STAYING FOCUSED

2008/09
ANNUAL REPORT

SIA ENGINEERING COMPANY

mission statement

SIA Engineering Company is engaged in providing aviation engineering services of the highest quality, at competitive prices for customers and at a profit to the company.

company profile

As a leading maintenance, repair and overhaul (MRO) organisation with a reputation for technical and operational excellence, SIA Engineering Company offers TOTAL SUPPORT solutions to an expanding client base of international air carriers. Coupled with the specialised technical expertise developed over the years, SIA Engineering Company offers its customers a high level of service and commitment, with faster turnaround and better cost efficiencies.

The Company also actively seeks alliances and partnerships with industry specialists and original equipment manufacturers to extend the breadth and depth of its services in Singapore and beyond. Certified a "People Developer" by Spring Singapore, SIA Engineering Company places high priority on attracting, developing, motivating and retaining its human capital. The Company holds certifications from more than 25 airworthiness authorities worldwide, including the Civil Aviation Authority of Singapore, the Federal Aviation Administration, the European Aviation Safety Agency and the Japan Civil Aviation Bureau.

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statistical highlights

R1 SIA Engineering Company's financial year is from 1 April to 31 March. Throughout this report, all financial figures are in Singapore Dollars, unless stated otherwise.

R2 Return on equity holders' funds is the profit attributable to equity holders of the Company expressed as a percentage of the average equity attributable to equity holders of the Company.

R3 Net liquid assets is derived by offsetting current loans against liquid assets.

R4 Earnings after tax per share (basic) is computed by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue.

R5 Earnings after tax per share (diluted) is computed by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding share options granted to employees.

R6 Net asset value per share is computed by dividing the equity attributable to equity holders of the Company by the number of ordinary shares in issue at 31 March.

FINANCIAL STATISTICS [R1]

	2008-09	2007-08	% Change
Group ($ million)			
Revenue	1,045.3	1,009.6	+3.5
Expenditure	932.7	906.7	+2.9
Operating profit	112.6	102.9	+9.4
Profit before taxation	300.7	285.5	+5.3
Profit attributable to equity holders of the Company	260.6	253.8	+2.7
Share capital	255.6	245.0	+4.3
Reserves			
General reserve	971.9	937.5	+3.7
Share-based compensation reserve	39.6	28.5	+38.9
Fair value reserve	(1.8)	2.7	nm
Foreign currency translation reserve	(36.4)	(88.4)	-58.8
Equity attributable to equity holders of the Company	1,228.9	1,125.3	+9.2
Return on equity holders' funds (%) [R2]	22.1	23.9	- 1.8 pt
Total assets	1,502.2	1,413.5	+6.3
Net liquid assets [R3]	371.7	437.2	-15.0
Value added	757.3	755.5	+0.2
Per Share Data (cents)			
Earnings before tax	27.9	26.7	+4.5
Earnings after tax - basic [R4]	24.2	23.7	+2.1
- diluted [R5]	24.1	23.3	+3.4
Net asset value [R6]	114.0	104.7	+8.9
Dividends (cents per share)			
Interim dividend	5.0	4.0	+25.0
Proposed final dividend	11.0	16.0	-31.3
Company ($ million)			
Revenue	992.9	967.2	+2.7
Expenditure	886.6	865.9	+2.4
Operating profit	106.3	101.3	+4.9
Profit before taxation	237.3	223.9	+6.0
Profit after taxation	217.5	203.1	+7.1
Value Added	677.6	678.4	-0.1

PRODUCTIVITY AND EMPLOYEE DATA

	2008-09	2007-08	% Change
Employee Productivity – Company			
Average number of employees	5,621	5,550	+1.3
Revenue per employee ($)	176,641	174,265	+1.4
Value added per employee ($)	120,555	122,226	-1.4
Employee Productivity – Group			
Average number of employees	6,259	6,116	+2.3
Revenue per employee ($)	167,013	165,071	+1.2
Value added per employee ($)	120,999	123,528	-2.0

chairman's statement

Stephen Lee Ching Yen
Chairman

Dear Shareholders,

Since my message to Shareholders last year, the financial and economic turmoil that started in 2007 continued to challenge the aviation industry. In the midst of this difficult environment, we turned in a creditable set of results for FY2008/2009, lifted by the strong contributions from our 23 ventures spread across nine countries, a testimony of the strengths of our business model and strategic partnerships forged with some of the world's leading original equipment manufacturers and industry players in the region.

The year ahead is fraught with uncertainties. As we chart the course forward, the Group is staying focused on both its short-term and long-term objectives – dealing effectively with the immediate challenges while continuing to tap opportunities emerging in the industry.

Breaking New Ground for Long-Term Growth

On 6 November 2008, we commenced construction of our first narrow-body hangar at Clark International Airport, Philippines. To be ready in mid-2009, this hangar is the forerunner of more offshore facilities planned for the future. While Singapore will remain our main base of operation, catering to high value-add, skills-intensive maintenance, repair and overhaul (MRO) work, the expansion overseas will give the Group added capacity at lower-cost jurisdictions, and sharpen our global competitiveness.

February 2009 saw us making further inroads into the Asian MRO market when we inked an agreement with Saigon Ground Services to establish a jointly owned line maintenance facility at Tan Son Nhat International Airport in Ho Chi Minh, Vietnam. Plans are in the pipeline to expand to other airports in Vietnam and, when conditions are right, to scale up operations to provide heavy maintenance.

The MRO landscape continues to be shaped by the expectation of airlines for sustained improvements in fleet operating efficiencies. Adopting a holistic approach for their engineering needs, airlines are increasingly outsourcing management of their fleets to MRO suppliers with comprehensive capabilities. Leveraging on this trend, our Fleet Management Programme (FMP) competency continued its impressive momentum, securing long-term contracts with Airbus, Gulf Air, V Australia and Great Wall Airlines, with a total value of more than S$600 million. The Gulf Air deal has given us an important presence in Bahrain, and access to the aviation markets of the Middle East and Europe. With our FMP footprint covering Asia, Australia, Middle East and the US, we currently have nine FMP customers with a combined fleet size of 175 aircraft.

Over the years, the Company has refined its business focus and adopted strategies that have enabled it to advance in the right direction. Underpinning this growth is the commitment and hard work of our staff. But today, we face a different set of challenges in a climate of intense global competition. All else being equal, it is the quality of the workforce that will be the key differentiator in today's realities. As such, we continue to invest in the partnership of the staff and unions to innovate and revamp the work environment to meet these challenges. This symbiotic collaboration will accelerate the momentum to reinforce best practices and work structures in an atmosphere of mutual understanding and trust.

Awards

SIAEC was voted '2008 Best Asia/Pacific Airline MRO Operation' by Aviation Week, an international aviation publication, in recognition of the success of the Group's international growth strategy and its engineering achievements.

We are committed to upholding the best values in corporate governance. For the fifth time since our listing in 2000, we emerged runner-up in the 'Most Transparent Company' Award conferred by the Securities Investors Association of Singapore.

Dividend

The Board remains focused on delivering a steady dividend payout for shareholders. Your Directors are recommending a final dividend of 11 cents per share for FY2008/2009. This brings the total distribution for the year to 16 cents per share, which translates to a gross dividend yield of 8.6% (based on the closing price of $1.87 on 31 March 2009).

Business Outlook

The business prospects ahead remain challenging. Deteriorating financial and economic conditions threaten to further derail the aviation industry. In these trying and unprecedented times, we will maintain a tight rein on expenditure and explore all avenues to cut costs. Navigating the course will test our mettle to the fullest. With staff and unions understanding the challenges before us and working in co-operation with management, I am confident the Group will weather these difficult times.

Notwithstanding the current slowdown, we remain committed to the strategy of strengthening our global footprint through collaborations with key airline customers, equipment manufacturers and strategic players. This will further strengthen our fundamentals and give us a sustainable competitive edge.

Appreciation

I warmly appreciate the contributions from my colleagues on the Board who, despite their busy schedules, have devoted substantial time and energy to participate actively in Board and Board Committee discussions. Their vast and varied experience have greatly enriched Board deliberations and provided sound guidance to management.

I am grateful for the unstinting dedication of all staff and the constructive role adopted by the unions. The continued success of the Group is rooted in its workforce – their ability to embrace changes, innovate and excel, as well as their willingness to make sacrifices for the long-term good of the Group will be decisive.

The continued support of our customers, particularly our anchor customers, the SIA Group airlines, is greatly appreciated. I also take this opportunity to thank our shareholders and business partners for reposing confidence in SIAEC. As we continue to build value propositions to differentiate ourselves in the global MRO arena, we remain focused in delivering long-term benefits to our stakeholders.

Stephen Lee Ching Yen
Chairman

STAYING FOCUSED

Operating against the backdrop of a very challenging business environment, we remain focused on integrating our core competencies – airframe maintenance, component overhaul, line maintenance and fleet management – with our close strategic ties with the world's best aircraft manufacturers and OEMs. This enables us to provide greater value and better cost efficiencies to our customers.

This integration is made possible through the culture of excellence that is instilled in our people, whose knowledge of the most advanced aircraft technology is continually elevated.

- airframe maintenance
- component overhaul
- line maintenance
- fleet management
- 23 ventures in 9 countries

aircraft delivery

- Production inspection at aircraft assembly plant
- Compliance with airworthiness authorities for engineering requirements
- Entry-into-service preparations
- Planning of maintenance schedule
- Customisation of aircraft cabin

aircraft in service

- Aircraft certifications and defect rectification
- Aircraft health monitoring
- Light maintenance checks
- Heavy maintenance checks
- Maintenance Programmes for ongoing compliance with Airworthiness Directives & Service Bulletins
- Inventory management and logistics
- Aircraft-on-ground services
- Cabin retrofit and configuration
- Aircraft structural modifications
- Passenger to freighter conversions

aircraft sold to other operators

- Heavy maintenance checks
- Cabin retrofit and configuration
- Aircraft structural modifications
- Passenger to freighter conversions
- Maintenance Programmes for compliance with Airworthiness Directives & Service Bulletins

integrating core competencies with strategic collaborations

Partnerships build depth and breadth to our core businesses. Our 23 ventures in 9 countries, forged with leading OEMs and other strategic partners, provide added capabilities, critical support and base load.

AIRFRAME MAINTENANCE

Our Competencies

- Mandatory scheduled checks
- Major modifications and cabin conversions
- Passenger-to-freighter conversions
- 6 specialised hangars at Singapore Changi Airport

Enhanced by 3 Ventures

In Singapore, Philippines

In partnership with

- Cebu Pacific Air
- Jamco America
- Jamco Corporation
- Itochu Corporation

LINE MAINTENANCE

Our Competencies

- Aircraft certification and technical handling services at more than 40 airports in the Asia-Pacific
- Quick Action Teams dedicated to provide worldwide support for Aircraft-On-Ground emergencies

Enhanced by 6 Ventures

In Australia, Indonesia, Hong Kong, Philippines, USA, Vietnam

In partnership with

- Cebu Pacific Air
- PT Cardig International
- Malaysia Airlines
- Garuda Indonesian Airways
- Royal Brunei Airlines
- Saigon Ground Services

COMPONENT OVERHAUL

Our Competencies

- 22 specialised workshops with capabilities to overhaul more than 26,000 part numbers
- On-site component support services in Singapore and overseas

Enhanced by 4 Ventures

In Singapore

In partnership with

- Goodrich Corporation
- Messier Services
- Parker Hannifin
- Hamilton Sundstrand

FLEET MANAGEMENT

Our Competencies

- Fleet technical management, 24/7 maintenance watch and inventory management for nine airlines

Collaborations on fleet / inventory management with

- Airbus
- Boeing

ENGINE & ENGINE COMPONENT OVERHAUL

Supported by 10 ventures

- In Singapore, Hong Kong, Taiwan, Ireland,

In partnership with

- Pratt & Whitney
- Rolls-Royce
- PAS Technologies
- China Airlines
- Hong Kong Aero Engine Company
- Singapore Technologies Aerospace

In our relentless pursuit to increase value-add for customers, we continuously work at strengthening our three main pillars of engineering excellence - operations, partnerships and support infrastructure.

achieving excellence through our people

An excellence-driven, experienced workforce is key to the Group's ability to integrate its core competencies with strategic partnerships. The combination of our excellence culture and the core strengths of our partnerships sets SIA Engineering Company apart from the competition and reinforces our long-term sustainability.

TECHNOLOGY LEADER

- Over the years, our capability in handling the world's most advanced aircraft has been the hallmark of the Group. Being the world's first to maintain the Airbus A380 was yet another milestone in our people's relentless pursuit of excellence.

  We continue to train our people on the latest aircraft types to stay at the leading edge of aircraft technology.

EXPERIENCE & EXPERTISE

- Integrated services such as our Fleet Management Programme require our staff to have the requisite ability and experience to handle every aspect of airline technical operations for a growing fleet of more than 110 aircraft, comprising A320s, A330s, B777s and B747s.

  This is made possible through years of accumulated experience in handling the engineering needs of a premier international carrier, Singapore Airlines.

ADAPTABILITY & SKILLS

- In FY2008/09 our people took up the challenge to convert a B747-400 into a VIP aircraft for the first time. This was breaking new ground for us. Our people had to be exceptionally adaptable in applying their skills to new areas, and to be able to coordinate a big team of stakeholders and technology partners. We also had to work with our joint venture partners such as JADE, SJAMCO, GASCA and ESA, as well as OEM partners- Boeing, Panasonic and Rockwell Collins, in order to complete the B747 VIP Cabin Retrofit Programme within the scheduled timeframe and strict quality requirements.

Our people are central to our reputation for engineering excellence and round-the-clock support. As a certified People Developer since 1999, the Group continues to focus on workforce development and training, ensuring that the pursuit of excellence continues to be upheld and enhanced.

board of directors

A Mr Stephen Lee Ching Yen, Chairman
Age 62

Mr Lee was appointed Director on 1 December 2005 and Chairman on 1 January 2006. He is the Chairman of Singapore Airlines Ltd, Managing Director of Shanghai Commercial and Savings Bank Ltd (Taiwan) and President of the Singapore National Employers Federation.

Mr Lee serves as a Director of Great Malaysia Textile Investments Pte Ltd, Baosteel Group (Shanghai), Shanghai Commercial Bank Ltd (Hong Kong), Singapore Labour Foundation and Kidney Dialysis Foundation. He is also a member of the Advisory Panel of Temasek Holdings (Private) Limited and an Alternate Member of the Council of Presidential Advisers.

Mr Lee was Chairman of the Singapore Business Federation from 2002 to 2008 and International Enterprise Singapore from 1995 to 2002. He was a Nominated Member of Parliament from 1994 to 1997. In 2006, he was awarded the Distinguished Service Order for his contributions to both the public and private sectors.

B Mr Chew Choon Seng, Deputy Chairman
Age 62

Mr Chew was appointed Deputy Chairman on 22 May 2003. He is the Chief Executive Officer and a Director of Singapore Airlines Ltd. He joined the Company in 1972 and has held senior assignments in Marketing, Planning and Finance, at head office and overseas.

Mr Chew is a Director of the Singapore Exchange Ltd and of the Government of Singapore Investment Corporation Pte Ltd. He 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.

C Mr Tan Bian Ee, Director
Age 62

Mr Tan was appointed Director on 15 April 2004. He was the Chief Operating Officer of Avago Technologies and Worldwide Sales and Global Operations prior to his retirement in February 2009. He joined Hewlett Packard in 1973 and was promoted to Hewlett-Packard Malaysia Managing Director in 1989. He was then appointed as President of Agilent Technologies Malaysia and Singapore in 1999 when Hewlett-Packard spun off its Semiconductor Component Operations to form Agilent Technologies Inc.

Mr Tan has been council member in the Industrial Coordination Council under the Ministry of International Trade & Industry of Malaysia since 2000. Mr Tan was the Director of Singapore Workforce Development Agency under the Singapore Ministry of Manpower from 2004 to 2005. He was also Chairman of the Penang State Manufacturing/Technology Sector Sub-Committee in the Human Resource Development Council and the founding Chairman of Penang Skills Development Center. He was awarded the Pingat Kelakuan Tertinggi (Exemplary Leadership Award), Darjah Johan Negeri (Second Highest State Award) and the Darjah Setia Pangkuan Negeri which carries the title Dato' in 1991, 1995 and 1997 respectively from the State Government of Penang, Malaysia.

D Mr Koh Kheng Siong, Director
Age 61

Mr Koh was appointed Director on 1 September 2005. He is the Chairman of the Audit Committee with effect from 22 July 2006. Mr Koh held a number of senior management positions in Singapore and the USA during his career in ExxonMobil. He was Financial Controller of ExxonMobil Asia-Pacific Pte Ltd prior to his retirement in August 2005. Mr Koh also held the positions of Manager, Financial Planning and Operations, and Manager, Downstream Financial Reporting in Exxon Company International, USA. He was previously Treasurer, Esso Singapore Pte Ltd.

Mr Koh is also a non-executive, independent Director of Mapletree Logistics Trust Management Ltd, Venture Corporation Ltd and Orchard Energy Pte Ltd.

E Mr Paul Chan Kwai Wah, Director
Age 55

Mr Chan was appointed Director on 1 August 2006. He stepped down as Senior Vice President and Managing Director of Hewlett-Packard Asia Pacific Pte Ltd on 1 May 2006. He was with Hewlett-Packard for 28 years, including seven years with Compaq Computer Asia Pacific Pte Ltd, where he held a number of senior executive positions and led the successful regional integration of Tandem Computers, Digital Equipment Corporation and Compaq Computers.

Mr Chan is also a Director of Singapore Power Ltd, National Healthcare Group Pte Ltd and Integrated Health Information Systems Pte Ltd. Mr Chan served as Director of the Singapore Economic Development Board from 2004 to 2006. He was awarded the Public Service Star (PBM) in 2005.

F Mr Andrew Lim Ming-Hui, Director
Age 47

Mr Lim was appointed Director on 1 August 2006. He is a Partner of Allen and Gledhill where he is Co-Head of the Corporate Mergers & Acquisitions Department. He has extensive experience in domestic and cross-border mergers and acquisitions, domestic and regional joint ventures, and corporate, regulatory and commercial law, among others.

Mr Lim is a Director of Jurong Engineering Ltd, SPTL Holdings Pte Ltd, Morton's of Chicago (Singapore) Pte Ltd and Morton's of Chicago Asia (Singapore) Pte Ltd. Mr Lim is also a member of the Board of Governors for his alma mater, St. Andrew's Junior College and serves on the Education Board of the Anglican Diocese of Singapore.

G Mr Ron Foo Siang Guan, Director
Age 61

Mr Foo was appointed Director on 1 August 2007. He has more than 35 years of extensive auditing, accounting and financial experience in Singapore and overseas. He had been a Partner in PricewaterhouseCoopers, Singapore for 22 years before retiring in December 2005.

Mr Foo is presently a Director of the Singapore Deposit Insurance Corporation, NTUC Income Insurance Co-Operative Limited, SembCorp Marine Ltd and a member of the Competition Appeal Board. Mr Foo has also been actively involved as a council member in the Institute of Certified Public Accountants of Singapore (ICPAS) and was awarded the ICPAS Gold Medal 2004 in recognition of his outstanding contributions and distinguished service to the accounting profession and the community.

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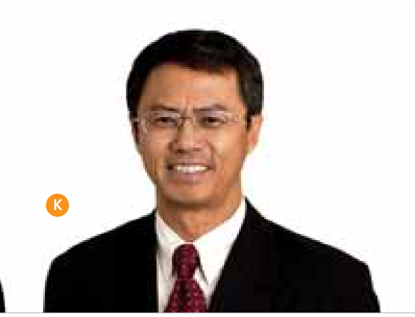
K


H Mr Lim Joo Boon, Director
Age 55

Mr Lim was appointed Director on 1 August 2007. He held various senior leadership positions within Accenture organisations in Singapore and the Asia Pacific region, including Country Managing Partner in Accenture Taiwan, Head Electronics and High Technology Industries in Accenture Asia Pacific and Head Supply Change Management. Mr Lim was a Senior Partner of Accenture Singapore before his retirement in 2003. His professional expertise is in organisational transformation, business process re-engineering and large-scale mission critical IT system implementation.

Mr Lim is presently a Director of Singapore Pools Pte Ltd, Singapore Turf Club, the Inland Revenue Authority of Singapore and Asia Philanthropic Ventures Private Limited.

I Mr Oo Soon Hee, Director
Age 65

Mr Oo was appointed Director on 1 August 2007. He was previously the President & CEO of NatSteel Asia Pte Ltd and was appointed as Director, South East Asia of Tata Steel Ltd on 1 January 2008. Upon his retirement on 31 May 2009, he was appointed as Adviser to the Managing Director of Tata Steel effective 1 June 2009.

Mr Oo has more than 30 years of extensive experience in businesses operating locally and in Asia.

Mr Oo is presently a Director on the Boards of ComfortDelgro Corporation Ltd, NatSteel Asia Pte Ltd, Tata Steel (Thailand) Public Company Ltd, NSA Holdings Pte Ltd, Natsteel Holdings Pte Ltd and Tata Steel Global Minerals Holdings Pte Ltd.

J Mr Ng Chin Hwee, Director
Age 48

Mr Ng Chin Hwee was appointed on 18 July 2008. He is the Executive Vice President for Human Resources and Planning in Singapore Airlines Ltd (SIA). He joined SIA in 1985 and has been appointed to various senior positions in Singapore and overseas. Among the overseas stints, Mr Ng served as Manager Myanmar for SIA's regional carrier Tradewinds (later renamed as SilkAir), SIA's Manager Victoria and Tasmania in Australia, and General Manager Germany.

Upon his return to Singapore in 1988, he served as Vice President Ground Services. He was then promoted to Divisional Vice President in 1999 and Senior Vice President Americas in 2001. In 2004, he returned to Singapore to take up the position of President & Chief Executive Officer of Singapore Airport Terminal Services Ltd (SATS). He left SATS to rejoin SIA and was promoted to his current position on 1 January 2008.

Mr Ng is presently a Director of Singapore Airlines Cargo Pte Ltd.

