(74,432)	7,726	72,309
01.08.2007	496,842	-	46,710	(8,692)	(282,960)	30,199	282,099
01.07.2008	650,612	-	-	(5,400)	-	77,411	722,623
29.07.2009	-	586,811	-	-	-	70,398	657,209
	1,287,203	586,811	46,710	(14,826)	(357,392)	185,734	1,734,240

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

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

	Number of Performance Shares						
Date of grant	Balance at 01.04.2009/ date of grant	Granted during 01.04.2009 to 31.03.2010	Adjustment#	Cancelled	Vested	Modification*	Balance at 31.03.2010
PSP							
27.07.2006	144,701	-	(35,000)	(4,735)	(104,966)	-	-
01.08.2007	157,952	-	-	-	-	18,947	176,899
01.07.2008	222,200	-	-	-	-	26,664	248,864
29.07.2009	-	195,000	-	-	-	23,400	218,400
	524,853	195,000	(35,000)	(4,735)	(104,966)	69,011	644,163

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

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

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 March 2010, the total number of issued ordinary shares was 1,191,608,511, of which 76,484 were held by the Company as treasury shares. (31 March 2009 : 1,186,547,790 ordinary shares of which 3,907,198 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 financial year, the Company did not purchase any treasury shares (2008-09 : 5,177,000).

The Company transferred 3,368,356 of the treasury shares to employees on exercise of share options and another 462,358 on vesting of share-based incentive plans. Treasury shares are presented as a component within equity attributable to equity holders of the Company.

Group and Company	Number of Shares	Treasury Shares ($ million)
Balance at 1 April 2009	3,907,198	(44.4)
Treasury shares transferred on exercise of share options	(3,368,356)	38.3
Treasury shares transferred on vesting of share-based incentive plans	(462,358)	5.2
Balance at 31 March 2010	76,484	(0.9)

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have been audited in accordance with Singapore Standards on Auditing.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

See attached auditor's report.

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 financial statements for the current reporting period compared with the audited financial statements as at 31 March 2009. The adoption of the new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are mandatory for financial year beginning on or after 1 April 2009 has no significant impact on the Group.

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		The Group	
	4th Quarter 2009-10	4th Quarter 2008-09	2009-10	2008-09
Earnings per share (cents)				
- Basic	23.4	3.5	18.2	89.6
- Diluted	23.1	3.5	18.0	89.1

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 Mar 10	As at 31 Mar 09	As at 31 Mar 10	As at 31 Mar 09
Net asset value per ordinary share ($)	11.30	11.78	11.32	10.91

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

The Group earned a net profit attributable to equity holders of $216 million for the financial year ended 31 March 2010, maintaining its unbroken record of full year profitability. Together with the $404 million net profit in the third quarter, the fourth quarter net profit of $278 million reversed the $466 million loss recorded in the first half.

Group revenue in the fourth quarter at $3,336 million rose 0.4% (+$15 million) over the same quarter a year ago, with higher passenger and cargo carriage.

For the quarter, total Group expenditure was reduced by $254 million (-7.6%) year-on-year to $3,095 million. Expenditure on fuel increased $220 million (+29.1%) owing to higher jet fuel prices. However, this was offset by a reduction of $524 million in hedging losses, from $543 million in January – March 2009 to $19 million for the same period this year.

Consequently, Group operating profit for the quarter ended 31 March 2010 was $241 million, a $269 million improvement from the $28 million operating loss in the corresponding quarter of the preceding year. Discounting the contribution in January – March 2009 from SATS, which was then a subsidiary, the year-on-year improvement was $48 million higher at $317 million.

The Parent Airline Company earned an operating profit of $159 million in the fourth quarter of the financial year, $145 million higher than the same quarter in the preceding financial year, reflecting a recovery in load factors.

All the major subsidiaries in the Group achieved better year-on-year operating results in the fourth quarter:

• SIA Engineering	Operating profit of	$	41 million	(profit of $27 million in 2009)
• SilkAir	Operating profit of	$	31 million	(profit of $17 million in 2009)
• SIA Cargo	Operating profit of	$	8 million	(loss of $123 million in 2009)

BALANCE SHEET REVIEW

Equity attributable to equity holders decreased by $461.7 million or 3.3% to $13,468.9 million as at 31 March 2010 due mainly to the deconsolidation of SATS group upon the distribution of the dividend in specie ($1,146.3 million) and payment of final dividends in respect of FY2008-09 ($236.9 million). This was partially offset by profit for the year ($215.8 million) and an increase in fair value reserve of $519.9 million. The increase in fair value reserve was mainly due to a decrease in fair value loss on outstanding fuel hedging contracts following a rise in jet fuel prices and reduction in fuel volume hedged as contracts mature. This was partially offset by a reduction in fair value gains on outstanding foreign exchange currency hedging contracts.