K Lt-Gen (Ret) Bey Soo Khiang, Director
Age 54

Lt-Gen (Ret) Bey was appointed Director on 1 March 2000 and retired on 18 July 2008. He is the Senior Executive Vice President (Operations & Planning) of Singapore Airlines Ltd (SIA). Prior to the appointment, he was the Senior Executive Vice President for Operations and Services, Senior Executive Vice President (Technical and Human Resources) and Executive Vice President (Technical). Before joining SIA, he was the Chief of Defence Force in the Ministry of Defence from 1995–2000 and the Chief of Air Force from 1992–1995.

Lt-Gen (Ret) Bey is the Chairman of SIA Cargo Pte Ltd and SIA Properties Pte Ltd. Additionally, he is a Board Director of the Sentosa Development Corporation, a member of the Board of Governors of the Singapore International Foundation and is a Director in All Good Gifts Ministries Ltd. He also holds directorships in Virgin Atlantic Ltd, Virgin Atlantic Airways Ltd and Virgin Travel Group Ltd.

executive management

William Tan Seng Koon
President & Chief Executive Officer

A **Chan Seng Yong**
Senior Vice President
(Services & Clark Project)

B **Png Kim Chiang**
Senior Vice President
(Aircraft & Component Services)

C **Jack Koh Swee Lim**
Senior Vice President
(Commercial)

D **Zarina Piperdi**
Senior Vice President
(Human Resources)

E **Ivan Neo Seok Kok**
Senior Vice President
(Line Maintenance & Business Development)

F **Anne Ang** (*from 16 May 2008*)
Chief Financial Officer

operations review

LINE MAINTENANCE

New and renewed contracts for Line Maintenance

New contracts in FY2008/09: Air Europa, Best Air, Chapman Freeborn, China Eastern Airlines, Iceland Air, Jade Cargo International, Jetstar International, Kingfisher Airlines, Lion Air , Orient Global Aviation, Qantas Freight and TNT Airways.

Renewed contracts in FY2008/09: Air Seychelles, British Airways, China Southern Airlines, EVA Air, Korean Airlines, Philippines Airlines, Royal Brunei, United Airlines and Universal Singapore.

These new customers add on to our customer base of more than 60 airlines.

Key Figures (Line Maintenance)

	2008/09	2007/08	Year on year changes
Flights handled by SIAEC Line Maintenance	98,064	95,641	2.5%

AIRFRAME MAINTENANCE AND COMPONENT OVERHAUL

New and renewed contracts for Airframe Maintenance

New contracts in FY2008/09: Air Atlanta, Air Austral, Airbus, Air Canada, Air Pacific, Alitalia, Asiana Airlines, Cargolux Airlines, Gulf Air, Q Aviation, Qatar Airways, TNT Airways, Transaero Airlines, Vietnam Airlines, Virgin Atlantic Airlines and Yangtze River Express.

Renewed contracts in FY2008/09: Biman Bangladesh Airlines, Dubai Air Wing and Japan Airlines Domestic.

These contracts amounted to more than S$121 million.

Key Figures (Airframe Maintenance and Component Overhaul)

Type of Checks	2008/09	2007/08
A	315	345
C	116	143
D	23	27

FLEET MANAGEMENT PROGRAMME

New and renewed contracts for Fleet Management Programme

New contracts in FY2008/09:
V Australia, Airbus, Gulf Air

Renewed contract in FY2008/09: Great Wall Airlines

These contracts totalled more than S$600 million.

For the FMP contract with Gulf Air, SIAEC has set up a Branch office in Bahrain for the FMP and MRO work to be done in Bahrain.

Key Figures (Fleet Management Programme)

As of June 2009, we were servicing nine customers (SilkAir, Tiger Airways, Cebu Pacific Air, Mandala Airlines, Air Pacific, Great Wall Airlines, V Australia, Airbus and Gulf Air) covering a total of 175 aircraft, with 112 in service and the remaining to be delivered over the next 5 years.

Airbus Fleet (A319/A320/A330)	
SilkAir	16
TigerAirways	15
Cebu Pacific	21
Mandala	11
Airbus	8
Gulf Air	32
	103

Boeing Fleet (B747-300/B747-400/B777-300)	
Air Pacific	2
Great Wall Airlines	4
V Australia	3
	9

corporate data

BOARD OF DIRECTORS
Chairman
Stephen Lee Ching Yen

Deputy Chairman
Chew Choon Seng

Directors
Paul Chan Kwai Wah
Ron Foo Siang Guan
Koh Kheng Siong
Andrew Lim Ming-Hui
Lim Joo Boon
Oo Soon Hee
Tan Bian Ee
Ng Chin Hwee (from 18 July 2008)
Bey Soo Khiang (until 18 July 2008)

Company Secretary
Devika Rani Davar

AUDIT COMMITTEE
Chairman
Koh Kheng Siong

Members
Ron Foo Siang Guan
Andrew Lim Ming-Hui
Oo Soon Hee
Tan Bian Ee

NOMINATING COMMITTEE
Chairman
Tan Bian Ee

Members
Chew Choon Seng
Oo Soon Hee

COMPENSATION & HR COMMITTEE
Chairman
Paul Chan Kwai Wah

Members
Chew Choon Seng
Koh Kheng Siong
Lim Joo Boon

BOARD COMMITTEE
Members
Chew Choon Seng
Ron Foo Siang Guan (from 18 July 2008)
Bey Soo Khiang (until 18 July 2008)

Alternate
Paul Chan Kwai Wah

REGISTRAR
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138 Robinson Road
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The Corporate Office
Singapore 068906

AUDITORS
Ernst & Young
Certified Public Accountants
One Raffles Quay
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Singapore 048583

AUDIT PARTNER
Mak Keat Meng

EXECUTIVE MANAGEMENT
President & Chief Executive Officer
William Tan Seng Koon

Senior Vice President (Services & Clark Project)
Chan Seng Yong

Senior Vice President (Aircraft & Component Services)
Png Kim Chiang

Senior Vice President (Commercial)
Jack Koh Swee Lim

Senior Vice President (Human Resources)
Zarina Piperdi

Senior Vice President (Line Maintenance & Business Development)
Ivan Neo Seok Kok

Chief Financial Officer
Anne Ang (from 16 May 2008)

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corporate governance

SIA Engineering Company Limited considers good corporate governance to be the hallmark of a well-managed organisation. The focus of the Company's governance framework is to promote accountability, transparency and corporate fairness. These are manifested in the composition of the Board and Board Committees, division of powers and duties, adoption of checks and balances, and the encouragement of sound corporate ethics across the organisation. The Board and Management are committed to achieving sustained value creation for the benefit of shareholders by adhering to a set of well-defined corporate governance principles and maintaining effective structures and processes within the Company and its subsidiaries. All of these reflect the principles and spirit of the Code of Corporate Governance 2005 (the "Code"). The Company's Audit Committee also adheres to the principles and guidelines enunciated both in the Code and the "Guidebook for Audit Committees in Singapore" issued in 2008.

THE ROLE OF THE BOARD AND CONDUCT OF ITS AFFAIRS (Principle 1)

The Board oversees the business affairs of the Company, providing entrepreneurial stewardship to Management and conferring with them regularly. It evaluates and sets the direction of the Company's strategic initiatives, and performance objectives and targets. There is an objective decision-making process, which allows each Director to engage in constructive debate and exercise independent judgment. The Board has adopted guidelines on matters requiring its approval, which include all matters of strategic importance, corporate governance practices, legal and regulatory compliances, risk management, financial performance and annual budgets, key operational initiatives, investment proposals and major transactions.

The Board meets at least 4 times a year to review and approve, inter alia, the financial results of the Company. Detailed papers are submitted to the Board in a timely manner, providing information on the background and justifications for each proposal or mandate sought, including, where applicable, forecasts and projections. Between Board meetings, matters for information or approval are dealt with by circulation. Additionally, Chairman and the Independent Directors meet twice a year in the absence of Management and non-independent Directors.

Directors attend a full-day annual strategy meeting to discuss and prioritise the Company's strategic initiatives over the short-term and long-term. Proposals considered at the strategy meeting are further developed and discussed at subsequent Board Meetings with Management's inputs.

In the discharge of its oversight function, the Board is supported by 4 Board Committees, namely the Audit Committee, Compensation and HR Committee, Nominating Committee and Board Committee. At all times, the Board and Board Committees have independent access to the Chief Executive Officer, other members of Senior Management and the Company Secretary, as well as independent specialist advisors, if the need arises. There is a clear demarcation of responsibilities between the Board and Management.

ORIENTATION AND TRAINING FOR DIRECTORS

The Company's Directors have served on the Boards of other companies, including in many cases, listed companies. Newly appointed Directors undergo a half-day orientation session, which includes presentations by Management to familiarise them with the Company and the Group's businesses, operations, processes and strategic directions. Directors are also given a tour of key facilities. From time to time, Directors are addressed by specialist consultants on industry-related trends and developments, and are kept updated on relevant new laws, regulations and changing commercial risks in furtherance of their training.

The composition of the Board and Board Committees, and attendance at meetings held in the year under review are as shown on the next page.

corporate governance

Composition of Board & Board Committees & Attendance of Members

Name	Main Board			Audit Committee		Nominating Committee		Compensation & HR Committee		Board Committee	
	Status	Position	Att.	Position	Att.	Position	Att.	Position	Att.	Position	Att.
Stephen Lee Ching Yen (last re-appointed on 21 Jul 2006, first appointed on 1 Dec 2005)	Non-Independent	Chairman	5/5								
Chew Choon Seng (last re-appointed on 18 Jul 2008, first appointed on 22 May 2003)	Non-Independent	Dy Chairman	5/5			Member	4/4	Member	4/4	Member	-
Tan Bian Ee (last re-appointed on 20 Jul 2007, first appointed on 15 Apr 2004)	Independent	Member	5/5	Member	4/5	Chairman	4/4				
Koh Kheng Siong (last re-appointed on 18 Jul 2008, first appointed on 1 Sep 2005)	Independent	Member	5/5	Chairman	5/5			Member	4/4		
Paul Chan Kwai Wah (last re-appointed on 20 Jul 2007, first appointed on 1 Aug 2006)	Independent	Member	5/5					Chairman	4/4	Alternate	-
Andrew Lim Ming-Hui (last re-appointed on 20 Jul 2007, first appointed on 1 Aug 2006)	Independent	Member	4/5	Member	5/5						
Ron Foo Siang Guan (last re-appointed on 18 Jul 2008, first appointed on 1 Aug 2007)	Independent	Member	5/5	Member	5/5					Member (appointed on 18 Jul 2008)	-
Lim Joo Boon (last re-appointed on 18 Jul 2008, first appointed on 1 Aug 2007)	Independent	Member	5/5					Member	4/4		
Oo Soon Hee (last re-appointed on 18 Jul 2008, first appointed on 1 Aug 2007)	Independent	Member	5/5	Member	5/5	Member	4/4				
Ng Chin Hwee (first appointed on 18 Jul 2008)	Non-Independent	Member	4/4								
Bey Soo Khiang (retired on 18 Jul 2008, last re-appointed on 21 Jul 2006, first appointed on 1 Mar 2000)	Non-Independent	Member	1/1							Member (retired on 18 Jul 2008)	-
Total Number of Meetings Held In FY08/09			5		5		4		4		-

Note: i) "Att." refers to the number of meetings attended by respective Directors for the period served in FY08/09.
ii) The Board does not consist of any Executive Director.

corporate governance

BOARD COMPOSITION, BALANCE AND MEMBERSHIP (Principles 2, 3 & 4)

The Board has the requisite blend of expertise, skills and attributes to oversee the Company's growing businesses. Collectively, they have competencies in areas such as airline operations, accounting, finance, law, information technology, logistics management and human resource development and working experience in key markets. Further information on Directors can be found on pages 10 to 12 and 31 to 37.

The Board consists of 10 non-executive Directors, 7 of whom are independent. This high representation of independent Directors denotes a strong independent element on the Board. The remaining 3 Directors, who are non-independent by virtue of the high office they hold in Singapore Airlines, bring to the Company a wealth of aviation industry background.

All Directors are subject to retirement and re-election at least once every 3 years. Annually, the Nominating Committee determines the independence of Directors according to the criteria stipulated in the Code based on each Director's declaration.

Overall, there is a clear demarcation of the roles and responsibilities of the Chairman and the Chief Executive Officer. The Chairman leads the Board to ensure its overall effectiveness and encourages constructive relations between Directors as well as the Board and Management. Together with the Directors, the Chairman promotes high standards of corporate governance.

Management is accountable to the Board. The Chief Executive Officer is responsible for the day-to-day operations of the Company and is not a Board member. He chairs the Management Committee, comprising senior executives of the Company. The Management Committee meets weekly to discuss both policy and operational issues, and to implement Board decisions. The Chief Executive Officer also chairs the Senior Management Committee ("SMC"), members of which include the Senior Vice Presidents. The SMC decides on specific routine matters delegated by the Board.

BOARD PERFORMANCE (Principle 5)

The Board has a process for assessing the effectiveness of the Board as a whole and the contributions of individual Directors. The process, managed by a leading firm of human resource consultants for impartiality, comprises an assessment of both qualitative and quantitative criteria.

The qualitative assessment is structured to measure the overall performance of the Board and the Board Committees. This is the seventh year of implementation of the Board performance evaluation using a confidential questionnaire completed by each Director and submitted to the external consultants directly. Individual Directors' contributions are also assessed through peer evaluation.

The quantitative assessment measures the Board's performance against key financial indicators, including the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index, return on equity and economic value-add.

The results of the evaluation are used to identify areas for improvement in the discharge of the Board's duties. This annual process is the principal means by which the Nominating Committee and the Board monitor performance and make continuous improvements to the effectiveness of the Board.

ACCOUNTABILITY AND ACCESS TO INFORMATION (Principles 6 and 10)

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards, as prescribed by the Council on Corporate Disclosure and Governance under the Companies Act. Management accounts are prepared to present a balanced assessment of the Company's performance, financial position and prospects, and are submitted to the Board on a monthly basis. Information papers on material developments or issues being dealt with by Management are also submitted to the Board.

Directors are provided with papers well in advance of Board and Board Committee meetings or deadlines for decisions, to enable them to make well-considered and informed decisions. Board procedures also enable Directors, either individually or as a group, to seek independent professional advice at the Company's expense, if necessary, in furtherance of their duties.

corporate governance

The Board has defined the role of the Company Secretary to, inter alia, include:

(a) supervising, monitoring and advising on compliance by the Company with its Memorandum and Articles of Association, laws and regulations applicable in Singapore, and the Listing Manual of the Singapore Exchange Securities Trading Ltd ("SGX-ST");
(b) ensuring an open and regular flow of communication between the Company and the SGX-ST, the Accounting & Corporate Regulatory Authority, and both institutional and individual shareholders; and
(c) updating and informing the Board on the principles and best practices of corporate governance.

AUDIT COMMITTEE AND INTERNAL CONTROLS (Principles 11 & 12)

The Audit Committee comprises 5 non-executive Directors, all of whom are independent. The members of the Audit Committee at the date of this report are:

Chairman	Koh Kheng Siong
Members	Tan Bian Ee
	Andrew Lim Ming-Hui
	Ron Foo Siang Guan
	Oo Soon Hee

The Committee meets no less than 4 times during the year with Management and the internal and external auditors of the Company. The attendance of individual Directors at these meetings is shown on page 19 of the Annual Report. In the course of the year, the Committee performed the following functions in accordance with its duties and responsibilities under its Charter :-

(a) reviewed the audit plans of the internal and external auditors of the Company, the results of the auditors' examination of the Company's material internal financial, accounting and compliance controls and the co-operation given by the Company's officers to the auditors;
(b) reviewed the Company's risk management framework and processes and provided oversight to the work of the Risk Management Committee in respect of financial risks;
(c) reviewed the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements;
(d) reviewed the quarterly and full-year announcements of results and annual financial statements and the external auditors' report thereon before their submission to the Board of Directors;
(e) reviewed the cost effectiveness and independence of the external auditors and the nature and extent of non-audit services provided by them;
(f) considered and endorsed for Board approval the re-appointment of the external auditor and their audit fee;
(g) reviewed the adequacy and effectiveness of the internal audit function;
(h) reviewed interested person transactions;
(i) reviewed the findings of investigations into complaints made pursuant to the whistle-blowing process established by the Company; and
(j) reviewed the appropriateness of banking facilities.

The Committee has full access to and co-operation of Management. The Committee also has full discretion to invite any Director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions.

During the year, the Committee also met with the internal and external auditors without the presence of Management.

The Audit Committee has undertaken a review of the fees paid to the external auditors, including fees paid for non-audit services, during the year and is of the opinion that the auditor's independence has not been compromised.

Minutes of the Committee's meetings are circulated to the Directors.

The review of the adequacy of operational controls and risk management policies is undertaken directly by the Board, and accordingly, these functions do not come under the purview of the Audit Committee.

corporate governance

The Directors are of the opinion that the Company complies with the principles and guidelines on Audit Committees in the Code as well as the "Guidebook for Audit Committees in Singapore".

The various divisions within the Company have developed a Control Self Assessment programme, where annually, Management of operating departments review and report on the adequacy of their respective units' control environment.

The Board believes that, in the absence of evidence to the contrary, the system of internal control maintained by the Company's Management and that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of financial risk. The Board notes that no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

COMPENSATION AND HR COMMITTEE (Principle 7)

The Compensation & HR Committee comprises 4 non-executive Directors, 3 of whom (including the Chairman) are independent. The members of the Committee at the date of this report are:

Chairman	Paul Chan Kwai Wah
Members	Chew Choon Seng
	Koh Kheng Siong
	Lim Joo Boon

The Committee, guided by the principles of the Code, regularly reviews the recruitment, appointment, development and compensation of senior staff with reference to market data provided by recognised surveys of comparative groups in the aerospace and general sectors. The Committee also reviews and recommends the fees payable to Directors serving on the Board and Board Committees. The Committee is also responsible for reviewing the eligibility, guidelines, allotment and awards for the Company's Employee Share Option Plan ("ESOP"), Restricted Share Plan ("RSP") and Performance Share Plan ("PSP").

During FY2008/09, the Committee held 4 meetings and performed, inter alia, the following main functions:

(a) reviewed and decided the allotment for the 10th ESOP Grant;
(b) determined the eligibility and guidelines of the 10th ESOP Grant;
(c) conducted the annual salary review and promotion exercise of senior staff;
(d) approved the Profit Sharing Bonus Formula for all staff;
(e) conducted a review of the FY06/07 and FY07/08 RSP and PSP performance to-date;
(f) determined the allotment for the RSP and PSP for FY08/09;
(g) reviewed and approved the total compensation framework for senior management staff;
(h) reviewed and endorsed the Succession Development Plan for the Company;
(i) reviewed the remuneration payable to Company Directors for FY08/09;
(j) reviewed and approved the Individual Performance Scorecards of senior management staff; and
(k) reviewed the Company's manning strategies for cost reduction and productivity improvements.

REMUNERATION REPORT (Principles 8 & 9)

The fee for Directors reflects the scope and extent of a Director's increasing responsibilities and obligations. It is measured against relevant benchmarks and is competitive. The Board believes that it is imperative to remunerate Directors equitably to attract and retain individuals with the necessary capabilities and desired attributes to serve on the Board.

corporate governance

The proposed Directors' remuneration for FY2008/09, comprising fees and allowances, amounts to $789,150 ($769,477 in FY2007/08) and is derived using the same rates as FY2007/08, which are as follows:

Type Of Appointment	Scale of Directors' Fees
Board of Directors	S$
Member's Fee ("Basic Fee")	45,000
Chairman's Allowance	40,000
Deputy Chairman's Allowance	30,000
Board Meeting Attendance Fee	1,000
Board Committee	
Member's Allowance	10,000
Audit Committee	
Member's Allowance	20,000
Chairman's Allowance	30,000
Other Board Committees	
Member's Allowance	10,000
Chairman's Allowance	20,000

Note:
In addition to the Basic Fee shown in the table above, allowances are payable to the Chairman and Deputy Chairman of the Board, as well as the Chairman and Members of the relevant Board Committees. If a Director occupied a position for part of a financial year, the fee or allowances payable to him will be pro-rated accordingly. An Attendance Fee of $1,000 is payable for each Board meeting and the Annual Strategy meeting.

Computed on the basis of the foregoing scale, the fees in respect of each Director for FY2008/09 are as shown:

Name of Director	Fees ($)
Stephen Lee Ching Yen	90,000
Chew Choon Seng [1]	110,000
Bey Soo Khiang [1, 2]	17,424
Tan Bian Ee	90,000
Koh Kheng Siong	90,000
Paul Chan Kwai Wah	70,000
Andrew Lim Ming-Hui	69,000
Ron Foo Siang Guan	77,041
Lim Joo Boon	60,000
Oo Soon Hee	80,000
Ng Chin Hwee [1, 3]	35,685
TOTAL	789,150

[1] Fees due to Chew Choon Seng, Bey Soo Khiang and Ng Chin Hwee are paid to, and retained by, Singapore Airlines Ltd.
[2] Bey Soo Khiang retired as Director on 18 July 2008.
[3] Ng Chin Hwee was appointed as Director with effect from 18 July 2008.

Other than the foregoing, no other remuneration is paid to Directors.

corporate governance

None of the immediate family members of a Director or of the CEO was employed by the Company and its related companies in a managerial position for the period 1 April 2008 to 31 March 2009.

KEY EXECUTIVES' REMUNERATION

The Company's key executives' remuneration structure is designed to include long-term incentives, which allows the Company to align executive compensation with the market. The key executives' remuneration structure includes the components of variable bonus and share awards under the SIAEC Restricted Share Plan ("SIAEC RSP") and/or the SIAEC Performance Share Plan ("SIAEC PSP"), in addition to a fixed basic salary and fixed allowances. The payment of variable bonuses and grants of share awards are dependent on the achievement of prescribed performance measures, such as the Company's financial performance as well as the executives' individual performance.

The remuneration of the Company's top 6 executives in FY2008/09 was as follows:

Remuneration Bands & Top 6 Executives	Salary (%)	Bonus		Benefits (%)	Total (%)	Awards under SIAEC RSP (granted on 1 Jul 2008)	Awards under SIAEC PSP (granted on 1 Jul 2008)
		Fixed (%)	Variable# (%)			Number of Shares*	Number of Shares*
$750,001 - $1,000,000							
William Tan Chief Executive Officer	54	5	32	9	100	40,000	41,000
$250,001 - $500,000							
Chan Seng Yong Senior Vice President (Services & Clark Project)	62	6	27	5	100	20,000	17,500
Png Kim Chiang Senior Vice President (Aircraft & Component Services)	65	6	25	4	100	20,000	17,500
Jack Koh Swee Lim Senior Vice President (Commercial)	63	6	26	5	100	20,000	17,500
Zarina Piperdi Senior Vice President (Human Resources)	62	6	27	5	100	20,000	17,500
Ivan Neo Seok Kok Senior Vice President (Line Maintenance & Business Development)	65	6	24	5	100	20,000	17,500

The above remuneration bands do not include the value of the share awards under SIAEC RSP and SIAEC PSP.

Includes an EVA-based incentive plan and profit-sharing bonus determined on an accrual basis for the financial year ended 31 March 2009.

* Depending on the achievement of pre-determined targets over a two-year period for the SIAEC RSP and a three-year period for the SIAEC PSP, the final number of shares awarded could range between 0% and 150% of the initial grant for the SIAEC RSP, and between 0% to 200% of the initial grant for the SIAEC PSP.

corporate governance

Details of the Company's RSP and PSP, and the awards granted can be found on page 52 of the Report by the Board of Directors in this Annual Report.

PROFILE OF SENIOR EXECUTIVES

Mr William Tan Seng Koon
President & Chief Executive Officer

Mr William Tan is the President & Chief Executive Officer of SIA Engineering Company (SIAEC). The SIAEC Group of companies, with its main operations in Singapore and 23 joint ventures in 9 countries, caters to a global customer base of more than 85 international airlines.

Prior to his appointment as President & CEO of SIAEC in May 2001, Mr Tan served in various senior management positions in Singapore Airlines Ltd from 1978, including Senior Vice President Engineering from 1999 to 2001.

Mr Tan is the Chairman of Singapore JAMCO Pte Ltd and SIA Engineering (Philippines) Corporation, Deputy Chairman of Eagle Services Asia Pte Ltd and Singapore Aero Engine Services Pte Ltd, and a Director of SIAEC Global Pte Ltd.

He graduated from the University of Singapore with a Bachelor of Science (Engineering) degree and holds a Diploma in Business Administration from the National University of Singapore.

Mr Chan Seng Yong
Senior Vice President (Services and Clark Project)

Mr Chan joined the Engineering Division of Singapore Airlines Ltd in 1968. In 1997, he was appointed Vice President Engineering Planning. In April 2000, Mr Chan was transferred to SIA Engineering Company and was appointed the Senior Vice President (Operations) responsible for all operational divisions. In September 2005, he became Senior Vice President (Services) and was re-titled in April 2009 as Senior Vice President (Services & Clark Project). He is currently in charge of Facilities Development, Engineering and Information Technology Divisions and the setting up of the MRO facility in Clark International Airport.

Mr Chan is a Director on the Boards of Combustor Airmotive Services Pte Ltd, Asian Surface Technologies Pte Ltd and Fuel Accessory Service Technologies Pte Ltd.

In addition to aircraft maintenance qualifications, Mr Chan holds a Bachelor of Business (Business Administration for Information Technology) degree from the Royal Melbourne Institute of Technology, Australia.

Mr Png Kim Chiang
Senior Vice President (Aircraft and Component Services)

Mr Png joined Singapore Airlines Ltd (SIA) in 1975 and served in various departments of the Engineering Division of SIA. He was appointed Vice President Engineering Supplies in 1998. In April 2001, Mr Png was transferred to SIA Engineering Company as its Senior Vice President (Services). In September 2005, he was appointed as Senior Vice President (Commercial). He is currently Senior Vice President (Aircraft and Component Services) and is in charge of base maintenance and workshops operations.

Mr Png is the Chairman of Aerospace Component Engineering Services Pte Ltd and Pan Asia Pacific Aviation Services Ltd, Deputy Chairman of Goodrich Aerostructures Service Centre-Asia Pte Ltd and a Director of Eagle Services Asia Pte Ltd, Goodrich Aerostructures Service (China) Co. Ltd, Hong Kong Aero Engine Services Ltd and Tiger Aviation Pte Ltd.

Mr Png holds a Bachelor of Science (Honours) degree in Computation from the University of Manchester Institute of Science and Technology as well as a Master of Business Administration degree from the National University of Singapore.

corporate governance

Mr Jack Koh Swee Lim
Senior Vice President (Commercial)

Mr Jack Koh joined Singapore Airlines Ltd (SIA) in 1971, served as Vice President Technical Projects in 1999 and was appointed Divisional Vice President Engineering in 2001 before joining SIA Engineering Company.

Mr Koh was appointed Senior Vice President (Line Maintenance and Materials) in SIA Engineering Company in September 2005 and Senior Vice President (Line Maintenance and Business Development) in October 2007 taking charge of Business Development Division and the operations at Line Maintenance Division. He is currently Senior Vice President (Commercial) responsible for Marketing and Sales, Fleet Management, Materials and Partnership Management Divisions.

He is the Chairman of Aircraft Maintenance Services Australia Pty Ltd, Aviation Partnership (Philippines) Corporation and SIA Engineering (USA) Inc, Deputy Chairman of PT JAS Aero-Engineering Services, and a Director on the Boards of International Engine Component Overhaul Pte Ltd and Singapore Aero Engine Services Pte Ltd.

Mr Koh holds a Bachelor of Business from Curtin University (Australia) and a Master of Business Administration from Monash University, Australia.

Ms Zarina Piperdi
Senior Vice President (Human Resources)

Ms Piperdi joined Singapore Airlines Ltd (SIA) in 1983 and has been posted to various positions in the Finance Division. In 1991, she was posted to Los Angeles as SIA's Regional Finance & Admin Manager America. She joined SIA Cargo Pte Ltd in 1997 to spearhead the formation of the cargo airline and was appointed as Vice President Finance & Human Resources in 2001. In March 2006, Ms Piperdi was transferred to SIA Engineering Company and was appointed Senior Vice President (Human Resources) in November 2006. She is currently responsible for human resource management as well as productivity and training.

Ms Piperdi is the Deputy Chairman of Messier Services Asia Pte Ltd and is a Director on the Board of SIAEC Global Pte Ltd.

Ms Piperdi holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and has completed a Senior Executive Programme at London Business School. Ms Piperdi is also a Fellow of the Institute of Certified Public Accountants.

Mr Ivan Neo Seok Kok
Senior Vice President (Line Maintenance and Business Development)

Mr Neo joined Singapore Airlines Ltd (SIA) in 1975. He served in various capacities in the Engineering Division of SIA before his transfer to SIA Engineering Company in 1993.

In SIA Engineering Company, Mr Neo was appointed Vice President in charge of Quality & Safety in 2001, and Base Maintenance and China Projects in 2004. In October 2007, Mr Neo was promoted to Senior Vice President (Aircraft & Component Services) and was responsible for Base Maintenance and Workshops Divisions. In April 2009, Mr Neo was appointed Senior Vice President (Line Maintenance and Business Development) and is currently responsible for Business Development Division and the operations at Line Maintenance Division.

Mr Neo is the Chairman of JAMCO Aero Design and Engineering Pte Ltd, and a Director on the Boards of Fuel Accessory Service Technologies Pte Ltd and SIA Engineering (Philippines) Corporation.

In addition to possessing an Aircraft Maintenance Engineer's Licence, Mr Neo holds a Bachelor of Science degree from the University of London and a Master of Business and Technology degree from the University of New South Wales.

NOMINATING COMMITTEE (Principle 4)

3 non-executive Directors, 2 of whom are independent (including the Chairman), make up the Nominating Committee. The members of the Nominating Committee at the date of this report are:

corporate governance

Chairman	Tan Bian Ee
Members	Chew Choon Seng
	Oo Soon Hee

Reviewing Board composition and recommending appointment of new Directors are within the purview of the Nominating Committee. The Nominating Committee is focused on maintaining a strong element of independence in the composition of the Board and the Board Committees. Relying on a set of stringent criteria approved by the Board, Directors are carefully selected to augment core competencies of existing Directors to ensure consistent overall effectiveness of the Board. The Committee regularly reviews the Board's Skills Matrix, which denotes the experience and expertise of the current Directors, in relation to the business direction of the Company. This is useful to the Nominating Committee in its search for future candidates for appointment to the Board. Directors may put forward names of potential candidates, together with their curriculum vitae, for consideration. The Nominating Committee, together with the Chairman of the Board, then meets with short-listed candidates to assess their suitability, before recommending the appointment of any candidate for the Board's approval.

Pursuant to Article 83 of the Company's Articles of Association, the nearest one third of the Board will retire each year. Retiring Directors are usually those who have been longest in office since their last election, and are eligible to offer themselves for re-election under Article 84.

At the 27th AGM to be held on 24 July 2009, Stephen Lee Ching Yen, Tan Bian Ee and Paul Chan Kwai Wah will retire under Article 83. After assessing their respective contributions, including their attendance, preparedness and participation at Board and Committee meetings, the Nominating Committee recommends their re-election.

During the year under review, the Nominating Committee also attended, inter alia, to the following:

(a) recommended the appointment of Ron Foo Siang Guan as a member of the Board Committee with effect from 18 July 2008;
(b) reviewed and affirmed the independence/non-independence of Directors based on individual Director's declaration;
(c) considered and recommended Directors to retire by rotation and seek re-election at the AGM for 2009;
(d) reviewed the selection guidelines for nomination of Directors to Group companies;
(e) considered and appointed a Board evaluation consultant for a new term; and
(f) considered on-going training of Directors.

BOARD COMMITTEE

The Board Committee deputises for the Board on routine matters to facilitate day-to-day administration and to expedite decisions thereon, including opening of bank accounts, affixing the Company's seal on documents requiring the Company's seal, and authorising specific officers to sign pertinent documents on behalf of the Company. The Board Committee also approves capital expenditures from $1.5 million to $5 million, and investments in joint ventures of up to $5 million. Approvals of values below the base level of $1.5 million, except for investments in joint ventures, are referred to the Senior Management Committee. At the date of this report, the Board Committee comprised:

Members	Chew Choon Seng
	Bey Soo Khiang (retired on 18 July 2008)
	Ron Foo Siang Guan (appointed on 18 July 2008)
Alternate	Paul Chan Kwai Wah

The Board Committee does not hold physical meetings. In practice, resolutions are passed by the Board Committee by circulation in writing. Resolutions approved by the Board Committee are reported to the Board at its meeting following the circulation.

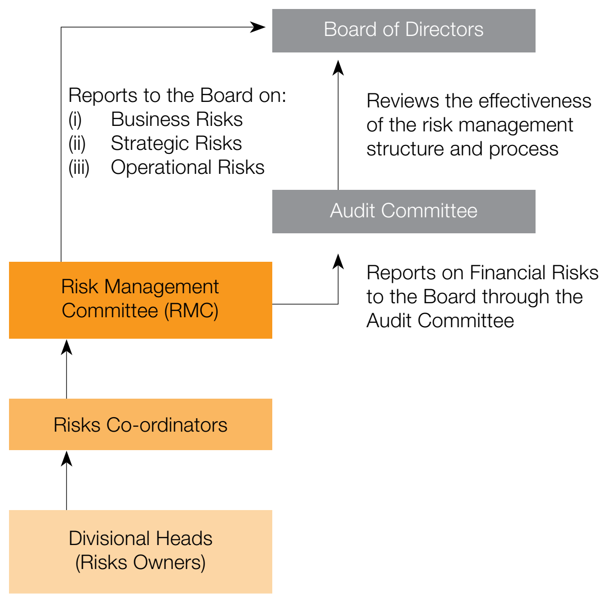
The Board Committee has relieved the Board of routine day-to-day matters that require Board approval. The swiftness of their deliberation and decision-making enables the Company to deal with these matters expeditiously in its daily operations.

corporate governance

RISK MANAGEMENT (Principle 12)

Since its inception in 2001, the Risk Management Committee ('RMC'), chaired by the Chief Executive Officer and comprising members of Management, assists the Audit Committee ('AC') and the Board to drive risk management activities within the Company.

The risk reporting structure within the Company's risk management framework is as follows:



Risk Processes And Activities

The following risk-related processes and activities were carried out by the Company in FY08/09:

(a) Annual Risks Reassessment Exercise
The Company carried out its 5th Annual Risk Reassessment Exercise from January to February 2009. All Business Units were involved in identifying and assessing risks, which were subsequently consolidated and prioritised for review by the RMC. Following the exercise, the Company's Risk Register was duly updated.

(b) Review of Second-tier Risks
In April 2008, the RMC commenced a review of the significant second-tier risks to ensure adequate oversight of these risks, through progressive review of their mitigation plans and controls.

(c) Enhancing the Risk Matrix
In October 2008, the Company enhanced its risk matrix format to better group the risks according to the priority. The refined format is part of the Company's effort to adopt best practices in the industry.

(d) Risk Control and Audit
Regular independent assessments are essential to ensure that established risk controls are effective and being complied with. SIA Internal Audit carried out an independent audit on the Company's risk management processes and was satisfied that they were consistently applied at all levels.

Having reviewed the risk management practices and activities of the Company, the Board of Directors believe that, in the absence of evidence to the contrary, the system of internal controls and risk management is satisfactorily maintained by the Company's Management.

corporate governance

INTERNAL AUDIT (Principle 13)

The Company has an internal audit function, which is undertaken by the Internal Audit Department of Singapore Airlines ("SIA Internal Audit Department"), the Company's holding company. It is designed to provide reasonable assurance about the effectiveness and efficiency of operations, reliability of financial information and compliance with the Company's policies and procedures, applicable laws and regulations. The internal auditors report directly to the Company's Audit Committee. In situations where the audit work to be carried out by SIA Internal Audit Department could give rise to potential conflicts of interest, such as audit work relating to transactions between the Company and Singapore Airlines, the Audit Committee may authorise such audit work to be carried out by an independent third party as it deems appropriate. The Company's internal audit function meets the standards set by the Institute of Internal Auditors.

Information technology audits are managed by SIA Internal Audit staff who are Certified Information System Auditors.

MANAGEMENT COMMITTEES

The Company has Management Committees, which provide an intermediate and objective avenue for reviewing the Company's policies and procedures. More importantly, these Committees enable the Management to closely monitor the entire expanse of the Company's business and operations. Each Management Committee is tasked to oversee very specific areas pertaining to the operations of the Company. These Committees hold meetings with varying frequencies, from daily, weekly, bi-weekly to monthly.

COMMUNICATIONS WITH SHAREHOLDERS (Principle 14 and 15)

The Company strives to convey to Shareholders pertinent information in a clear, detailed and timely manner and on a regular basis. The Company holds analyst briefings of its second-quarter and full-year results. These results are published through SGXNET and press releases, and on the Company's website. Since July 2003, the Company has been releasing quarterly reports of its corporate results.

The Company's Investor Relations Department communicates with analysts regularly and monitors the dissemination of material information to ensure that it is disclosed to the market in a timely manner and on a non-selective basis.

At Shareholders' meetings, every matter requiring approval is proposed as a separate resolution. While Shareholders have a right to appoint proxies to attend and vote at General Meetings on their behalf, the Company's Articles of Association currently do not provide for Shareholders to vote at General Meetings in absentia. The Company will consider amending its relevant Articles of Association if the Board is of the view that there is justifiable demand for absentia voting, and after the Company has evaluated and put in place the necessary measures to facilitate such voting and protection against errors, fraud and other irregularities.

The Chairmen of the Audit Committee, Nominating Committee and Compensation & HR Committee, and members of the respective Committees, as well as the external auditors, plan to be in attendance at the Company's General Meeting to address questions from Shareholders.

The Company prepares minutes of meetings, incorporating, inter alia, comments or views expressed by Shareholders and the Board's and/or Management's responses thereto. The final minutes are made available to Shareholders on request.

SECURITIES TRANSACTIONS

As recommended by the SGX-ST's Best Practices Guide, the Company has a set of Policy and Guidelines for dealings in the Company's securities, which has been disseminated to employees and Directors. The Policy and Guidelines restrict certain employees from trading in the Company's securities during the period two weeks prior to the announcement of corporate results for the first three quarters of the financial year, and one month prior to the announcement of full-year results, and ending on the date of announcement of the results. These employees include all Administrative Officers and above, regardless of department or division; and certain other employees in departments which are likely to be privy to confidential and material price-sensitive information, including employees in the offices of the Chief Executive Officer and Senior Vice Presidents, Finance, Corporate, Business Development, Partnership Management, Marketing & Sales Divisions, and any other employee and/or divisions/departments notified from time to time. The Policy and Guidelines also remind employees and Directors to avoid trading in the Company's securities on short-term considerations and to be mindful of the insider trading prohibitions under the Securities and Futures Act 2001 whenever trading in the Company's or any other corporation's securities.

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THE COMPANY'S SCORE-CARD ON COMPLIANCE WITH THE PRINCIPLES OF THE CODE

Code Principles	Page Reference of this Report	Compliance
Principle 1: The Board's Conduct of Affairs Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.	18	√
Principle 2: Board Composition and Guidance There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.	20	√
Principle 3: Chairman and Chief Executive Officer There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.	20	√
Principle 4: Board Membership There should be a formal and transparent process for the appointment of new Directors to the Board.	20, 26	√
Principle 5: Board Performance There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.	20	√
Principle 6: Access to Information In order to fulfil their responsibilities, Board Members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.	20	√
Principle 7: Procedures for Developing Remuneration Policies There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.	22	√
Principle 8: Level and Mix of Remuneration The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose.	22	√
Principle 9: Disclosure of Remuneration Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.	22	√
Principle 10: Accountability The Board should present a balanced and understandable assessment of the company's performance, position and prospects.	20	√
Principle 11: Audit Committee The Board should establish an Audit Committee ("AC") with written terms of reference, which clearly set out its authority and duties.	21	√
Principle 12: Internal Controls The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.	21, 28	√
Principle 13: Internal Audit The company should establish an internal audit function that is independent of the activities it audits.	29	√
Principle 14: Communication with Shareholders Companies should engage in regular, effective and fair communication with shareholders.	29	√
Principle 15: Greater Shareholder Participation Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.	29	√

corporate governance

FURTHER INFORMATION ON BOARD OF DIRECTORS

STEPHEN LEE CHING YEN

Academic and Professional Qualifications:

-	Masters of Business Administration	Northwestern University, Illinois

Other Current Directorships

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

Directorships in the past 3 years

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

CHEW CHOON SENG

Academic and Professional Qualifications:

-	Bachelor of Engineering (1st Class Honours)	University of Singapore
-	Master of Science in Operations Research and Management Studies	Imperial College of Science and Technology, University of London

corporate governance

CHEW CHOON SENG (continued)

Other Current Directorships

	Company	Title
1.	Singapore Airlines Ltd	Director & CEO
2.	Government of Singapore Investment Corporation Pte Ltd	Director
3.	Singapore Exchange Ltd	Director
4.	International Air Transport Association	Member, Board of Governors

Directorships in the past 3 years

	Company	Title
1.	International Air Transport Association	Chairman, Board of Governors
2.	Singapore Aircraft Leasing Enterprise Pte Ltd	Chairman
3.	Singapore Airport Terminal Services Ltd	Deputy Chairman
4.	Singapore International Foundation	Member, Board of Governors

TAN BIAN EE

Academic and Professional Qualifications:

-	Diploma in Management Studies	Singapore Institute of Management
-	Master of Business Administration (Distinctions)	Golden Gate University

Other Current Directorships

	Company	Title
1.	Industrial Coordination Council, Ministry of International Trade & Industry Malaysia	Council Member

Directorships in the past 3 years

	Company	Title
1.	Avago Technologies (Malaysia) Sdn Bhd	Director
2.	Avago Technologies General IP (Singapore) Pte Ltd	Director
3.	Avago Technologies International Sales Pte Ltd	Director
4.	Avago Technologies Fiber IP (Singapore) Pte Ltd	Director
5.	Avago Technologies Manufacturing (Singapore) Pte Ltd	Director
6.	Avago Technologies ECBU IP (Singapore) Pte Ltd	Director
7.	Avago Technologies Wireless IP (Singapore) Pte Ltd	Director
8.	Avago Technologies Enterprise IP (Singapore) Pte Ltd	Director

corporate governance

KOH KHENG SIONG

Academic and Professional Qualifications:

-	Bachelor of Science (Honours) in Economics	University of London
-	Master of Business Administration (Finance)	University of Chicago, Graduate School of Business

Other Current Directorships

	Company	Title
1.	Mapletree Logistics Trust Management Ltd	Director
2.	Venture Corporation Ltd	Director
3.	Orchard Energy Pte Ltd	Director

Directorships in the past 3 years

	Company	Title
1.	SMRT Corporation Ltd	Director

PAUL CHAN KWAI WAH

Academic and Professional Qualifications:

-	Bachelor of Science (Physics)	University of Singapore
-	Diploma in Marketing	Chartered Institute of Marketing, U.K.
-	Advanced Management Programme	University of Hawaii

Other Current Directorships

	Company	Title
1.	Integrated Health Information Systems Pte Ltd	Director
2.	National Healthcare Group Pte Ltd	Director
3.	Singapore Power Ltd	Director
4.	Bethesda (Katong) Church	Director

Directorships in the past 3 years

	Company	Title
1.	Singapore Telecommunications Ltd	Director
2.	Verigy Ltd	Director

corporate governance

ANDREW LIM MING-HUI

Academic and Professional Qualifications:

-	Bachelor of Laws	National University of Singapore
-	Master of Laws	National University of Singapore

Other Current Directorships

	Company	Title
1.	Jurong Engineering Ltd	Director
2.	Morton's of Chicago (Singapore) Pte Ltd	Director
3.	Morton's of Chicago Asia (Singapore) Pte Ltd	Director
4.	SPTL Holdings Pte Ltd	Director

Directorships in the past 3 years

	Company	Title
1.	SNP Corporation Pte Ltd	Director

RON FOO SIANG GUAN

Academic and Professional Qualifications:

-	Bachelor of Arts (Economics)	University of Manitoba, Canada
-	Fellow	Institute of Certified Public Accountants, Singapore
-	Member	Canadian Institute of Chartered Accountants