Total Group assets decreased by $2,334.2 million or 9.4% to $22,484.3 million as at 31 March 2010 mainly as a result of the divestment of SATS Group, with $2,045.1 million of assets being deconsolidated. Deposits and other debtors declined by $162.9 million as previously placed margin call deposits in relation to fuel hedging contracts were refunded.

Total Group liabilities fell $1,593.1 million or 15.4% to $8,735.0 million as at 31 March 2010 primarily from the decrease in trade and other creditors of $870.8 million, mainly attributable to lower fair value losses on outstanding fuel hedges. In addition, the deconsolidation of SATS Group resulted in a further reduction of $608.0 million in the total Group liabilities.

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 the 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

In the year to March 2011, the Parent Company expects to take delivery of four A380-800s and eight A330-300s, while one B747-400 (to be returned at end of lease) and ten B777s (four sold and six leased out) are expected to leave the fleet. The resulting increase of one aircraft will bring the Company's fleet to a total of 109 aircraft by March 2011. The planned deployment will produce a net growth of 2 per cent in available seat-kilometres.

Fuel cost will continue to be a major expense of the Group. The price of jet fuel has hovered around US$90 per barrel recently. It is difficult to predict how the price will behave over the course of the year. The Group's uplift of jet fuel in FY2010-11 is projected to be 33 million barrels. At this point, the intention is to hedge at least a fifth of the required uplift.

Advance bookings for travel in the year ahead are encouraging, especially in Business Class. Similarly, forward indicators suggest that the recent recovery in volumes of air cargo will hold up in the near term. Yields for both passenger and cargo should keep pace with the growth in demand. The sustainability of this improvement depends on developments in the world economy and on business and consumer confidence.

11 Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on? Yes.

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount per Share	-	12.0 cents per ordinary share

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount per Share	20.0 cents per ordinary share	20.0 cents per ordinary share

(c) Date payable

The final dividend, if so approved by shareholders, will be paid on 17 August 2010.

(d) Books closure date

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders to the final dividend being obtained at the Thirty-Eighth Annual General Meeting to be held on 27 July 2010, the Transfer Books and the Register of Members of the Company will be closed on 4 August 2010 for the preparation of dividend warrants.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 up to 5.00 p.m. on 3 August 2010 will be registered to determine shareholders' entitlements to the final dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 3 August 2010 will be entitled to the final dividend.

The final dividend, if so approved by shareholders, will be paid on 17 August 2010.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

SEGMENT INFORMATION BY BUSINESS SEGMENTS (in $ million)