Other Current Directorships

	Company	Title
1.	Alliance Consultancy Corporation	Director
2.	NTUC Income Insurance Co-Operative Ltd	Director
3.	SembCorp Marine Ltd	Director
4.	Singapore Deposit Insurance Corporation Ltd	Director

Directorships in the past 3 years

Nil

corporate governance

LIM JOO BOON

Academic and Professional Qualifications:

-	Bachelor of Accountancy (Honours)	University of Singapore
-	Graduate	Chartered Institute of Management Accountants, UK
-	Fellow	Chartered Association of Certified Accountants, UK
-	Founder Member	Institute of Management Consultants, Singapore

Other Current Directorships

	Company	Title
1.	Asia Philanthropic Ventures Private Ltd	Director
2.	Inland Revenue Authority of Singapore	Director
3.	Singapore Pools Pte Ltd	Director
4.	Singapore Turf Club	Director

Directorships in the past 3 years

Nil

OO SOON HEE

Academic and Professional Qualifications:

-	Bachelor of Science (Honours) in Applied Chemistry	University of Singapore
-	Diploma in Business Administration	University of Singapore

Other Current Directorships

	Company	Title
1.	ComfortDelGro Corporation Ltd	Director
2.	NSA Holdings Pte Ltd	Director
3.	NatSteel Asia Pte Ltd	Director
4.	NatSteel Holdings Pte Ltd (previously known as NatSteel Singapore Pte Ltd)	Director
5.	Tata Steel Global Minerals Holdings Pte Ltd	Director
6.	Southern Steel Berhad	Alternate Director
7.	Tata Steel (Thailand) Public Company Ltd	Director

corporate governance

OO SOON HEE (continued)

Directorships in the past 3 years

	Company	Title
1.	NatSteel (Xiamen) Ltd	Chairman & Director
2.	Wuxi Jinyang Metal Products Co., Ltd	Chairman & Director
3.	NatSteel Asia (S) Pte Ltd	Director
4.	NatSteel Trade International Pte Ltd	Director
5.	Siam Industrial Wire Company Ltd	Director
6.	Wuxi NatSteel Metal Products Co. Ltd	Director

NG CHIN HWEE

Academic and Professional Qualifications:

-	Bachelor of Engineering (1st Class Honours)	National University of Singapore
-	Master of Science in Management	Massachusetts Institute of Technology, USA

Other Current Directorships

	Company	Title
1.	Singapore Airlines Cargo Pte Ltd	Director

Directorships in the past 3 years

	Company	Title
1.	Aviserv Ltd	Director
2.	Beijing Airport Inflight Kitchen Ltd	Director
3.	Beijing Aviation Ground Services Co. Ltd	Director
4.	P T Jasa Angkasa Semesta Tbk	Director
5.	SATS Airport Services Pte Ltd	Director
6.	SATS Catering Pte Ltd	Director

corporate governance

BEY SOO KHIANG

Academic and Professional Qualifications:

-	Bachelor of Arts (First Class Honours) in Engineering	University of Cambridge
-	Master of Arts in Engineering	University of Cambridge
-	Master of Public Administration	Harvard University
-	Advanced Management Programme	Harvard Business School

Other Current Directorships

	Company	Title
1.	SIA Cargo Pte Ltd	Chairman
2.	SIA Properties (Pte) Ltd	Chairman
3.	Sentosa Development Corporation	Director
4.	Virgin Atlantic Ltd	Director
5.	Virgin Atlantic Airways Ltd	Director
6.	Virgin Travel Group Ltd	Director
7.	All Good Gifts Ministries Ltd	Director
8.	Singapore International Foundation	Member, Board of Governors

Directorships in the past 3 years

	Company	Title
1.	SilkAir (Singapore) Pte Ltd	Chairman
2.	Singapore Flying College Pte Ltd	Chairman

the financials

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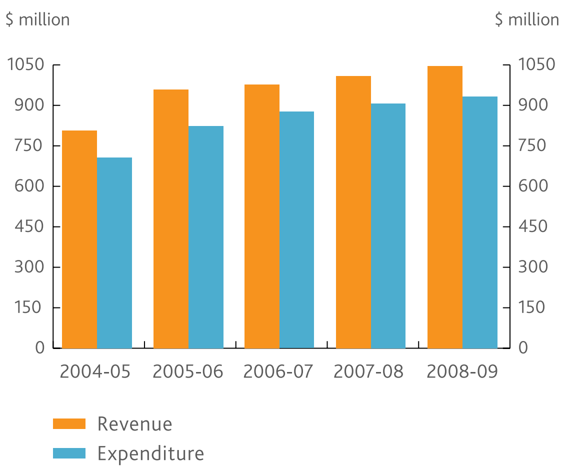
The Group's operating profit for the financial year 2008-09 was $112.6 million, up $9.7 million (+9.4%) from last year. Revenue grew $35.7 million (+3.5%) to $1,045.3 million while expenditure increased $26.0 million (+2.9%) to $932.7 million.

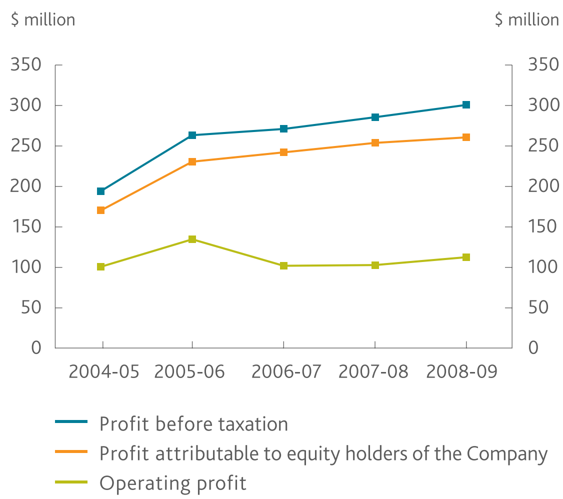
The Group's profit before taxation increased $15.2 million (+5.3%) to $300.7 million, and was boosted by the performance of our associated and joint venture companies. Share of profits from associated and joint venture companies increased $15.2 million (+9.6%) to $173.0 million. This represents a contribution of 57.5% to the Group's pre-tax profits.

The Group posted a profit attributable to equity holders of $260.6 million, an increase of $6.8 million (+2.7%). Basic earnings per share for the Group increased 0.5 cents (+2.1%) to 24.2 cents.

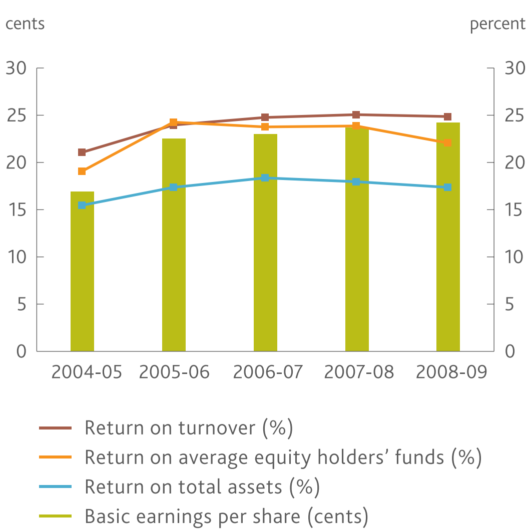
Group Revenue and Expenditure



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



Group Profitability Ratios



Profitability ratios of the Group are as follows:

	2008-09 %	2007-08 %	Change % points
Return on turnover	24.9	25.1	-0.2
Return on average equity holders' funds	22.1	23.9	-1.8
Return on total assets	17.4	18.0	-0.6

financial review

REVENUE

In 2008-09, the Group achieved revenue of $1,045.3 million, an increase of $35.7 million (+3.5%).

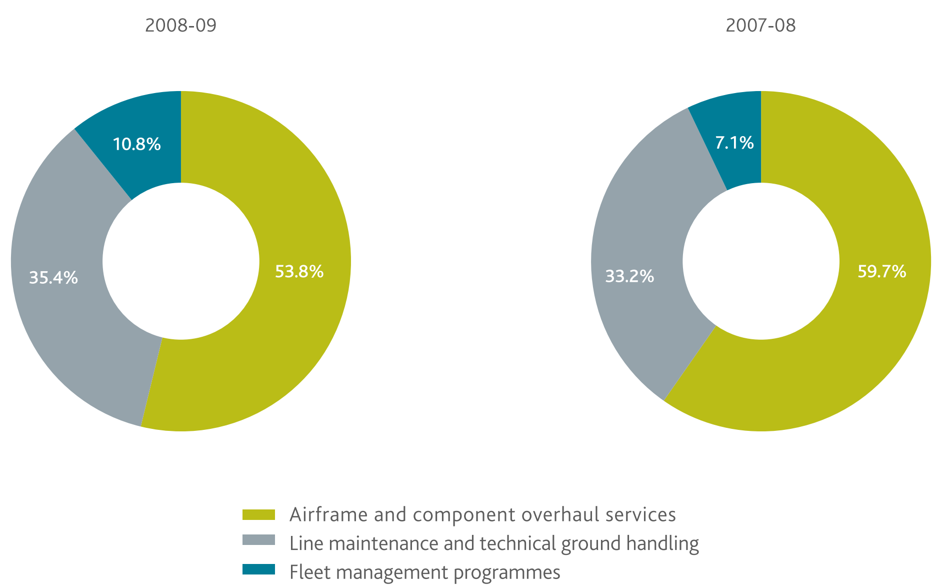
The Group's revenue composition is as follows:

	2008-09	2007-08	Change	
	$ million	$ million	$ million	%
Airframe and component overhaul services	562.0	603.1	-41.1	-6.8
Line maintenance and technical ground handling	369.9	335.4	+34.5	+10.3
Fleet management programmes	113.4	71.1	+42.3	+59.5
Total	1,045.3	1,009.6	+35.7	+3.5

Line maintenance revenue grew $34.5 million (+10.3%) to $369.9 million with more rectification and maintenance work and an increase in the number of flights handled at Changi Airport. Revenue from fleet management programmes increased 59.5% to $113.4 million mainly due to a turnkey project to redesign, retrofit and overhaul a B747-400 and an increase in fleet size. These increases were partially offset by a decline of $41.1 million (-6.8%) in airframe and component overhaul work to $562.0 million.

Airframe and component overhaul services, line maintenance and fleet management work contributed 53.8%, 35.4% and 10.8% respectively to the Group's revenue.

Group Revenue Composition



financial review

EXPENDITURE

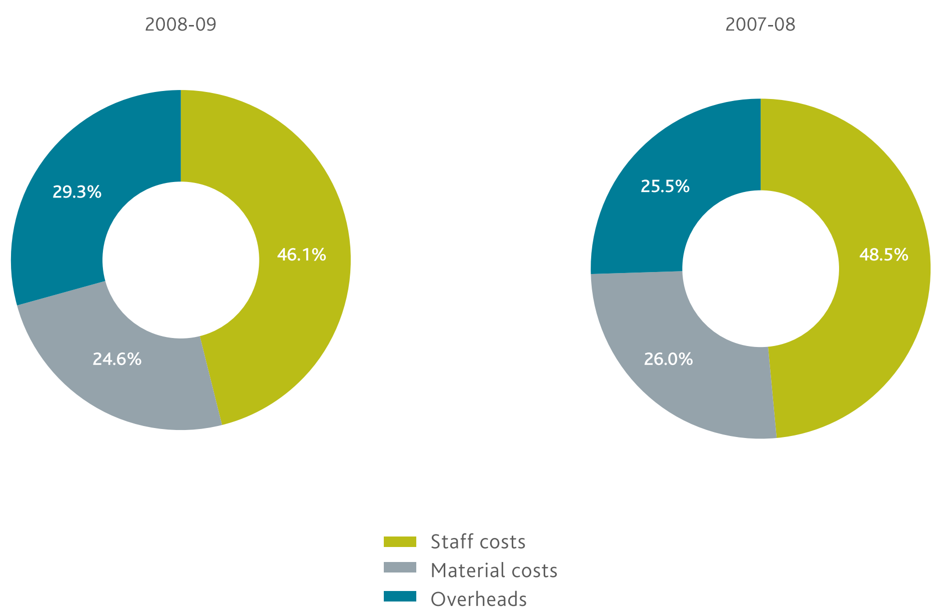
In 2008-09, the Group's expenditure was $932.7 million, an increase of $26.0 million (+2.9%) over last year.

The increase in the Group's expenditure came from:

	2008-09	2007-08	Change	
	$ million	$ million	$ million	%
Staff costs	429.5	440.0	-10.5	-2.4
Material costs	229.9	235.6	-5.7	-2.4
Overheads	273.3	231.1	+42.2	+18.3
Total	932.7	906.7	+26.0	+2.9

Staff costs declined $10.5 million (-2.4%) mainly due to lower profit-sharing bonus and jobs credit from the Singapore Government Budget 2009 Initiatives. Material costs decreased $5.7 million (-2.4%) to $229.9 million with lower usage. Overheads increased $42.2 million (+18.3%) mainly due to higher subcontract costs as a result of specialised services required for the turnkey project.

Group Expenditure Composition



financial review

SHARE OF PROFITS OF ASSOCIATED AND JOINT VENTURE COMPANIES

Share of profits rose $15.2 million (+9.6%) to $173.0 million. This represents 57.5% of the Group's pre-tax profits. Joint venture and associated companies contributed $13.1 million and $2.1 million respectively to the increase.

TAXATION

The Group's provision for taxation was $37.3 million in 2008-09, an increase of $6.1 million (+19.5%) compared to last year. This was mainly due to a write-back of prior years' tax provisions, which were no longer required, in FY 2007-08.

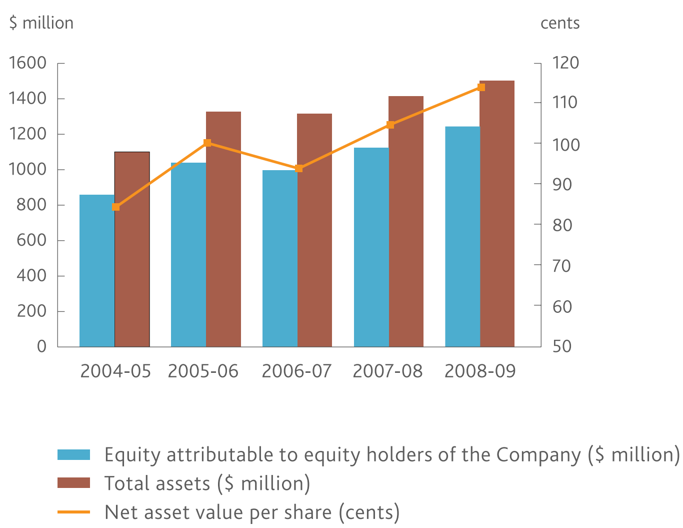
FINANCIAL POSITION

Total assets of the Group increased $88.7 million (+6.3%) to $1,502.2 million at the end of the financial year under review. Net asset value per share of the Group rose 9.3 cents (+8.9%) to 114.0 cents as at 31 March 2009.

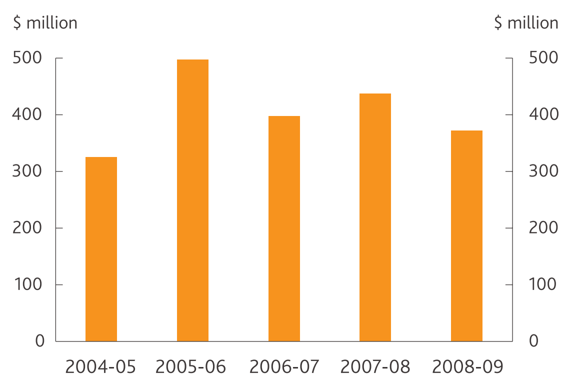
As at 31 March 2009, equity attributable to equity holders of the Company amounted to $1,228.9 million, an increase of $103.6 million (+9.2%) from a year ago. The increase was mainly attributable to profit for the financial year, partially offset by payment of dividends during the financial year. Dividends paid included final dividend of 16 cents per share in respect of financial year 2007-08 and interim dividend of 5 cents per share in respect of financial year 2008-09.

The net liquid assets of the Group was $371.7 million as at 31 March 2009, $65.5 million (-15.0%) lower than at 31 March 2008. The decrease was mainly due to payment of dividends during the financial year.

Equity Attributable to Equity Holders of the Company, Total Assets and Net Asset Value Per Share



Net Liquid Assets



financial review

SHARE CAPITAL

The share capital of the Company increased from $245,008,316 as at 31 March 2008 to $255,612,514 as at 31 March 2009. The increase was due to new ordinary shares issued pursuant to the exercise of options granted under the Employee Share Option Plan and the release of share awards under the Restricted Share Plan.

EMPLOYEE SHARE OPTION PLAN

On 1 July 2008, the Company made a tenth grant of share options to employees. Staff accepted 13,592,000 share options to be exercised between 1 July 2010 and 30 June 2018.

During the year, 3,588,125 share options were exercised by employees. As at 31 March 2009, there were 61,260,663 unexercised employee share options.

RESTRICTED SHARE PLAN AND PERFORMANCE SHARE PLAN

At the extraordinary general meeting of the Company held on 25 July 2005, the Company's shareholders approved the adoption of two new share plans, namely the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP"), in addition to the Employee Share Option Plan.

During the year, 112,721 share awards were released under the RSP. As at 31 March 2009, the number of outstanding shares granted under the Company's RSP and PSP were 1,294,528 (31 March 2008: 533,200) and 220,800 (31 March 2008: 92,300) respectively.

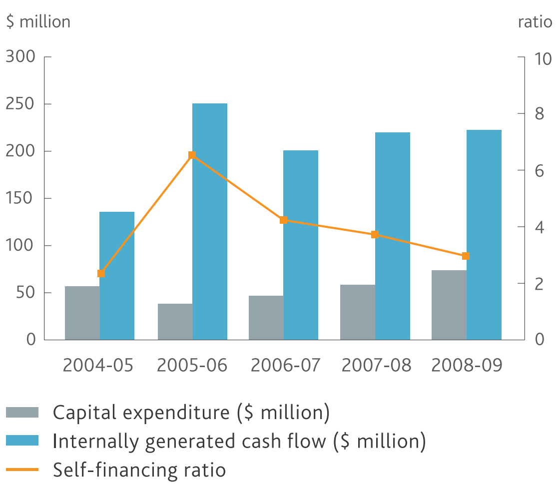
Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded could range between 0% to 150% of the initial grant of the restricted shares and between 0% to 200% of the initial grant of the performance shares.

CAPITAL EXPENDITURE AND CASH FLOW

In 2008-09, capital expenditure by the Group was $74.1 million, $15.6 million (+26.7%) higher than in the previous year.

Internally generated cash flow increased $2.7 million (+1.2%) to $222.7 million. The self-financing ratio of cash flow to capital expenditure fell to 3.0 times from 3.8 times last year. Approximately 59 per cent of the expenditure was spent on plant, equipment and tooling and building projects, while 40 per cent was on aircraft rotable spares.

Capital Expenditure, Internally Generated Cash Flow and Self-Financing Ratio



financial review

DIVIDENDS

A tax exempt one-tier interim dividend of 5.0 cents per share, amounting to $53.9 million, was paid on 28 November 2008.

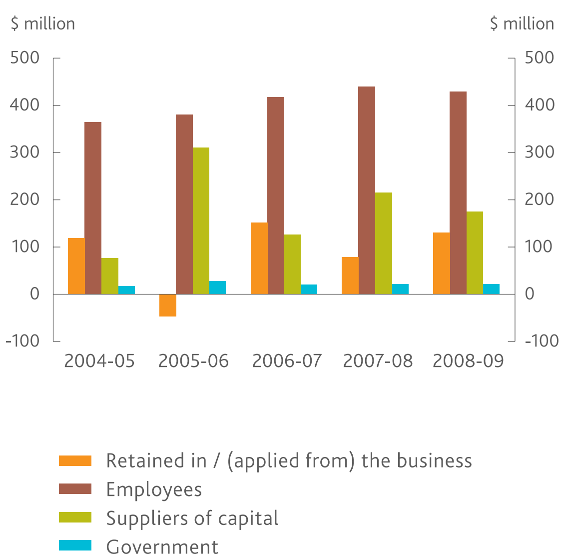
A tax exempt one-tier final dividend of 11.0 cents per share, amounting to $118.6 million, is proposed for 2008-09. The final dividend, if approved by shareholders during the Annual General Meeting to be held on 24 July 2009, will be paid on 13 August 2009.

VALUE ADDED

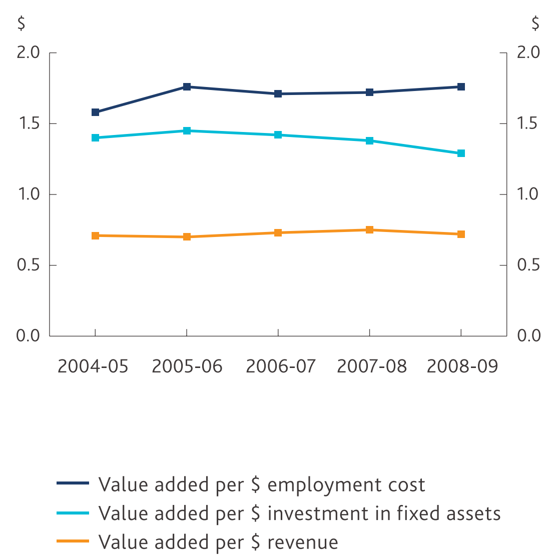
Total value added for the Group in 2008-09 was $757.3 million, up $1.8 million (+0.2%) from financial year 2007-08. The increase was mainly attributable to higher revenue (+$35.7 million) and higher share of profits of associated and joint venture companies (+$9.2 million), partially offset by lower interest income (-$5.9 million) and higher purchase of goods and services (-$33.4 million).

Salaries and other staff costs of $429.5 million accounted for 56.7% of the value added. Shareholders received $172.5 million (22.8%) in dividends and $21.9 million (2.9%) went to corporate taxes. The amount of $130.7 million (17.3%) was retained for future capital requirements.

Group Value Added Distribution



Group Value Added Productivity Ratios



financial review

STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION (in $ million)

	2008-09	2007-08	2006-07	2005-06	2004-05
Revenue	1,045.3	1,009.6	977.4	959.1	807.5
Less:					
Purchase of goods and services	(460.7)	(427.3)	(420.5)	(411.9)	(317.5)
Value added on operations	584.6	582.3	556.9	547.2	490.0
Add:					
Dividend income from long-term investment	11.1	13.7	15.4	11.9	4.8
Net interest income	3.9	9.8	13.6	9.2	3.8
Surplus on sale of fixed assets	0.1	1.3	0.3	1.9	0.4
Share of profits of associated and joint venture companies	157.6	148.4	130.8	100.6	69.0
Exceptional item	-	-	-	-	9.0
Total value added available for distribution	757.3	755.5	717.0	670.8	577.0
Applied as follows:					
To employees					
- Salaries and other staff costs	429.5	440.0	418.2	380.1	364.4
To government					
- Corporate taxes	21.9	21.7	20.6	27.8	17.1
To suppliers of capital					
- Ordinary dividends	172.5	214.8	127.2	103.3	76.1
- Special dividends	-	-	-	207.4	-
- Minority interests	2.7	0.5	(0.5)	(0.2)	0.3
Retained for future capital requirements / (applied from the business)					
- Depreciation	36.6	33.1	29.0	25.5	20.5
- Amortisation of intangibles	5.9	6.4	7.7	7.0	4.3
- Retained profit	88.2	39.0	114.8	(80.1)	94.3
Total value added	757.3	755.5	717.0	670.8	577.0
Value added per $ revenue ($)	0.72	0.75	0.73	0.70	0.71
Value added per $ employment cost ($)	1.76	1.72	1.71	1.76	1.58
Value added per $ investment in fixed assets ($)	1.29	1.38	1.42	1.45	1.40

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 or applied from the business.

financial review

STAFF STRENGTH AND INDICES

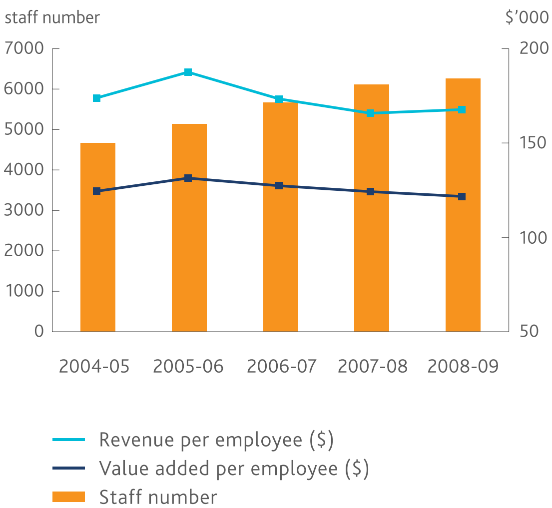
The Group's average staff strength in 2008-09 was 6,259, a 2.3% increase from the previous financial year.

	2008-09	2007-08	% change
Revenue per employee ($)	167,013	165,071	+1.2
Value added per employee ($)	120,999	123,528	-2.0
Staff costs per employee ($)	68,625	71,939	-4.6
Average number of employees	6,259	6,116	+2.3

Group revenue per employee increased $1,942 (+1.2%) to $167,013 and value added per employee fell $2,529 (-2.0%) to $120,999.

The Company's average staff strength was 5,621 in 2008-09, a 1.3% increase from the previous financial year.

Group Staff Strength & Indices



Company Staff Strength & Indices

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	–	Deputy Chairman
Ng Chin Hwee		(appointed as Director on 18 July 2008)
Tan Bian Ee		(Independent)
Koh Kheng Siong		(Independent)
Paul Chan Kwai Wah		(Independent)
Andrew Lim Ming-Hui		(Independent)
Ron Foo Siang Guan		(Independent)
Lim Joo Boon		(Independent)
Oo Soon Hee		(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.

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 (the "Act"), an interest in the ordinary shares and share options of the Company, and of related companies:

	Direct interest			Deemed interest		
Name of Director	1.4.2008/ date of appointment	31.3.2009	21.4.2009	1.4.2008/ date of appointment	31.3.2009	21.4.2009
Interest in Singapore Airlines Limited						
Ordinary shares						
Stephen Lee Ching Yen	9,400	9,400	9,400	–	–	–
Chew Choon Seng	200,000	218,500	218,500	–	–	–
Koh Kheng Siong	14,000	14,000	14,000	–	–	–
Paul Chan Kwai Wah	–	–	–	18,800	18,800	18,800
Ron Foo Siang Guan	–	–	–	12,200	22,200	22,200
Options to subscribe for ordinary shares						
Chew Choon Seng	1,194,000	1,194,000	1,194,000	–	–	–
Ng Chin Hwee	147,025	147,025	147,025	–	–	–

report by the board of directors

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (continued)

	Direct interest			Deemed interest		
Name of Director	1.4.2008/ date of appointment	31.3.2009	21.4.2009	1.4.2008/ date of appointment	31.3.2009	21.4.2009
Interest in Singapore Airlines Limited (continued)						
Conditional award of Restricted Share Plan shares						
Chew Choon Seng	77,025	118,687*	118,687*	–	–	–
Ng Chin Hwee	17,000	17,000	17,000	–	–	–
* Includes 18,472 shares awarded and to be released in subsequent years						
Conditional award of Performance Share Plan shares						
Chew Choon Seng	77,025	134,625	134,625	–	–	–
Ng Chin Hwee	15,000	15,000	15,000	–	–	–
Interest in SIA Engineering Company Limited						
Ordinary shares						
Chew Choon Seng	20,000	20,000	20,000	–	–	–
Ron Foo Siang Guan	15,000	15,000	15,000	25,000	25,000	25,000
Oo Soon Hee	–	–	–	2,000	2,000	2,000
Ng Chin Hwee	10,000	10,000	10,000	–	–	–
Interest in Singapore Airport Terminal Services Limited						
Ordinary shares						
Chew Choon Seng	10,000	10,000	10,000	–	–	–
Ng Chin Hwee	25,700	25,700	25,700	–	–	–
Options to subscribe for ordinary shares						
Ng Chin Hwee	921,000	921,000	921,000	–	–	–
Conditional award of Restricted Share Plan shares						
Ng Chin Hwee	65,796+	65,796+	65,796+	–	–	–
+ Includes 24,796 shares awarded and to be released in subsequent years						
Conditional award of Performance Share Plan shares						
Ng Chin Hwee	107,755	107,755	107,755	–	–	–
Interest in Singapore Telecommunications Limited						
Ordinary shares						
Stephen Lee Ching Yen	190	190	190	190	190	190
Chew Choon Seng	10,500	10,500	10,500	–	–	–
Tan Bian Ee	1,550	1,550	1,550	12,130	12,130	12,130
Koh Kheng Siong	10,500	10,500	10,500	2,900	2,900	2,900
Paul Chan Kwai Wah	54,600	122,600	122,600	1,550	1,550	1,550

report by the board of directors

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (continued)

	Direct interest			Deemed interest		
Name of Director	1.4.2008/ date of appointment	31.3.2009	21.4.2009	1.4.2008/ date of appointment	31.3.2009	21.4.2009
Interest in Singapore Telecommunications Limited (continued)						
Ordinary shares						
Andrew Lim Ming-Hui	3,566	3,566	3,566	1,550	1,550	1,550
Lim Joo Boon	8,140	8,140	8,140	1,120	1,120	1,120
Oo Soon Hee	9,010	9,010	9,010	5,480	5,480	5,480
Ng Chin Hwee	2,840	2,840	2,840	1,360	1,360	1,360
Interest in SMRT Corporation Limited						
Ordinary shares						
Chew Choon Seng	50,000	50,000	50,000	–	–	–
Ron Foo Siang Guan	100,000	100,000	100,000	–	–	–
Interest in Singapore Technologies Engineering Limited						
Ordinary shares						
Koh Kheng Siong	34,361	34,361	34,361	–	–	–
Paul Chan Kwai Wah	–	81,000	81,000	–	–	–
Ron Foo Siang Guan	45,000	45,000	45,000	3,000	3,000	3,000
Oo Soon Hee	–	–	–	–	5,000	5,000
Interest in Neptune Orient Lines Limited						
Ordinary shares						
Stephen Lee Ching Yen	30,000	30,000	30,000	–	–	–
Paul Chan Kwai Wah	1,000	1,000	1,000	1,000	1,000	1,000
Interest in Chartered Semiconductor Manufacturing Limited						
Ordinary shares						
Lim Joo Boon	–	–	–	110,000	–	–
Oo Soon Hee	2,000	2,000	2,000	–	–	–
Interest in Mapletree Logistics Trust						
Units in Mapletree Logistics Trust						
Paul Chan Kwai Wah	–	296,796	296,796	–	–	–
Oo Soon Hee	–	20,000	20,000	–	77,302	77,302
Ng Chin Hwee	2,000	2,000	2,000	–	–	–
Interest in Singapore Food Industries Limited						
Ordinary shares						
Ng Chin Hwee	2,000	–	–	–	–	–
Interest in SP AusNet						
Ordinary shares						
Oo Soon Hee	100,000	100,000	100,000	10,000	10,000	10,000

report by the board of directors

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (continued)

	Direct interest			Deemed interest		
Name of Director	1.4.2008/ date of appointment	31.3.2009	21.4.2009	1.4.2008/ date of appointment	31.3.2009	21.4.2009
Interest in SP AusNet (continued)						
Ordinary shares						
Ng Chin Hwee	2,000	2,000	2,000	–	–	–
Interest in Starhub Ltd						
Ordinary shares						
Ron Foo Siang Guan	–	–	50,000	–	–	–

Except as disclosed in this report, no other director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related companies, either at the beginning of the financial year, or date of appointment if later, 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 corporation with the director, or with a firm of which the director is a member, or with a company which the director has a substantial financial interest.

5. OPTIONS ON SHARES IN THE COMPANY

(i) Employee Share Option Plan

The SIA Engineering Company 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 approved by shareholders on 9 February 2000.

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.

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.

report by the board of directors

5. OPTIONS ON SHARES IN THE COMPANY (continued)

(i) Employee Share Option Plan (continued)

At the date of this report, the Compensation and HR Committee administering the Plan comprises the following directors:

Paul Chan Kwai Wah - Chairman
Chew Choon Seng
Koh Kheng Siong
Lim Joo Boon

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 13,592,000 unissued shares in the Company 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 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
28.03.2000	1,469,500	(90,400)	(262,100)	1,117,000	$1.65	28.03.2001 - 27.03.2010
03.07.2000	1,487,013	(63,200)	(218,600)	1,205,213	$1.55	03.07.2001 - 02.07.2010
02.07.2001	719,600	(50,800)	(152,700)	516,100	$1.01	02.07.2002 - 01.07.2011
01.07.2002	4,194,350	(90,400)	(407,150)	3,696,800	$1.98	01.07.2003 - 30.06.2012
01.07.2003	1,192,275	(11,600)	(231,525)	949,150	$1.35	01.07.2004 - 30.06.2013
01.07.2004	4,289,225	(17,200)	(474,550)	3,797,475	$1.69	01.07.2005 - 30.06.2014
01.07.2005	8,550,875	(17,200)	(876,150)	7,657,525	$2.25	01.07.2006 - 30.06.2015
03.07.2006	14,782,550	(112,000)	(964,100)	13,706,450	$3.44	03.07.2007 - 02.07.2016
02.07.2007	15,319,400	(220,800)	(1,250)	15,097,350	$4.67	02.07.2008 - 01.07.2017
01.07.2008	13,592,000	(74,400)	–	13,517,600	$3.74	01.07.2010 - 30.06.2018
	65,596,788	(748,000)	(3,588,125)	61,260,663		

* At the extraordinary general meeting of the Company held on 26 July 2004, the Company's shareholders approved an amendment to the Plan to allow for adjustment to the exercise prices of the existing options by the Committee administering the Plan, in the event of the declaration of a special dividend. Following approval by the Company'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 the Company'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.

report by the board of directors

5. OPTIONS ON SHARES IN THE COMPANY (continued)

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

At the extraordinary general meeting of the Company held on 25 July 2005, the Company's shareholders approved the adoption of the RSP and PSP, 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 150% of the initial grant of the restricted shares and between 0% to 200% of the initial grant of the performance shares.

At the date of this report, the Compensation and HR Committee which administers the RSP and PSP comprises the following directors:

Paul Chan Kwai Wah - Chairman
Chew Choon Seng
Koh Kheng Siong
Lim Joo Boon

No shares 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 shares granted under the RSP and PSP, other than as detailed in Note 34 to the financial statements.

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

RSP

	Number of Restricted shares				
Date of grant	Balance at 1.4.2008/ date of grant	Adjustment *	Cancelled	Released	Balance at 31.3.2009
03.07.2006	194,900	31,184	(6,235)	(112,721)	107,128
02.07.2007	338,300	–	(10,700)	–	327,600
01.07.2008	877,300	–	(17,500)	–	859,800
	1,410,500	31,184	(34,435)	(112,721)	1,294,528

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

PSP

	Number of Performance shares			
Date of grant	Balance at 1.4.2008/ date of grant	Cancelled	Released	Balance at 31.3.2009
03.07.2006	31,100	–	–	31,100
02.07.2007	61,200	–	–	61,200
01.07.2008	128,500	–	–	128,500
	220,800	–	–	220,800

report by the board of directors

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, which is set out in the Annual Report.

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
Deputy Chairman

Dated this 11th day of May 2009

statement by the directors

Pursuant to Section 201(15) of the Singapore Companies Act, Cap. 50

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

(a) 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 flow of the Group and the changes in equity of the Company for the financial year ended on that date; and

(b) 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
Deputy Chairman

Dated this 11th day of May 2009

auditors' report

To the Members of SIA Engineering Company Limited

We have audited the accompanying financial statements of SIA Engineering Company Limited (the "Company") and its subsidiary companies (collectively, the Group) set out on pages 56 to 117, 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 sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion,

(i) the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2009 and the results, changes in equity and cash flow 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 subsidiary companies 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
Singapore
Dated this 11th day of May 2009

consolidated profit and loss account

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

		The Group	
	Notes	2008-09	2007-08
REVENUE	3	1,045,336	1,009,572
EXPENDITURE			
Staff costs	4	429,522	439,982
Material costs		229,888	235,587
Depreciation	14	36,619	33,080
Amortisation of intangibles	15	5,901	6,387
Company accommodation		45,881	43,214
Subcontract costs		108,604	82,343
Other operating expenses		76,313	66,100
		932,728	906,693
OPERATING PROFIT	5	112,608	102,879
Interest income	6	3,852	9,796
Interest on external borrowings		(6)	(34)
Surplus on disposal of fixed assets		104	1,331
Dividend received from long-term investment		11,112	13,682
Share of profits of associated companies		109,107	107,088
Share of profits of joint venture companies		63,898	50,827
PROFIT BEFORE TAXATION		300,675	285,569
Taxation expense	7	(38,358)	(31,232)
Adjustment for reduction in Singapore statutory tax rate	7	1,047	–
PROFIT FOR THE FINANCIAL YEAR		263,364	254,337
PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		260,634	253,802
Minority interests		2,730	535
		263,364	254,337
BASIC EARNINGS PER SHARE (CENTS)	8	24.2	23.7
DILUTED EARNINGS PER SHARE (CENTS)	8	24.1	23.3

The notes on pages 62 to 117 form an integral part of these financial statements.

balance sheets

As at 31 March 2009 (in thousands of $)

	Notes	The Group 2009	The Group 2008	The Company 2009	The Company 2008
SHARE CAPITAL	10	255,613	245,008	255,613	245,008
RESERVES					
Share-based compensation reserve	11	39,612	28,544	39,612	28,544
Foreign currency translation reserve		(36,377)	(88,378)	–	–
Fair value reserve	11	(1,859)	2,647	(1,859)	2,647
General reserve		971,948	937,497	626,679	635,406
		973,324	880,310	664,432	666,597
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		1,228,937	1,125,318	920,045	911,605
MINORITY INTERESTS		26,465	14,840	–	–
TOTAL EQUITY		1,255,402	1,140,158	920,045	911,605
DEFERRED TAXATION	12	24,939	21,786	20,586	18,619
LONG-TERM LIABILITY					
Finance lease commitments					
– repayable after one year	13	28	102	–	–
		1,280,369	1,162,046	940,631	930,224
Represented by:					
FIXED ASSETS	14	313,222	275,726	287,745	257,960
INTANGIBLES	15	6,733	11,625	4,756	10,004
SUBSIDIARY COMPANIES	16	–	–	38,802	20,417
ASSOCIATED COMPANIES	17	403,717	343,595	164,672	164,672
JOINT VENTURE COMPANIES	18	126,729	94,394	56,599	56,599
LONG-TERM INVESTMENTS	19	14,606	14,606	14,606	14,606
CURRENT ASSETS					
Trade debtors	20	69,670	69,365	54,363	57,187
Prepayments and other debtors	21	12,399	21,788	10,596	21,235
Immediate holding company	22	77,862	53,805	76,131	51,168
Related parties	23	20,598	29,625	12,602	25,229
Stocks	24	35,703	19,181	28,823	15,593
Work-in-progress		48,459	42,526	46,576	41,226
Short-term deposits	25	323,984	370,881	322,526	363,466
Cash and bank balances	26	48,489	66,413	25,004	62,029
		637,164	673,584	576,621	637,133
Less:					
CURRENT LIABILITIES					
Trade and other creditors	27	202,115	231,111	185,033	211,603
Bank loans	28	760	–	–	–
Finance lease commitments					
– repayable within one year	13	56	50	–	–
Current tax payable		18,871	20,323	18,137	19,564
		221,802	251,484	203,170	231,167
NET CURRENT ASSETS		415,362	422,100	373,451	405,966
		1,280,369	1,162,046	940,631	930,224

The notes on pages 62 to 117 form an integral part of these financial statements.

statements of changes in equity

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

	Notes	Attributable to Equity Holders of the Company						Minority interests	Total equity
		Share capital	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	General reserve	Total		
The Group									
Balance at 1 April 2008		245,008	28,544	(88,378)	2,647	937,497	1,125,318	14,840	1,140,158
Currency translation differences		–	–	52,001	–	–	52,001	908	52,909
Net fair value changes on cash flow hedges		–	–	–	(4,506)	–	(4,506)	–	(4,506)
Net income and expense not recognised in the profit and loss account		–	–	52,001	(4,506)	–	47,495	908	48,403
Profit for the financial year		–	–	–	–	260,634	260,634	2,730	263,364
Net income and expense recognised for the financial year		–	–	52,001	(4,506)	260,634	308,129	3,638	311,767
Capital contribution		–	–	–	–	–	–	8,295	8,295
Share-based payment	11	–	13,677	–	–	–	13,677	–	13,677
Share awards released	10	434	(434)	–	–	–	–	–	–
Share options exercised	10	10,171	(2,031)	–	–	–	8,140	–	8,140
Share options lapsed		–	(144)	–	–	144	–	–	–
Dividends	9	–	–	–	–	(226,327)	(226,327)	(308)	(226,635)
Balance at 31 March 2009		255,613	39,612	(36,377)	(1,859)	971,948	1,228,937	26,465	1,255,402

The notes on pages 62 to 117 form an integral part of these financial statements.

statements of changes in equity

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

	Notes	Attributable to Equity Holders of the Company							
		Share capital	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	General reserve	Total	Minority interests	Total equity
The Group									
Balance at 1 April 2007		214,545	17,971	(47,142)	–	811,796	997,170	13,240	1,010,410
Currency translation differences		–	–	(41,236)	–	–	(41,236)	150	(41,086)
Net fair value changes on cash flow hedges		–	–	–	2,647	–	2,647	–	2,647
Net income and expense not recognised in the profit and loss account		–	–	(41,236)	2,647	–	(38,589)	150	(38,439)
Profit for the financial year		–	–	–	–	253,802	253,802	535	254,337
Net income and expense recognised for the financial year		–	–	(41,236)	2,647	253,802	215,213	685	215,898
Capital contribution		–	–	–	–	–	–	1,146	1,146
Share-based payment	11	–	16,415	–	–	–	16,415	–	16,415
Share options exercised	10	30,463	(5,432)	–	–	–	25,031	–	25,031
Share options lapsed		–	(410)	–	–	410	–	–	–
Dividends	9	–	–	–	–	(128,511)	(128,511)	(231)	(128,742)
Balance at 31 March 2008		245,008	28,544	(88,378)	2,647	937,497	1,125,318	14,840	1,140,158

The notes on pages 62 to 117 form an integral part of these financial statements.

statements of changes in equity

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

	Notes	Share capital	Share-based compensation reserve	Fair value reserve	General reserve	Total
The Company						
Balance at 1 April 2008		245,008	28,544	2,647	635,406	911,605
Net fair value changes on cash flow hedges		–	–	(4,506)	–	(4,506)
Net expense not recognized in the profit and loss account		–	–	(4,506)	–	(4,506)
Profit for the financial year		–	–	–	217,456	217,456
Net income and expense recognised for the financial year		–	–	(4,506)	217,456	212,950
Share-based payment	11	–	13,677	–	–	13,677
Share awards released	10	434	(434)	–	–	–
Share options exercised	10	10,171	(2,031)	–	–	8,140
Share options lapsed		–	(144)	–	144	–
Dividends	9	–	–	–	(226,327)	(226,327)
Balance at 31 March 2009		255,613	39,612	(1,859)	626,679	920,045
Balance at 1 April 2007		214,545	17,971	–	560,382	792,898
Net fair value changes on cash flow hedges		–	–	2,647	–	2,647
Net income not recognized in the profit and loss account		–	–	2,647	–	2,647
Profit for the financial year		–	–	–	203,125	203,125
Net income recognised for the financial year		–	–	2,647	203,125	205,772
Share-based payment	11	–	16,415	–	–	16,415
Share options exercised	10	30,463	(5,432)	–	–	25,031
Share options lapsed		–	(410)	–	410	–
Dividends	9	–	–	–	(128,511)	(128,511)
Balance at 31 March 2008		245,008	28,544	2,647	635,406	911,605

The notes on pages 62 to 117 form an integral part of these financial statements.

consolidated cash flow statement

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

	Notes	The Group 2008-09	The Group 2007-08
NET CASH PROVIDED BY OPERATING ACTIVITIES	29	86,949	91,715
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(74,125)	(58,502)
Purchase of intangible assets		(1,010)	(1,415)
Proceeds from disposal of fixed assets		159	1,148
Acquisition of subsidiary, net of cash acquired	29	–	(1,464)
Dividend received from long-term investment		11,112	13,682
Dividends received from associated companies		72,589	55,269
Dividends received from joint venture companies		42,784	33,719
Interest received from deposits		5,104	10,312
NET CASH PROVIDED BY INVESTING ACTIVITIES		56,613	52,749
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		8,140	25,031
Proceeds from issuance of share capital by a subsidiary company to minority shareholders		8,295	1,146
Interest paid		(6)	(34)
Repayment of finance lease obligations		(68)	(1,997)
Net proceeds from / (repayment of) bank loan		760	(753)
Dividends paid		(226,327)	(128,511)
Dividends paid by subsidiary companies to minority interests		(308)	(231)
NET CASH USED IN FINANCING ACTIVITIES		(209,514)	(105,349)
NET CASH (OUTFLOW) / INFLOW		(65,952)	39,115
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		437,294	400,301
Effect of exchange rate changes		1,131	(2,122)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		372,473	437,294
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	25	323,984	370,881
Cash and bank balances	26	48,489	66,413
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		372,473	437,294

The notes on pages 62 to 117 form an integral part of these financial statements.

notes to the financial statements

31 March 2009

1. GENERAL

SIA Engineering Company Limited (the "Company") is a limited liability company incorporated in the Republic of Singapore, which is also the place of domicile. The Company is a subsidiary company of Singapore Airlines Limited and its ultimate holding company is Temasek Holdings (Private) Limited, both incorporated in the Republic of Singapore.