	Airline Operations		Airport terminal and food operations		Engineering services		Cargo Operations		Others		Total of segments		Elimination*		Consolidated	
	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09
TOTAL REVENUE																
External revenue	9,635.4	12,160.4	370.4	451.2	370.0	358.5	2,288.2	2,965.7	43.3	60.5	12,707.3	15,996.3	-	-	12,707.3	15,996.3
Inter-segment revenue	1,044.6	1,431.8	226.5	610.9	636.4	686.8	8.2	8.3	109.9	133.4	2,025.6	2,871.2	(2,025.6)	(2,871.2)	-	-
	10,680.0	13,592.2	596.9	1,062.1	1,006.4	1,045.3	2,296.4	2,974.0	153.2	193.9	14,732.9	18,867.5	(2,025.6)	(2,871.2)	12,707.3	15,996.3
RESULTS																
Segment result	10.6	856.4	70.5	170.9	110.4	112.6	(145.1)	(245.0)	18.1	10.8	64.5	905.7	(1.3)	(2.1)	63.2	903.6
Finance charges	(51.2)	(71.4)	(3.3)	(6.7)	-	-	(18.3)	(25.6)	-	-	(72.8)	(103.7)	3.9	14.0	(68.9)	(89.7)
Interest income	48.8	97.6	0.4	6.9	1.0	3.9	2.7	10.5	0.5	0.9	53.4	119.8	(3.9)	(23.8)	49.5	96.0
Surplus on disposal of aircraft, spares and spare engines	25.3	12.8	-	-	-	-	0.2	52.7	-	-	25.5	65.5	(0.1)	(4.9)	25.4	60.6
Dividends from subsidiary and associated companies, gross	199.2	341.4	-	-	-	-	1.5	1.0	-	0.1	200.7	342.5	(200.7)	(342.5)	-	-
Dividends from long-term investments, gross	17.5	11.5	-	1.1	15.5	11.1	-	-	-	-	33.0	23.7	-	-	33.0	23.7
Other non-operating items	34.4	40.1	0.8	(10.9)	6.0	0.1	-	0.1	0.2	(5.8)	41.4	23.6	(7.2)	5.8	34.2	29.4
Share of profits of joint venture companies	-	-	-	-	56.1	63.9	-	-	-	-	56.1	63.9	-	-	56.1	63.9
Share of profits/(losses) of associated companies	5.7	(20.3)	16.7	22.2	73.6	109.1	(3.0)	(9.7)	-	-	93.0	101.3	-	9.8	93.0	111.1
Taxation	31.4	(38.7)	(18.2)	(35.1)	(24.5)	(37.4)	10.2	52.4	(2.9)	(2.6)	(4.0)	(61.4)	(2.0)	9.6	(6.0)	(51.8)
Profit/(Loss) for the financial year	321.7	1,229.4	66.9	148.4	238.1	263.3	(151.8)	(163.6)	15.9	3.4	490.8	1,480.9	(211.3)	(334.1)	279.5	1,146.8
Attributable to:																
Equity holders of the Company															215.8	1,061.5
Minority interests															63.7	85.3
															279.5	1,146.8

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

ANALYSIS OF GROUP REVENUE BY AREA OF ORIGINAL SALE
- AIRLINE OPERATIONS (in $ million)

Revenue by Area of Original Sale	2009-10	2008-09
East Asia	3,791.5	4,636.4
Europe	1,534.0	2,067.6
South West Pacific	1,291.6	1,793.9
Americas	620.4	751.0
West Asia and Africa	493.6	676.2
Systemwide	7,731.1	9,925.1
Non-scheduled services and incidental revenue	2,948.9	3,667.1
Total	10,680.0	13,592.2

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to note 8.

15 A breakdown of sales.

BREAKDOWN OF REVENUE AND RESULTS (in $ million)

The Group	2009-10	2008-09	% Change
First Half			
Revenue reported for the first half-year	5,953.5	8,511.0	- 30.1
(Loss)/Profit after tax reported for the first half-year	(429.8)	723.0	n.m.
Second Half			
Revenue reported for the second half-year	6,753.8	7,485.3	- 9.8
Profit after tax reported for the second half-year	709.3	423.8	+ 67.4

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Annual Dividend ($ million)	2009-10	2008-09
Ordinary dividend		
- Interim	-	237.1
- Final #	143.0	236.9
Total	143.0	474.0

2009-10 Final dividend is estimated based on number of shares outstanding as at the end of the financial year.

17 Interested Person Transactions

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the Financial Year 2009-10 are as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year 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 $100,000)
	S$	**S$**
Singapore Airport Terminal Services Limited Group		
Aero Laundry & Linen Services Private Limited	-	6,665,316
Air India - SATS Joint Venture (50:50)	-	766,246
Beijing Airport Inflight Kitchen Limited	-	2,399,024
Beijing Aviation Ground Services Company Ltd	-	2,905,204
Maldives Inflight Catering Pte Ltd	-	691,312
PT Jasa Angkasa Semesta Tbk	-	5,211,239
SATS Airport Services Pte Ltd	-	15,320,148
SATS Catering Pte Ltd	-	10,441,980
SATS HK Limited	-	947,457
SATS Security Services Private Limited	-	13,092,106
Singapore Airport Terminal Services Limited	-	237,166,371
Taj Madras Flight Kitchen Pvt Limited	-	383,689
Taj SATS Air Catering Ltd	-	2,281,399
Tan Son Nhat Cargo Services Ltd (TCS)	-	491,998
Singapore Technologies Engineering Ltd Group		
ST Aerospace Engineering Pte Ltd	-	511,766
Singapore Telecommunications Limited Group		
NCS Pte Ltd	-	1,264,000
Singapore Telecommunications Limited	-	975,956
Trusted Hub Limited	-	189,061
Temasek Holdings (Private) Limited Group		
Asprecise Pte Ltd	-	600,000
Certis CISCO Security Pte Ltd	-	514,064
Great Wall Airlines Company Limited	-	2,343,659
MediaCorp Pte Ltd	-	187,600
PT Bank Danamon Indonesia TBK	-	193,636
Temasek Holdings (Private) Limited	-	408,800
Tiger Airways Singapore Pte Ltd	-	113,880
Total Interested Person Transactions	-	306,065,911