The registered office of the Company is located at SIA Engineering Company Hangar, 31 Airline Road, Singapore 819831.

The principal activities of the Company are the provision of airframe maintenance and component overhaul services, the provision of line maintenance and technical ground handling services, and investment holdings. The principal activities of the subsidiary companies include the manufacturing of aircraft cabin equipment, refurbishment of aircraft galleys, the provision of technical and non-technical handling services, repair and overhaul of hydro-mechanical aircraft equipment, provision of airframe maintenance services and investment holdings. There have been no significant changes in the nature of these activities during the financial year.

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 11 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 accounting

The financial statements of the Group and of the Company, which are expressed in Singapore dollars ($) and all values in the tables are rounded to the nearest thousand ($'000), are prepared under the historical cost convention except as disclosed in the accounting policies below, and in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Cap. 50.

(b) Adoption of new and revised standards

In the current financial year, the Group and the Company have adopted all of the new and 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 and Company's accounting policies and has no material effect on the accounts 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 that are relevant to the Group and the Company were issued but not effective. The Group and the Company have not applied the following FRS and INT FRS that have been issued but not yet effective:

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(b) Adoption of new and revised standards (continued)

			Effective date (Annual periods beginning on or after)
Improvements to FRSs			1 January 2009 (unless otherwise stated)
FRS 1	:	Presentation of Financial Statements - Revised Presentation - Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	:	Borrowing Costs	1 January 2009
FRS 27	:	Consolidated and Separate Financial Statements - Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	:	Financial Instruments: Presentation - Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	:	Financial Instruments: Recognition and Measurement - Eligible Hedged Items	1 July 2009
FRS101	:	First-time Adoption of Financial Reporting Standards - Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	:	Share-based Payment - Vesting Conditions and Cancellations	1 January 2009
FRS 107	:	Amendments to FRS 107 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 101	:	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 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 directors expect 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 – Revised Presentation

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. The Group is currently evaluating the format to adopt.

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

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(c) Significant accounting estimates

Estimates and assumptions concerning the future and judgements 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 on-going 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.

Depreciation of plant, equipment and tooling, and aircraft rotable spares
The cost of plant, equipment and tooling, and aircraft rotable spares are depreciated on a straight-line basis over the expected useful lives. Management estimates the useful lives of these assets to be within 3 to 15 years. These are common life expectancies in the aircraft maintenance, repair and overhaul industry. The carrying amount of the Group's plant, equipment and tooling, and aircraft rotable spares as at 31 March 2009 was $130,932,000 (2008: $118,576,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore future depreciation charges could be revised.

Income taxes
The Group has exposure to income taxes in numerous jurisdictions. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's current tax payable and deferred tax liabilities as at 31 March 2009 was $18,871,000 (2008: $20,323,000) and $24,939,000 (2008: $21,786,000) respectively.

Work-in-progress
Work-in-progress was stated at cost plus estimated profit earned, based on the estimated percentage of completion and total estimated budgeted costs. Management made reference to labour hours incurred and the physical stage of maintenance, repair and overhaul in estimating the percentage of completion and budgeted cost. The carrying amount of the Group's work-in-progress as at 31 March 2009 was $48,459,000 (2008: $42,526,000).

(d) Consolidation

The consolidated financial statements comprise the separate financial statements of the Company and its subsidiary companies as at the balance sheet date. 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 16.

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

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(d) Consolidation (continued)

Acquisitions of subsidiaries 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's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2 (f). Any excess of the Group's share in the net fair value of the acquired subsidiary'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.

Subsidiaries are fully 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 subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

(e) Subsidiary, associated and joint venture companies

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

A subsidiary company is defined as an entity over which the Group has the power to govern the financial and operating policies, 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 between and including 20% and 50% of the voting rights. A list of the Group's associated companies is shown in Note 17.

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.

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 18.

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

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

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

The most recent 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.

(f) Intangible assets

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, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill arising from business combinations prior to 1 April 2001 has been written-off against Group reserves in the financial year in which it arose. When determining goodwill, assets and liabilities of the acquired interest are translated using the exchange rate at the date of acquisition if the financial statements of the acquired interest are not denominated in Singapore dollars.

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-generation 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.

Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(f) Intangible assets (continued)

Other intangible assets (continued)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Computer software
Computer software are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 5 years.

Others
This includes costs relating to the development of the passenger-to-freighter conversion know-how and license acquired in business combination. Costs related to development of the passenger-to-freighter conversion know-how are capitalised and amortised on a straight-line basis over its estimated useful life of 3 years.

(g) Functional and foreign currencies

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

Foreign currency transactions are converted into Singapore dollars at exchange rates which approximate bank rates prevailing at dates of transactions, after taking into account the effect of forward currency contracts which expired during the financial year.

All foreign currency monetary assets and liabilities are translated into Singapore dollars using year-end exchange rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. 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 translation of current assets and liabilities are taken to the profit and loss account.

For the purposes of the Group financial statements, the net assets of the foreign subsidiary, associated and joint venture companies are translated into Singapore dollars 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 Singapore dollars at exchange rates which approximate the exchange rates at the date of the transactions. 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 at the closing rate at the balance sheet date.

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(g) Functional and foreign currencies (continued)

Goodwill and fair value adjustments which arose on acquisitions of foreign subsidiaries before 1 April 2005 are deemed to be assets and liabilities of the parent company and are recorded in Singapore dollars at the rates prevailing at the dates of acquisition.

(h) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewal is capitalised and expenditure for maintenance and repairs is charged to the profit and loss account. When assets are sold or retired, their costs and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

(i) Depreciation of fixed assets

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

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.

Leasehold land and buildings
Leasehold land and buildings are amortised over the lease period or 30 years, whichever is the shorter.

Plant, equipment and tooling
These are depreciated over 3 to 15 years.

Aircraft rotable spares
These are depreciated over 3 to 10 years.

Other fixed assets
This covers office furniture and equipment, and motor vehicles. These are depreciated over 1 to 7 years.

(j) Leased assets – as lessee

Finance lease

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments at the inception of the lease term and disclosed as leased fixed assets and the corresponding lease commitments are included under liabilities. 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. Depreciation on the relevant assets is charged to the profit and loss account.

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(j) Leased assets – as lessee (continued)

Operating lease

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.

(k) Stocks

Stocks 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.

(l) Work-in-progress

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.

(m) Financial assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale assets, as appropriate. Financial assets are recognised on the balance sheet 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, and in the case of financial assets not at fair value through profit or loss at directly attributable transaction costs. The Group determines the classifications of its financial assets after initial recognition, and where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date. 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.

Financial assets at fair value through profit or 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 instruments 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 realized within 12 months after the balance sheet date.

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(m) Financial assets (continued)

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 profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Receivables are included in trade debtors on the balance sheet. The accounting policy for trade debtors is stated in Note 2(q).

Available-for-sale financial assets

Available-for-sale financial assets 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 financial assets 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 at which time 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 impairment loss.

(n) 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.

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.

(o) Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (i) the consideration received and (ii) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(o) Derecognition of financial assets and liabilities (continued)

Financial liabilities

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. Net gains or losses on derivatives include exchange differences.

(p) Long-term investment

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

(q) Loans and receivables

Trade debtors, including amounts owing by subsidiary, associated and joint venture companies and other debtors are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2(m).

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

(r) Cash and bank balances

Cash and bank balances are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash on hand, demand deposits and short-term deposits are classified and accounted for as loans and receivables under FRS 39.

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash on hand and deposits with immediate holding company and banks. The accounting policy for this category of financial assets is stated in Note 2(m).

(s) Income taxes

Current taxation

Current tax assets and 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.

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(s) Income taxes (continued)

Deferred taxation

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:

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

- 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.

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 is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on consolidation.

(t) Loans and borrowings

Loans 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) Employee benefits

Equity compensation plans

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

Details of the plans are disclosed in Note 10.

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(u) Employee benefits (continued)

Equity compensation plans (continued)

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options 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.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the share-based compensation reserve, over the 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"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not recognised for the award is recognised immediately.

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.

Defined contribution plan

As required by law, the companies in Singapore make contributions to the state pension scheme, the Central Provident Fund ("CPF"). One of the Group's subsidiary companies outside Singapore makes contributions to its respective country's pension schemes. Such contributions are recognised as compensation expenses in the same period as the employment that gave rise to the contributions.

Defined benefit plan

The Group contributes to an unfunded, non-contributory, defined benefit pension plan for most of the regular employees employed in its overseas subsidiary. The cost of providing benefits includes the Group's contribution for the year plus any unfunded liabilities under the plan. Contributions to the plan over the expected average remaining working lives of the employees participating in the plans are expensed as incurred.

(v) Trade creditors

Trade creditors and amounts owing to subsidiary, associated and joint venture 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.

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(w) 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.

Provision for warranty claims is made for airframe maintenance and component overhaul services based on past experience of the level of repairs.

(x) Share capital

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.

(y) 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 from airframe maintenance 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.

Revenue from line maintenance and technical ground handling is recognised upon rendering of services.

Revenue from Fleet Management Programmes is recognised on a time proportion basis and in accordance with the period in which services have been rendered.

(z) 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 recorded using the effective interest rate method and recognised on an accrual basis.

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(aa) Training and development costs

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

(ab) Borrowing costs

Borrowing costs are recognised as expenses in the financial period in which they are incurred.

(ac) Impairment of non-financial and financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation credited to equity, in which case it is charged to equity. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

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

Assets carried at amortised costs

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

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

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

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(ac) Impairment of non-financial and financial assets (continued)

Assets carried at costs

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.

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 reversed 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.

(ad) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency 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. Derivatives are carried as assets when the fair value is positive, and as liabilities when the fair value is negative.

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.

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 entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's (or transaction's) cash flows attributable or fair values to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows or fair value, 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.

notes to the financial statements

31 March 2009

2. ACCOUNTING POLICIES (continued)

(ad) Derivative financial instruments and hedging (continued)

Cash flow hedges which meet the criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value reserve (Note 11), 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 the cost of 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.

(ae) Segmental Reporting

The Company and its subsidiary companies operate in Singapore, Philippines, Australia and United States of America in one business segment, that of maintenance, repair and overhaul of aircraft and aircraft engines.

3. REVENUE (in thousands of $)

	The Group	
	2008-09	2007-08
Airframe maintenance and component overhaul services	562,014	603,064
Line maintenance and technical ground handling	369,893	335,385
Fleet management programmes	113,429	71,123
	1,045,336	1,009,572

4. STAFF COSTS (in thousands of $)

	The Group	
	2008-09	2007-08
Salary, bonuses and other costs	394,187	395,144
CPF and other defined contributions	21,712	28,445
Share-based compensation expense	13,623	16,393
	429,522	439,982

The Group contributes to an unfunded, non-contributory, defined benefit pension plan for most of the regular employees employed under one of its overseas subsidiaries. Defined benefit expenses for the Group were approximately $77,550 for 2008-09 and $93,000 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 the defined benefit plan are not shown. Disclosures relating to share-based compensation expense are in Note 10.

notes to the financial statements

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5. OPERATING PROFIT (in thousands of $)

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

	The Group	
	2008-09	2007-08
Exchange gain, net *	(5,065)	(785)
Operating lease expenses	755	841
Provision for obsolete stocks, net	735	914
Provision/ (Write-back) for warranty claims, net	265	(254)
Professional fee paid to a firm in which a director is a member	12	5
Remuneration for auditors of the Company		
- Audit fees	213	198
- Non-audit fees	133	176

* Amount includes a net fair value loss on forward currency contracts of $1,220,000 (2007-08: $5,187,000 gain).

6. INTEREST INCOME (in thousands of $)

	The Group	
	2008-09	2007-08
Deposits placed with immediate holding company	3,389	8,527
Deposits placed with banks	436	1,215
Staff loans	27	54
	3,852	9,796

7. TAXATION (in thousands of $)

	The Group	
	2008-09	2007-08
Current taxation		
Provision for the financial year	(17,788)	(21,993)
(Under) / Over provision in respect of prior years	(748)	8,874
Share of associated companies' taxation	(14,822)	(9,449)
Share of joint venture companies' taxation	(563)	(69)
	(33,921)	(22,637)
Deferred taxation		
Provision for the financial year	(4,238)	(7,029)
Underprovision in respect of prior years	(199)	(1,566)
Adjustment for reduction in Singapore statutory tax rate	1,047	–
	(3,390)	(8,595)
	(37,311)	(31,232)

notes to the financial statements

31 March 2009

7. TAXATION (in thousands of $) (continued)

On 3 December 2003, the Company was granted a 10-year Development and Expansion Incentive (Relief from Income Tax), subject to the Company's compliance with the conditions imposed by the relevant authorities. This Development and Expansion Incentive (DEI) has been terminated after 31 May 2005 and a new 10-year DEI has been awarded, commencing on 1 June 2005, whereby a concessionary tax rate of 5% shall be imposed on qualifying income in excess of a certain 'base' level of taxable income. The base, as well as any income from non-qualifying activities, shall be taxed at the prevailing corporate tax rate.

On 22 January 2009, the Government announced a 1% point reduction in statutory 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 liabilities was $1.0 million for the Group.

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

	The Group	
	2008-09	2007-08
Profit before taxation	300,675	285,569
Taxation at statutory tax rate of 17.0% (2008: 18%)	(51,115)	(51,402)
Adjustments		
Income not subject to tax	17,859	24,313
Effect of change in statutory tax rate	1,047	–
Deferred tax assets not recognised	(429)	(455)
Expenses not deductible for tax purposes	(2,909)	(7,820)
Higher effective tax rates of other countries	(288)	(92)
(Under) / Over provision in relation to prior years	(947)	7,308
Provision for withholding tax expense on share of associated companies' profits	(961)	(3,319)
Others	432	235
Taxation	(37,311)	(31,232)

notes to the financial statements

31 March 2009

8. EARNINGS PER SHARE

	The Group	
	2008-09	2007-08
Profit attributable to equity holders of the Company (in thousands of $)	260,634	253,802
Weighted average number of ordinary shares in issue used for computing basic earnings per share	1,077,161,560	1,070,290,814
Adjustment for share options	5,759,180	17,274,939
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	1,082,920,740	1,087,565,753
Basic earnings per share (cents)	24.2	23.7
Diluted earnings per share (cents)	24.1	23.3

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

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the effects of dilutive options.

42,321,400 (2008: 15,319,400) of 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 financial period presented.

9. DIVIDENDS PAID AND PROPOSED (in thousands of $)

	The Group and Company	
	2008-09	2007-08
Dividends Paid:		
Final dividend of 16.0 cents per share tax exempt one-tier in respect of 2007-08 (2007-08: 8.0 cents per share tax exempt one-tier in respect of 2006-07)	172,427	85,586
Interim dividend of 5.0 cents per share tax exempt one-tier in respect of 2008-09 (2007-08: 4.0 cents per share tax exempt one-tier in respect of 2007-08)	53,900	42,925
	226,327	128,511

The directors propose a final tax exempt one-tier ordinary dividend of 11.0 cents per share (2007-08: final tax exempt one-tier ordinary dividend of 16.0 cents per share), amounting to approximately $118,582,000 (2007-08: $172,427,000) to be paid for the financial year ended 31 March 2009.

notes to the financial statements

31 March 2009

10. SHARE CAPITAL (in thousands of $)

	The Group and Company 31 March 2009	2008
Issued and fully paid		
Balance at 1 April		
1,074,315,737 shares (2008: 1,061,891,812 shares)	245,008	214,545
3,588,125 share options exercised during the year (2007-08: 12,423,925)	10,171	30,463
112,721 share awards released during the year (2007-08: nil)	434	–
Balance at 31 March		
1,078,016,583 shares (2008: 1,074,315,737 shares)	255,613	245,008

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

During the financial year, the Company issued 3,588,125 shares (2008: 12,423,925) upon exercise of options granted under the Employee Share Option Plan. In addition, the Company issued 112,721 shares (2008: nil) upon release of share awards granted under the restricted share plan.

(a) Share Option Plan

The SIA Engineering Company Limited Employee Share Option Plan ("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 by shareholders on 9 February 2000.

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 SGX-ST for the five market days immediately preceding the date of grant.

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

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

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

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

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

There are no cash settlement alternatives.

notes to the financial statements

31 March 2009

10. SHARE CAPITAL (in thousands of $) (continued)

(a) Share Option Plan (continued)

Information with respect to the number of options granted under the Plan is as follows:

	2008-09 Number of options	2008-09 Weighted average exercise price	2007-08 Number of options	2007-08 Weighted average exercise price
Outstanding at 1 April	52,004,788	$3.16	49,731,288	$2.40
Granted	13,592,000	$3.74	15,483,000	$4.67
Exercised	(3,588,125)	$2.27	(12,423,925)	$2.01
Cancelled	(748,000)	$3.02	(785,575)	$2.92
Outstanding 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 was $1.01 - $4.67 (2007-08: $1.01 - $4.67). The weighted average remaining contractual life for these options is 7.13 years (2007-08: 7.41 years).

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).

Fair values of ESOP

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted each year under the ESOP. The estimate of the fair value of the services received is measured based on a binomial model, taking into account the terms and conditions upon which the ESOP 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
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

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.

notes to the financial statements

31 March 2009

10. SHARE CAPITAL (in thousands of $) (continued)

(a) Share Option Plan (continued)

Proceeds received from share options exercised during the financial year were:

(In thousands of $)	2008-09	2007-08
Aggregate proceeds from shares issued	8,140	25,031

Details of share options granted during the financial year:

	2008-09	2007-08
Expiry date	30.06.2018	01.07.2017
Exercise price	$3.74	$4.67

Terms of share options outstanding as at 31 March 2009:

Exercisable period	Exercise price ($)	Number outstanding	Number exercisable
28.03.2001 - 27.03.2010	1.65	26,325	26,325
28.03.2002 - 27.03.2010	1.65	1,010,525	1,010,525
28.03.2003 - 27.03.2010	1.65	36,950	36,950
28.03.2004 - 27.03.2010	1.65	43,200	43,200
03.07.2001 - 02.07.2010	1.55	75,649	75,649
03.07.2002 - 02.07.2010	1.55	847,651	847,651
03.07.2003 - 02.07.2010	1.55	140,955	140,955
03.07.2004 - 02.07.2010	1.55	140,958	140,958
02.07.2002 - 01.07.2011	1.01	20,750	20,750
02.07.2003 - 01.07.2011	1.01	395,350	395,350
02.07.2004 - 01.07.2011	1.01	50,000	50,000
02.07.2005 - 01.07.2011	1.01	50,000	50,000
01.07.2003 - 30.06.2012	1.98	281,425	281,425
01.07.2004 - 30.06.2012	1.98	2,601,825	2,601,825
01.07.2005 - 30.06.2012	1.98	406,400	406,400
01.07.2006 - 30.06.2012	1.98	407,150	407,150
01.07.2004 - 30.06.2013	1.35	64,375	64,375
01.07.2005 - 30.06.2013	1.35	677,275	677,275
01.07.2006 - 30.06.2013	1.35	94,500	94,500
01.07.2007 - 30.06.2013	1.35	113,000	113,000
01.07.2005 - 30.06.2014	1.69	302,250	302,250
01.07.2006 - 30.06.2014	1.69	2,675,100	2,675,100
01.07.2007 - 30.06.2014	1.69	379,000	379,000
01.07.2008 - 30.06.2014	1.69	441,125	441,125

notes to the financial statements

31 March 2009

10. SHARE CAPITAL (in thousands of $) (continued)

(a) Share Option Plan (continued)

Exercisable period	Exercise price ($)	Number outstanding	Number exercisable
01.07.2006 - 30.06.2015	2.25	406,875	406,875
01.07.2007 - 30.06.2015	2.25	6,102,650	6,102,650
01.07.2008 - 30.06.2015	2.25	506,875	506,875
01.07.2009 - 30.06.2015	2.25	641,125	–
03.07.2007 - 02.07.2016	3.44	342,775	342,775
03.07.2008 - 02.07.2016	3.44	12,520,825	12,520,825
03.07.2009 - 02.07.2016	3.44	421,425	–
03.07.2010 - 02.07.2016	3.44	421,425	–
02.07.2008 – 01.07.2017	4.67	310,100	310,100
02.07.2009 – 01.07.2017	4.67	14,164,550	–
02.07.2010 – 01.07.2017	4.67	311,350	–
02.07.2011 – 01.07.2017	4.67	311,350	–
01.07.2010 – 30.06.2018	3.74	13,517,600	–
Total number of options outstanding / exercisable		61,260,663@	31,471,838

@ The total number of options outstanding includes 4,888,225 (2007-08: 3,849,875) 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 Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of 5 years from the date of retirement or cessation of employment, whichever is earlier.