By Order of the Board

Ethel Tan (Mrs)
Company Secretary
21 May 2010

Singapore Company Registration No.: 197200078R

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE AIRLINES LIMITED

We have audited the accompanying financial statements of Singapore Airlines Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 9 to 91, which comprise the statements of financial position of the Group and the Company as at 31 March 2010, the statements of changes in equity of the Group and the Company and the consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

Ernst & Young LLP

ERNST & YOUNG LLP
Public Accountants and
Certified Public Accountants

Dated this 21st day of May 2010
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010 (in $ million)

	The Group		The Group	
	4th Quarter 2009-10	4th Quarter 2008-09 Proforma*	2009-10	2008-09 Proforma*
REVENUE	3,335.8	3,169.2	12,707.3	15,726.4
EXPENDITURE				
Staff costs	495.2	468.9	2,159.4	2,320.9
Fuel costs	996.5	1,300.6	4,194.5	6,408.4
Depreciation	425.1	403.2	1,713.8	1,616.1
Impairment of property, plant and equipment	3.3	--	6.1	41.4
Amortisation of intangible assets	6.4	5.6	42.7	37.5
Aircraft maintenance and overhaul costs	82.8	81.6	342.4	381.6
Commission and incentives	86.1	67.6	316.5	394.5
Landing, parking and overflying charges	145.1	146.8	588.6	656.9
Handling charges	235.0	209.4	784.9	770.4
Rentals on leased aircraft	132.3	136.5	552.9	487.8
Material costs	58.6	57.7	375.4	268.7
Inflight meals	110.3	102.7	347.7	379.2
Advertising and sales costs	55.5	71.4	210.3	234.0
Insurance expenses	14.2	15.6	57.6	60.4
Company accommodation and utilities	29.3	30.1	142.0	140.0
Other passenger costs	32.9	36.4	130.4	146.7
Crew expenses	33.6	44.5	153.4	184.7
Other operating expenses	152.6	66.2	525.5	401.2
	3,094.8	3,244.8	12,644.1	14,930.4
OPERATING PROFIT/(LOSS)	241.0	(75.6)	63.2	796.0
Finance charges	(13.6)	(18.1)	(68.9)	(85.5)
Interest income	10.9	16.2	49.5	93.4
(Loss)/Surplus on disposal of aircraft, spares and spare engines	(1.6)	(5.5)	25.4	60.6
Dividends from long-term investments, gross	2.9	1.6	33.0	22.5
Other non-operating items	7.3	13.5	34.2	41.3
Share of profits of joint venture companies	15.0	19.9	56.1	63.9
Share of profits/(losses) of associated companies	19.0	(110.3)	93.0	96.9
PROFIT/(LOSS) BEFORE TAXATION	280.9	(158.3)	285.5	1,089.1
TAXATION				
Taxation expense	13.0	42.8	(6.0)	(170.0)
Adjustment for reduction in Singapore statutory tax rate	--	135.3	--	135.3
	13.0	178.1	(6.0)	(34.7)
PROFIT FOR THE FINANCIAL YEAR	293.9	19.8	279.5	1,054.4
PROFIT ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE COMPANY	278.0	5.6	215.8	986.7
MINORITY INTERESTS	15.9	14.2	63.7	67.7
	293.9	19.8	279.5	1,054.4

* SATS Group was deconsolidated from the Group with effect from 1 September 2009, after completion of the dividend *in specie* distribution. For comparison purposes, a proforma consolidated profit and loss account for the quarter and year ended 31 March 2009 was prepared to exclude the operations of SATS Group from 1 September 2008.