Details of share options exercised:

	No. of shares	Exercise price *	Share price
2008-09			
April to June	1,039,925	$1.01-$3.44	$3.65-$4.34
July to September	2,324,900	$1.01-$4.67	$2.37-$3.72
October to December	207,100	$1.01-$1.98	$1.90-$2.22
January to March	16,200	$1.35-$3.44	$1.92-$2.04
	3,588,125		
2007-08			
April to June	1,099,125	$1.01-$2.25	$4.30-$4.84
July to September	9,678,400	$1.01-$3.44	$4.40-$4.96
October to December	867,600	$1.01-$2.25	$4.30-$4.82
January to March	778,800	$1.01-$2.25	$3.54-$4.47
	12,423,925		

* At the extraordinary general meeting of the Company held on 26 July 2004, the Company's shareholders approved an amendment to the Plan to allow for adjustment to the exercise prices of the existing options by the Committee administering the Plan, in the event of the declaration of a special dividend. Following approval by the Company'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 the Company'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.

notes to the financial statements

31 March 2009

10. SHARE CAPITAL (in thousands of $) (continued)

(b) Share-based incentive plans

The Restricted Share Plan ('RSP") and Performance Share Plan ("PSP") are share-based incentive plans approved by the shareholders of the Company on 25 July 2005.

The details of the two plans are described below:

	Restricted Share Plan	Performance Share Plan
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 Company objectives with some degree of stretch.	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 for senior management.
Performance conditions	• EBITDA# Margin • Value Added per $ Employment Cost	• Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE) • Return on Equity (ROE)
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over a three-year performance period.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 200% depending on the achievement of pre-set performance targets over the performance period.

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

Fair values of 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 SIAEC RSP and PSP. The estimate of the fair value of the services received is measured based on a prospective Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

notes to the financial statements

31 March 2009

10. SHARE CAPITAL (in thousands of $) (continued)

(b) Share-based incentive plans (continued)

The following table lists the inputs to the model used for the July 2008 and July 2007 award:

	July 2008 Award		July 2007 Award	
	RSP	PSP	RSP	PSP
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)	2.00 – 4.00	3.00	2.00 – 4.00	3.00
Share price at date of grant ($)	3.72	3.72	4.64	4.64

For non-market conditions, achievement factors have been estimated based on inputs from the Compensation and Human Resource Committee for the purpose of accrual for the RSP and PSP until the achievement of the targets can be accurately ascertained.

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

RSP

	Number of Restricted shares				
Date of grant	Balance at 1.4.2008/ date of grant	Adjustment *	Cancelled	Released	Balance at 31.3.2009
03.07.2006	194,900	31,184	(6,235)	(112,721)	107,128
02.07.2007	338,300	–	(10,700)	–	327,600
01.07.2008	877,300	–	(17,500)	–	859,800
	1,410,500	31,184	(34,435)	(112,721)	1,294,528

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

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

PSP

	Number of Performance shares			
Date of grant	Balance at 1.4.2008/ date of grant	Cancelled	Released	Balance at 31.3.2009
03.07.2006	31,100	–	–	31,100
02.07.2007	61,200	–	–	61,200
01.07.2008	128,500	–	–	128,500
	220,800	–	–	220,800

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31 March 2009

10. SHARE CAPITAL (in thousands of $) (continued)

(b) Share-based incentive plans (continued)

The estimated fair value at date of grant for each share granted under the PSP is $2.88 (2007-08: $3.53).

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 Company 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 new plans, eligible key executives 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 1,294,528 (2008: 533,200) and 220,800 (2008: 92,300) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 1,789,948 and 395,450 fully-paid ordinary shares for RSP and PSP respectively.

For the current financial year, the Group has provided approximately $1,494,000 (2007-08: $938,000) 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 and Company	
	2008-09	2007-08
Share-based compensation expense		
- Employee share option plan	12,129	15,455
- Restricted share plan	1,347	858
- Performance share plan	147	80
	13,623	16,393

notes to the financial statements

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11. OTHER RESERVES (in thousands of $)

(a) 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.

	The Group and Company	
	31 March	
	2009	2008
Balance at 1 April	28,544	17,971
Grant of equity-settled share options and awards	13,677	16,415
Release of share awards	(434)	–
Exercise of share options	(2,031)	(5,432)
Share options lapsed	(144)	(410)
Balance at 31 March	39,612	28,544

(b) Foreign currency translation reserve

The foreign currency translation reserve records 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) Fair value reserve

Fair value reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

	The Group and Company	
	31 March	
	2009	2008
Balance at 1 April	2,647	–
Net loss on fair value changes	(3,286)	(2,540)
Other operating expenses, recognised in the profit and loss account on occurrence of the foreign currency contracts	(1,220)	5,187
Balance at 31 March	(1,859)	2,647

notes to the financial statements

31 March 2009

12. DEFERRED TAXATION (in thousands of $)

Deferred tax relates to the following items:

	Group				Company	
	Consolidated balance sheet		Consolidated profit and loss account		Balance sheet	
	31 March				31 March	
	2009	2008	2008-09	2007-08	2009	2008
Deferred tax liability						
Differences in depreciation	21,827	19,038	2,789	4,771	21,512	18,718
Revaluation of forward currency contracts to fair value	(316)	476	(792)	476	(316)	476
Undistributed profits of overseas associated companies	4,038	3,319	961	3,319	–	–
Deferred tax asset						
Other items	(610)	(1,047)	432	29	(610)	(575)
	24,939	21,786			20,586	18,619
Deferred income tax expense			3,390	8,595		

13. FINANCE LEASE COMMITMENTS (in thousands of $)

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

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	The Group			
	31 March			
	2009		2008	
	Minimum payments	Repayment of Principal	Minimum payments	Repayment of Principal
Not later than one year	62	56	63	50
Later than one year but not later than five years	29	28	110	102
Total future lease payments	91	84	173	152
Amounts representing interest	(7)	–	(21)	–
Principal value of long-term commitments under finance lease	84	84	152	152

notes to the financial statements

31 March 2009

14. FIXED ASSETS (in thousands of $)

	Balance at 1 April 2008	Additions	Disposals/ Transfers	Exchange Differences	Balance at 31 March 2009
Group					
Cost					
Leasehold land and buildings	202,025	6	128	(304)	201,855
Plant, equipment and tooling	238,495	9,463	(1,058)	(213)	246,687
Engine overhaul tooling	5,155	14	–	14	5,183
Aircraft rotable spares	70,725	29,649	520	48	100,942
Office furniture and equipment	25,431	862	(127)	(41)	26,125
Motor vehicles	7,209	985	(731)	(47)	7,416
	549,040	40,979	(1,268)	(543)	588,208
Advance and progress payments #	12,364	34,107	(1,510)	–	44,961
	561,404	75,086	(2,778)	(543)	633,169
Accumulated depreciation and impairment					
Leasehold land and buildings	64,857	6,786	–	1	71,644
Plant, equipment and tooling	176,520	18,225	(1,348)	(17)	193,380
Engine overhaul tooling	4,639	91	–	12	4,742
Aircraft rotable spares	14,124	8,582	579	32	23,317
Office furniture and equipment	19,890	2,465	(846)	(16)	21,493
Motor vehicles	5,648	470	(726)	(21)	5,371
	285,678	36,619	(2,341)	(9)	319,947
Net book value	275,726				313,222

	Net Book Value 31 March 2009	2008
Leasehold land and buildings	130,211	137,168
Plant, equipment and tooling	53,307	61,975
Engine overhaul tooling	441	516
Aircraft rotable spares	77,625	56,601
Office furniture and equipment	4,632	5,541
Motor vehicles	2,045	1,561
Advance and progress payments #	44,961	12,364
	313,222	275,726

	The Group 31 March 2009	2008
Net book value of fixed assets acquired under finance lease:		
- Plant, equipment and tooling	60	78
- Motor vehicles	54	80

Advance and progress payments comprise mainly plant, equipment and tooling and building projects.

notes to the financial statements

31 March 2009

14. FIXED ASSETS (in thousands of $) (continued)

	Balance at 1 April 2007	Additions	Disposals/ Transfers	Acquisition of a subsidiary	Exchange Differences	Balance at 31 March 2008
Group						
Cost						
Leasehold land and buildings	201,002	1,022	–	–	1	202,025
Plant, equipment and tooling	219,525	18,787	(134)	192	125	238,495
Engine overhaul tooling	4,980	175	–	–	–	5,155
Aircraft rotable spares	51,639	23,427	(4,341)	–	–	70,725
Office furniture and equipment	22,326	2,872	179	51	3	25,431
Motor vehicles	6,518	842	(297)	149	(3)	7,209
	505,990	47,125	(4,593)	392	126	549,040
Advance and progress payments #	2,673	11,868	(2,177)	–	–	12,364
	508,663	58,993	(6,770)	392	126	561,404
Accumulated depreciation and impairment						
Leasehold land and buildings	58,054	6,803	–	–	–	64,857
Plant, equipment and tooling	160,792	17,168	(1,459)	–	19	176,520
Engine overhaul tooling	4,536	103	–	–	–	4,639
Aircraft rotable spares	11,336	6,485	(3,697)	–	–	14,124
Office furniture and equipment	18,085	2,105	(303)	–	3	19,890
Motor vehicles	5,532	416	(297)	–	(3)	5,648
	258,335	33,080	(5,756)	–	19	285,678
Net book value	250,328					275,726

	Net Book Value 31 March 2008	Net Book Value 31 March 2007
Leasehold land and buildings	137,168	142,948
Plant, equipment and tooling	61,975	58,733
Engine overhaul tooling	516	444
Aircraft rotable spares	56,601	40,303
Office furniture and equipment	5,541	4,241
Motor vehicles	1,561	986
Advance and progress payments #	12,364	2,673
	275,726	250,328

	The Group 31 March 2008	The Group 31 March 2007
Net book value of fixed assets acquired under finance lease:		
- Leasehold land and building	–	2,282
- Plant, equipment and tooling	78	–
- Motor vehicles	80	–

Advance and progress payments comprise mainly plant, equipment and tooling and building projects.

notes to the financial statements

31 March 2009

14. FIXED ASSETS (in thousands of $) (continued)

	Balance at 1 April 2008	Additions	Disposals/ Transfers	Balance at 31 March 2009
Company				
Cost				
Leasehold land and buildings	191,019	–	129	191,148
Plant, equipment and tooling	229,400	9,064	(1,357)	237,107
Engine overhaul tooling	4,535	–	–	4,535
Aircraft rotable spares	67,703	28,432	593	96,728
Office furniture and equipment	24,342	603	(103)	24,842
Motor vehicles	6,786	602	(687)	6,701
	523,785	38,701	(1,425)	561,061
Advance and progress payments #	12,263	25,688	(1,242)	36,709
	536,048	64,389	(2,667)	597,770
Accumulated depreciation and impairment				
Leasehold land and buildings	61,851	6,406	–	68,257
Plant, equipment and tooling	173,465	17,103	(1,367)	189,201
Engine overhaul tooling	4,523	12	–	4,535
Aircraft rotable spares	13,524	8,047	593	22,164
Office furniture and equipment	19,250	2,263	(834)	20,679
Motor vehicles	5,475	401	(687)	5,189
	278,088	34,232	(2,295)	310,025
Net book value	257,960			287,745

	Net Book Value 31 March 2009	Net Book Value 31 March 2008
Leasehold land and buildings	122,891	129,168
Plant, equipment and tooling	47,906	55,935
Engine overhaul tooling	–	12
Aircraft rotable spares	74,564	54,179
Office furniture and equipment	4,163	5,092
Motor vehicles	1,512	1,311
Advance and progress payments #	36,709	12,263
	287,745	257,960

Advance and progress payments comprise mainly plant, equipment and tooling and building projects.

notes to the financial statements

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14. FIXED ASSETS (in thousands of $) (continued)

	Balance at 1 April 2007	Additions	Disposals/ Transfers	Balance at 31 March 2008
Company				
Cost				
Leasehold land and buildings	190,176	843	–	191,019
Plant, equipment and tooling	212,312	17,097	(9)	229,400
Engine overhaul tooling	4,535	–	–	4,535
Aircraft rotable spares	48,518	22,816	(3,631)	67,703
Office furniture and equipment	21,395	2,743	204	24,342
Motor vehicles	6,251	832	(297)	6,786
	483,187	44,331	(3,733)	523,785
Advance and progress payments #	2,673	11,768	(2,178)	12,263
	485,860	56,099	(5,911)	536,048
Accumulated depreciation and impairment				
Leasehold land and buildings	55,470	6,381	–	61,851
Plant, equipment and tooling	158,612	16,199	(1,346)	173,465
Engine overhaul tooling	4,500	23	–	4,523
Aircraft rotable spares	11,071	6,072	(3,619)	13,524
Office furniture and equipment	17,652	1,905	(307)	19,250
Motor vehicles	5,405	368	(298)	5,475
	252,710	30,948	(5,570)	278,088
Net book value	233,150			257,960

	Net Book Value 31 March 2008	Net Book Value 31 March 2007
Leasehold land and buildings	129,168	134,706
Plant, equipment and tooling	55,935	53,700
Engine overhaul tooling	12	35
Aircraft rotable spares	54,179	37,447
Office furniture and equipment	5,092	3,743
Motor vehicles	1,311	846
Advance and progress payments #	12,263	2,673
	257,960	233,150

Advance and progress payments comprise mainly plant, equipment and tooling and building projects.

notes to the financial statements

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15. INTANGIBLES (in thousands of $)

	Balance at 1 April 2008	Additions	Disposals/ Transfers	Exchange Differences	Balance at 31 March 2009
Group					
Cost					
Computer software	37,510	648	359	(9)	38,508
Other intangible assets	4,213	–	–	–	4,213
	41,723	648	359	(9)	42,721
Accumulated depreciation and impairment					
Computer software	28,528	4,944	(13)	2	33,461
Other intangible assets	1,570	957	–	–	2,527
	30,098	5,901	(13)	2	35,988
Net book value	11,625				6,733

	Net Book Value 31 March 2009	Net Book Value 31 March 2008
Computer software	5,047	8,982
Other intangible assets	1,686	2,643
	6,733	11,625

	Balance at 1 April 2007	Additions	Disposals/ Transfers	Acquisition of a subsidiary	Exchange Differences	Balance at 31 March 2008
Group						
Cost						
Computer software	36,097	1,104	303	2	4	37,510
Other intangible assets	2,871	-	–	1,338	4	4,213
	38,968	1,104	303	1,340	8	41,723
Accumulated depreciation and impairment						
Computer software	23,097	5,430	–	–	1	28,528
Other intangible assets	613	957	–	–	–	1,570
	23,710	6,387	–	–	1	30,098
Net book value	15,258					11,625

	Net Book Value 31 March 2008	Net Book Value 31 March 2007
Computer software	8,982	13,000
Other intangible assets	2,643	2,258
	11,625	15,258

notes to the financial statements

31 March 2009

15. INTANGIBLES (in thousands of $) (continued)

Company	Balance at 1 April 2008	Additions	Disposals/ Transfers	Balance at 31 March 2009
Cost				
Computer software	36,489	38	371	36,898
Other intangible assets	2,871	–	–	2,871
	39,360	38	371	39,769
Accumulated depreciation and impairment				
Computer software	27,786	4,703	(3)	32,486
Other intangible assets	1,570	957	–	2,527
	29,356	5,660	(3)	35,013
Net book value	10,004			4,756

	Net Book Value 31 March 2009	2008
Computer software	4,412	8,703
Other intangible assets	344	1,301
	4,756	10,004

Company	Balance at 1 April 2007	Additions	Disposals/ Transfers	Balance at 31 March 2008
Cost				
Computer software	35,198	1,015	276	36,489
Other intangible assets	2,871	–	–	2,871
	38,069	1,015	276	39,360
Accumulated depreciation and impairment				
Computer software	22,540	5,246	–	27,786
Other intangible assets	613	957	–	1,570
	23,153	6,203	–	29,356
Net book value	14,916			10,004

	Net Book Value 31 March 2008	2007
Computer software	8,703	12,658
Other intangible assets	1,301	2,258
	10,004	14,916

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16. SUBSIDIARY COMPANIES (in thousands of $)

	The Company 31 March 2009	The Company 31 March 2008
Unquoted shares, at cost	37,728	20,417
Loan to a subsidiary company	1,074	–
	38,802	20,417

Details of the subsidiary companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2009	Cost 2008	Percentage equity held by the Group 2009	Percentage equity held by the Group 2008
Singapore Jamco Pte Ltd *	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	3,816	3,816	65.0	65.0
Aerospace Component Engineering Services Pte Limited *	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	10,934	10,934	51.0	51.0
Aviation Partnership (Philippines) Corporation ^	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Philippines	2,762	2,762	51.0	51.0
Aircraft Maintenance Services Australia Pty Ltd ^	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	3,452	2,905	100.0	100.0
SIA Engineering (USA), Inc **	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	1,358	–	100.0	–
SIA Engineering (Philippines) Corporation **	Provide airframe maintenance and component overhaul services	Philippines	15,406	–	65.0	–
SIAEC Global Pte Ltd *	Investment holding	Singapore	@	@	100.0	100.0

* *Audited by Ernst & Young LLP, Singapore*
^ *Audited by member firms of Ernst & Young Global in the respective countries*
@ *Cost of investment and issued and paid-up share capital is $2*
** *Company newly incorporated and not audited during the financial year*

During the financial year:

1. The Company granted a loan to a subsidiary company which bears interest at Australia LIBOR plus 2.25% per annum (2008: nil). The loan is non-trade related, unsecured and repayable by 31 March 2011.

2. The Company signed an agreement with Cebu Pacific Air to set up an aircraft heavy maintenance facility at Clark International Airport in the Philippines. The Company will own 65% of this subsidiary, with Cebu Pacific Air holding the remaining 35%. The Company injected an initial investment of $15.4 million in SIA Engineering (Philippines) Corporation after its incorporation in July 2008.

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17. ASSOCIATED COMPANIES (in thousands of $)

	The Group 31 March 2009	The Group 31 March 2008	The Company 31 March 2009	The Company 31 March 2008
Unquoted shares, at cost	164,672	164,672	164,672	164,672
Share of post-acquisition profits	298,554	277,034	–	–
Goodwill written-off to reserves	(25,237)	(25,237)	–	–
Translation adjustment	(34,272)	(72,874)	–	–
	403,717	343,595	164,672	164,672

Details of the associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2009	Cost 2008	Percentage equity held by the Group 2009	Percentage equity held by the Group 2008
Asian Compressor Technology Services Co Ltd # ++	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	4,104	4,104	24.5	24.5
Asian Surface Technologies Pte Ltd ^ ++	Repair and overhaul of aircraft engine fan blades	Singapore	2,718	2,718	39.2	39.2
Combustor Airmotive Services Pte Ltd ## +	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	3,011	3,011	49.0	49.0
Eagle Services Asia Private Limited ## ++	Repair and overhaul of aircraft engines	Singapore	71,588	71,588	49.0	49.0
Fuel Accessory Service Technologies Pte Ltd ## +	Repair and overhaul of engine fuel components and accessories	Singapore	5,071	5,071	49.0	49.0
International Aerospace Tubes - Asia Pte Ltd ## ++	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	5,286	5,286	33.3	33.3
Jamco Aero Design & Engineering Pte Ltd ** +++	Provide turnkey solutions for aircraft interior modifications	Singapore	767	767	45.0	45.0
Messier Services Asia Private Limited @ ++	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	13,971	13,971	40.0	40.0
Pan Asia Pacific Aviation Services Ltd *+++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	5,373	5,373	47.1	47.1
PT Jas Aero-Engineering Services @@ ++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	3,675	3,675	49.0	49.0

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17. ASSOCIATED COMPANIES (in thousands of $) (continued)

Name of company	Principal activities	Country of incorporation and place of business	Cost 2009	Cost 2008	Percentage equity held by the Group 2009	Percentage equity held by the Group 2008
PWA International Limited ### +	Repair, overhaul and re-manufacture of aircraft turbine engine cases, components and related parts	Ireland	6,217	6,217	49.0	49.0
Goodrich Aerostructures Services Asia Pte Ltd **++	Repair and overhaul of aircraft nacelles, thrust reversers and pylons	Singapore	37,220	37,220	40.0	40.0
Turbine Coating Services Private Limited ## +	Repair and overhaul of aircraft engine turbine airfoils	Singapore	5,671	5,671	24.5	24.5

- \# *Audited by PriceWaterhouseCoopers, Taiwan*
- \## *Audited by PriceWaterhouseCoopers, Singapore*
- \### *Audited by PriceWaterhouseCoopers, Ireland*
- @ *Audited by Deloitte & Touche, Singapore*
- @@ *Audited by Deloitte & Touche, Indonesia*
- * *Audited by BDO Limited, Hong Kong*
- ** *Audited by Ernst & Young LLP, Singapore*
- ^ *Audited by RSM Chio Lim, Singapore*
- \+ *Financial year end 30 November*
- ++ *Financial year end 31 December*
- +++ *Financial year end 31 March*

The Group's share of the consolidated assets and liabilities of the associated companies comprises:

	The Group 31 March 2009	The Group 31 March 2008
Funds employed:		
Non-current assets	84,753	79,189
Current assets	421,973	359,858
	506,726	439,047
Current liabilities	(99,318)	(92,052)
Non-current liabilities	(6,702)	(5,605)
	400,706	341,390
Financed by:		
Shareholders' equity and loans	400,706	341,390

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17. ASSOCIATED COMPANIES (in thousands of $) (continued)

The Group's share of the consolidated results of the associated companies is as follows:

	The Group	
	2008-09	2007-08
Results		
Revenue	701,458	685,224
Profit before taxation	109,107	107,088
Profit for the year	94,285	97,640

18. JOINT VENTURE COMPANIES (in thousands of $)

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Unquoted shares, at cost	56,599	56,599	56,599	56,599
Share of post-acquisition profits	74,213	53,498	–	–
Translation adjustment	(4,083)	(15,703)	–	–
	126,729	94,394	56,599	56,599

Details of the joint venture companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2009	2008	2009	2008
International Engine Component Overhaul Pte Ltd	Repair and overhaul of aero engine components and parts	Singapore	10,067	10,067	50.0	50.0
Singapore Aero Engine Services Pte Ltd	Repair and overhaul of aircraft engines	Singapore	46,532	46,532	50.0	50.0

The joint venture companies are audited by Ernst and Young LLP, Singapore and has a financial year end of 31 December.

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18. JOINT VENTURE COMPANIES (in thousands of $) (continued)

The Group's share of the consolidated assets and liabilities of the joint venture companies comprises:

	The Group	
	31 March	
	2009	2008
Funds employed:		
Non-current assets	63,752	47,654
Current assets	176,951	147,557
	240,703	195,211
Current liabilities	(80,377)	(63,539)
Non-current liabilities	(33,597)	(37,278)
	126,729	94,394
Financed by:		
Shareholders' equity and loans	126,729	94,394

The Group's share of the consolidated results of the joint venture companies is as follows:

	The Group	
	2008-09	2007-08
Results		
Revenue	654,635	542,613
Profit before taxation	63,898	50,827
Profit for the year	63,336	50,758

19. LONG-TERM INVESTMENTS (in thousands of $)

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Unquoted equity investments, at cost	14,606	14,606	14,606	14,606

The Company holds a 10.0% (2008: 10.0%) investment in ordinary shares of Hong Kong Aero Engine Services Limited, which is incorporated and operates in Hong Kong Special Administrative Region of the People's Republic of China.

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20. TRADE DEBTORS (in thousands of $)

The table below is an analysis of trade debtors as at 31 March 2009:

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Not past due and not impaired	28,097	30,690	19,505	22,494
Past due but not impaired*	41,573	38,675	34,858	34,693
	69,670	69,365	54,363	57,187
Impaired trade debtors – collectively assessed	11,677	7,284	11,554	7,208
Less: Accumulated impairment losses	(11,677)	(7,284)	(11,554)	(7,208)
	–	–	–	–
Impaired trade debtors – individually assessed:				
Customers in bankruptcy or other financial reorganisation	–	988	–	988
Customers who default in payment within stipulated framework	123	4	–	–
Less: Accumulated impairment losses	(123)	(992)	–	(988)
	–	–	–	–
Total trade debtors, net	69,670	69,365	54,363	57,187
* Aging of trade debtors that are past due but not impaired				
Less than 30 days	20,776	13,130	19,124	12,676
30 days to 60 days	8,480	13,904	6,631	12,431
60 days to 90 days	6,977	5,707	5,834	5,189
More than 90 days	5,340	5,934	3,269	4,397
	41,573	38,675	34,858	34,693

The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. 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 120 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.

As at 31 March 2009, 91% of trade debtors (2008: 90%) were held in United States dollars by the Group.

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20. TRADE DEBTORS (in thousands of $) (continued)

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

	The Group 31 March 2009	The Group 31 March 2008	The Company 31 March 2009	The Company 31 March 2008
Balance at 1 April	8,276	5,321	8,196	5,244
Acquisition of subsidiary	–	6	–	–
Charge to profit and loss, net	3,524	2,949	3,358	2,952
Balance at 31 March	11,800	8,276	11,554	8,196
Bad debts written-off directly to profit and loss account, net of debts recovered	1,071	289	1,071	289

21. PREPAYMENTS AND OTHER DEBTORS (in thousands of $)

	The Group 31 March 2009	The Group 31 March 2008	The Company 31 March 2009	The Company 31 March 2008
Prepayments	1,248	1,244	989	977
Other debtors	11,151	20,544	9,607	20,258
	12,399	21,788	10,596	21,235

Other debtors include deposits of $561,000 (2008: $274,000) and nil forward contracts (2008: $4,484,000) for the Group and deposits of $63,000 (2008: $121,000) and nil forward contracts (2008: $4,484,000) for the Company.

22. IMMEDIATE HOLDING COMPANY

The amounts due from the immediate holding company, which are carried at cost, are unsecured, trade-related, interest-free and are repayable based on agreed trade terms.

23. RELATED PARTIES

The amounts due from related parties, which are carried at cost, are unsecured, trade-related, interest-free and are repayable based on agreed trade terms.

notes to the financial statements

31 March 2009

24. STOCKS (in thousands of $)

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Aircraft and component spares	33,257	16,689	28,536	14,510
Consumable stores and stocks	402	1,239	287	1,083
Raw materials	2,044	1,253	–	–
Total stocks at lower of cost and net realisable value	35,703	19,181	28,823	15,593

During the financial year, the Group wrote down $16,000 (2007-08: nil) of stocks, which are recognised as expense in the profit and loss account.

Aircraft and component spares and raw materials are stated after deducting provision for stock obsolescence. An analysis of the provision for stock obsolescence is as follows:

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Balance at 1 April	6,298	5,401	6,220	5,336
Charge to profit and loss, net	735	914	691	884
Provision utilised during the financial year	(28)	(17)	–	–
Balance at 31 March	7,005	6,298	6,911	6,220

Stocks are stated at:

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Cost	7,229	4,697	350	1,109
Net realisable value	28,474	14,484	28,473	14,484
	35,703	19,181	28,823	15,593

25. SHORT-TERM DEPOSITS (in thousands of $)

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Deposits placed with the immediate holding company	320,295	361,467	320,295	361,467
Fixed deposits placed with banks	3,689	9,414	2,231	1,999
	323,984	370,881	322,526	363,466

Funds surplus to the Group's working capital requirements are placed in short-term deposits with the immediate holding company and external financial institutions for varying periods depending on the immediate cash requirements of the Group. These deposits earn interest ranging from 0.03% to 7.26% (2008: 0.5% to 7.26%) per annum and can be withdrawn on demand. The interest rates are repriced at varying periods ranging 1-12 months (2008: 1-12 months).

As at 31 March 2009, 15% of short-term deposits (2008: 1.7%) were held in United States dollars by the Group.

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26. CASH AND BANK BALANCES

Most of these balances are placed in interest-bearing current accounts earning interest at floating rates based on daily bank deposit rates ranging from 0.0% to 5.2% (2008: 0.0% to 3.8%) per annum.

As at 31 March 2009, 69% of cash and bank balances (2008: 68%) were held in United States dollars by the Group.

27. TRADE AND OTHER CREDITORS (in thousands of $)

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Trade	73,166	100,557	67,997	90,395
Accruals	124,785	128,907	114,655	120,656
Provision for warranty claims	522	552	522	552
Sundry #	3,642	1,095	1,859	–
	202,115	231,111	185,033	211,603

included forward contracts of $1,859,000 (2008: nil) for the Group and Company.

As at 31 March 2009, 59% of trade creditors (2008: 52%) were held in United States dollars by the Group

An analysis of the provision for warranty claims is as follows:

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Balance at 1 April	552	1,553	552	1,553
Charge / (Write-back) to profit and loss, net	265	(254)	265	(254)
Provision utilised during the year	(295)	(747)	(295)	(747)
Balance at 31 March	522	552	522	552

28. BANK LOANS (in thousands of $)

	The Group	
	31 March	
	2009	2008
Revolving credit facility	760	–

The revolving credit facility denominated in United States dollars taken by a subsidiary company during the year is unsecured and bears interest at 1.2% per annum over the bank's prevailing SIBOR. The loan is repayable within a year.

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29. CASH FLOW FROM OPERATING ACTIVITIES (in thousands of $)

	The Group	
	2008-09	2007-08
Cash Flow From Operating Activities		
Profit before taxation	300,675	285,569
Adjustments for:		
Interest income	(3,852)	(9,796)
Interest on external borrowings	6	34
Depreciation	36,619	33,080
Amortisation of intangibles	5,901	6,387
Share of profits of associated and joint venture companies	(173,005)	(157,915)
Dividend income from long-term investment	(11,112)	(13,682)
Surplus on disposal of fixed assets	(104)	(1,331)
Exchange differences	(5,065)	(785)
Share-based payment	13,620	16,369
Operating profit before working capital changes	163,683	157,930
Decrease / (Increase) in debtors	9,820	(19,521)
Increase in stocks and work-in-progress	(22,456)	(14,286)
Decrease in creditors	(27,576)	(11,882)
(Increase) / Decrease in amounts owing by related companies	(16,296)	17,639
Cash generated from operations	107,175	129,880
Income taxes paid	(20,226)	(38,165)
Net cash provided by operating activities	86,949	91,715

A summary of effects of acquisition of the subsidiary, Aircraft Maintenance Services Australia Pty Ltd, in 2007-08 is as follows:

	S$'000
Net assets acquired	
Current assets	1,079
Non-current assets	394
Current liabilities	(1,034)
Non-current liabilities	(143)
Net assets acquired	296
Intangible assets arising on acquisition of subsidiary	1,338
Purchase consideration satisfied by cash	1,634
Net cash flow on acquisition	
Cash paid	(1,634)
Cash acquired	170
Cash outflow on acquisition, net of cash acquired	(1,464)

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30. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure commitments

The Group and the Company have contractual commitments for capital expenditure. Such commitments aggregated approximately $41,736,000 (2008: $68,323,000) for the Group and approximately $41,736,000 (2008: $68,323,000) for the Company.

In addition, the Group's share of a joint venture company's purchase commitments for fixed assets totalled approximately $21,780,000 (2008: $1,534,000).

(b) Operating lease commitments (in thousands of $)

The Group has entered into operating lease agreements for certain equipment and leasehold land and buildings. These non-cancellable leases have lease terms of between 1 and 50 years. There are no restrictions placed upon the Group or the Company by these lease arrangements.

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

	The Group	
	31 March	
	2009	2008
Within one year	546	605
After one year but less than 5 years	1,406	1,191
More than 5 years	10,178	3,090
	12,130	4,886

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group operates principally in Singapore and generates revenue mainly in Singapore dollars. The Group also has investments in subsidiary, associated and joint venture companies that operate in eight countries. The Group's operations carry certain financial risks, including the effects of changes in foreign exchange rates and interest rates. The Group's 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 material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk management policies are periodically reviewed and approved by the Audit Committee.

(a) Foreign currency risk

The Group has transactional currency exposures arising from operating revenues and expenses that are denominated in a currency other than the respective functional currencies of Group entities, primarily, Singapore dollar (SGD), Australian dollar (AUD), Philippine Peso (PHP), and United States dollars (USD). The foreign currencies in which these transactions are denominated are mainly United States dollars. For the financial year ended 31 March 2009, these accounted for 24% of total revenue (2007-08: 18%) and 15% of total operating expenses (2007-08: 8%).

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 Singapore dollars. The Group also uses forward foreign currency contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell United States dollars at predetermined forward rates, depending on forecast requirements, with settlement dates that range up to one year. The Group uses forward contracts purely as a hedging tool. It does not take positions in currencies with a view to make speculative gains from currency movements.

(b) Interest rate risk

The Group's exposure to market risk for changes in the interest rates relates primarily to the Group's short-term deposits with the immediate holding company and banks and other interest-bearing financial assets and liabilities.

(c) Counterparty risk

The Group's maximum exposure to credit risk in the event that counter-parties fail to perform their obligations as at 31 March 2009 in relation to each class of recognised financial assets was the carrying amount of those assets as indicated in the balance sheet.

Surplus funds are invested in interest-bearing bank deposits, deposits with immediate holding company 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.

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Counterparty risk (continued)

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

	The Group		The Group		The Company		The Company	
	Outstanding balance $'000		Percentage of total financial assets		Outstanding balance $'000		Percentage of total financial assets	
	2009	2008	2009	2008	2009	2008	2009	2008
Counterparty profiles								
By industry:								
Airlines	457,621	474,486	81%	76%	443,628	465,300	86%	78%
Financial institutions	52,164	75,813	9%	12%	27,236	64,028	5%	11%
Others	10,219	10,165	2%	2%	7,161	4,522	1%	1%
By region:								
East Asia	494,886	530,778	88%	85%	454,747	505,323	88%	85%
Europe	2,239	6,367	0%	1%	2,223	6,282	0%	1%
South West Pacific	7,162	4,980	1%	1%	6,227	4,133	1%	1%
Americas	1,417	12,119	0%	2%	528	11,962	0%	2%
West Asia and Africa	14,300	6,220	3%	1%	14,300	6,150	3%	1%
By Moody's credit ratings:								
Investment grade (A to Aaa)	50,163	74,607	9%	12%	27,236	64,028	5%	11%
Non-rated	469,841	485,857	83%	78%	450,789	469,822	87%	79%

(d) Liquidity risk

The Group monitors and maintains an adequate level of cash and cash equivalents and credit facilities from financial institutions. As at 31 March 2009, the Group had at its disposal, cash and short-term deposits amounting to $372.5 million (2008: $437.3 million). In addition, the Group had available short-term credit facilities of approximately $8.6 million (2008: $9.4 million).

The Group's holding of cash and short-term deposits, together with credit facilities and net cash flow from operations, are expected to be sufficient for working capital purposes as well as future capital commitments. The shortfall, if any, could be met by bank borrowings.

The maturity profile of the financial liabilities of the Group and the Company is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity risk (continued)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
2009 ($'000)							
The Group							
Bank Loans	760	–	–	–	–	–	760
Finance lease commitments	56	25	3	–	–	–	84
Trade and other creditors	199,775	–	–	–	–	–	199,775
Derivative financial instruments:							
Forward currency contracts	37,569	–	–	–	–	–	37,569
The Company							
Trade and other creditors	182,693	–	–	–	–	–	182,693
Derivative financial instruments:							
Forward currency contracts	37,569	–	–	–	–	–	37,569

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
2008 ($'000)							
The Group							
Finance lease commitments	50	68	30	4	–	–	152
Trade and other creditors	230,559	–	–	–	–	–	230,559
Derivative financial instruments:							
Forward currency contracts	92,239	–	–	–	–	–	92,239
The Company							
Trade and other creditors	211,051	–	–	–	–	–	211,051
Derivative financial instruments:							
Forward currency contracts	92,239	–	–	–	–	–	92,239

(e) Credit Risk

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

	The Group		The Company	
	31 March		31 March	
(In thousands of $)	2009	2008	2009	2008
Unquoted equity investments	14,606	14,606	14,606	14,606
Loan to a subsidiary company	–	–	1,074	–
Trade debtors	69,670	69,365	54,363	57,187
Prepayments and other debtors	12,399	21,788	10,596	21,235
Immediate holding company	77,862	53,805	76,131	51,168
Related Parties	20,598	29,625	12,602	25,229
Short term deposits	323,984	370,881	322,526	363,466
Cash and bank balances	48,489	66,413	25,004	62,029
	567,608	626,483	516,902	594,920

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Credit Risk (continued)

Concentrations of credit risk with respect to trade debtors are limited to the entities comprising the Group's customer base. The Group carefully assesses the financial strength of its customers and where appropriate, obtains collaterals, including bank guarantees and letters of credit, from customers. In addition, the Group monitors the receivable balances on an ongoing basis, providing allowance for doubtful accounts whenever risks are identified. At 31 March 2009, the only trade debtor exceeding 10% of the Group's trade debtors was an amount of approximately $77,862,000 (2008: $53,805,000) due from its immediate holding company, Singapore Airlines Limited.

32. FINANCIAL INSTRUMENTS (in thousands of $)

(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	Total
2009					
The Group					
Assets					
Unquoted equity investments	–	14,606	–	–	14,606
Trade debtors	69,670	–	–	–	69,670
Other debtors	11,151	–	–	–	11,151
Immediate holding company	77,862	–	–	–	77,862
Related parties	20,598	–	–	–	20,598
Short term deposits	323,984	–	–	–	323,984
Cash and bank balances	48,489	–	–	–	48,489
Total financial assets	551,754	14,606	–	–	566,360
Total non-financial assets					935,811
Total assets					1,502,171
Liabilities					
Bank loans	–	–	–	760	760
Finance lease commitments	–	–	–	84	84
Trade and other creditors	–	–	1,859	199,734	201,593
Total financial liabilities	–	–	1,859	200,578	202,437
Total non-financial liabilities					44,332
Total liabilities					246,769

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32. FINANCIAL INSTRUMENTS (in thousands of $) (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
2009					
The Company					
Assets					
Loan to a subsidiary company	1,074	–	–	–	1,074
Unquoted equity investments	–	14,606	–	–	14,606
Trade debtors	54,363	–	–	–	54,363
Other debtors	9,607	–	–	–	9,607
Immediate holding company	76,131	–	–	–	76,131
Related parties	12,602	–	–	–	12,602
Short term deposits	322,526	–	–	–	322,526
Cash and bank balances	25,004	–	–	–	25,004
Total financial assets	501,307	14,606	–	–	515,913
Total non-financial assets					627,888
Total assets					1,143,801
Liabilities					
Trade and other creditors	–	–	1,859	182,652	184,511
Total financial liabilities	–	–	1,859	182,652	184,511
Total non-financial liabilities					39,245
Total liabilities					223,756

	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
2008					
The Group					
Assets					
Unquoted equity investments	–	14,606	–	–	14,606
Trade debtors	69,365	–	–	–	69,365
Other debtors	16,060	–	4,484	–	20,544
Immediate holding company	53,805	–	–	–	53,805
Related parties	29,625	–	–	–	29,625
Short term deposits	370,881	–	–	–	370,881
Cash and bank balances	66,413	–	–	–	66,413
Total financial assets	606,149	14,606	4,484	–	625,239
Total non-financial assets					788,291
Total assets					1,413,530
Liabilities					
Finance lease commitments	–	–	–	152	152
Trade and other creditors	–	–	–	230,559	230,559
Total financial liabilities	–	–	–	230,711	230,711
Total non-financial liabilities					42,661
Total liabilities					273,372

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32. FINANCIAL INSTRUMENTS (in thousands of $) (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
2008					
The Company					
Assets					
Unquoted equity investments	–	14,606	–	–	14,606
Trade debtors	57,187	–	–	–	57,187
Other debtors	15,774	–	4,484	–	20,258
Immediate holding company	51,168	–	–	–	51,168
Related parties	25,229	–	–	–	25,229
Short term deposits	363,466	–	–	–	363,466
Cash and bank balances	62,029	–	–	–	62,029
Total financial assets	574,853	14,606	4,484	–	593,943
Total non-financial assets					567,448
Total assets					1,161,391
Liabilities					
Trade and other creditors	–	–	–	211,051	211,051
Total financial liabilities	–	–	–	211,051	211,051
Total non-financial liabilities					38,735
Total liabilities					249,786

(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 fair value of forward currency contracts is determined by reference to current forward prices for contracts with similar maturity profiles.

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, short-term deposits, amounts owing by/to related parties, immediate holding company, associated and joint venture companies, loans, trade and other debtors and creditors. The carrying values of the long-term lease commitments and loan to a subsidiary company approximate their fair values.

Financial instruments carried at other than fair value

Unquoted shares in the long-term investment stated at cost have no market prices and the fair value cannot be reliably measured using valuation techniques.

The Company has no intention to dispose of their interests in the above investments in the foreseeable future.

notes to the financial statements

31 March 2009

32. FINANCIAL INSTRUMENTS (in thousands of $) (continued)

(c) Derivative financial instruments and hedging activities

Derivative financial instruments included in the balance sheets are as follows:

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Assets *				
Forward currency contracts	–	4,484	–	4,484
Liabilities #				
Forward currency contracts	1,859	–	1,859	–

* Included under other debtors

\# Included under other creditors

(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 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. The sensitivity analysis is based on the following assumptions:

Foreign currency risk

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective. The following table demonstrates the sensitivity to a 1% strengthening or weakening of SGD exchange rate, with all other variables held constant, of the Group and Company's profit before taxation and equity.

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Effect of strengthening of SGD:				
Profit before taxation	(622)	(184)	(364)	(195)
Equity	394	561	394	561
Effect of weakening of SGD:				
Profit before taxation	622	184	364	195
Equity	(394)	(561)	(394)	(561)

Other price risks

As at 31 March 2009, hypothetical changes in other risk variables would not significantly affect the price of financial instruments at that date.

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33. CAPITAL MANAGEMENT

The primary objective of the management of the Company's capital structure is to maintain an efficient capital base while 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.

During the financial year ended 31 March 2009, the Company made a total dividend payment to shareholders of $226.3 million.

Capital for the Group and Company (in thousands of $) is tabulated below:

	The Group		The Company	
	31 March		31 March	
	2009	2008	2009	2008
Bank loans	760	–	–	–
Finance lease commitments	84	152	–	–
Less: Cash and cash equivalents	372,473	437,294	347,530	425,495
Net debt	(371,629)	(437,142)	(347,530)	(425,495)
Share capital	255,613	245,008	255,613	245,008
Reserves	973,324	880,310	664,432	666,597
Total capital	1,228,937	1,125,318	920,045	911,605
Capital and net debt	857,308	688,176	572,515	486,110

34. RELATED PARTY TRANSACTIONS

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:

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31 March 2009

34. RELATED PARTY TRANSACTIONS (continued)

(in thousands of $)	The Group 2008-09	The Group 2007-08	The Company 2008-09	The Company 2007-08
Income				
Sales of services and related materials to:				
- the immediate holding and related companies	686,791	719,873	671,263	696,793
- associated companies	2,518	3,171	2,518	3,171
- joint venture companies	10,041	10,387	10,041	10,387
Interest income from the immediate holding company	3,389	8,528	3,389	8,528
Equipment fee charged to the immediate holding company	5,162	4,115	5,162	4,115
Rental of office space charged to the immediate holding company	1,464	1,281	1,464	1,281
Expense				
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	10,763	10,598	10,763	10,598
Rental of workshop and office space charged by the immediate holding company	21,736	23,388	21,736	23,388
Purchases of materials from the immediate holding company	154,591	189,259	154,591	189,259
Purchases of goods from:				
- associated companies	41,725	7,359	41,725	7,359
- joint venture companies	7	1	7	1
Services rendered by:				
- the immediate holding company	12,947	9,342	12,947	9,342
- a related company	2,754	2,628	2,754	2,628

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34. RELATED PARTY TRANSACTIONS (continued)

Directors' and key executives' remuneration of the Company ($)

	The Company	
	2008-09	2007-08
Directors		
Directors' fees	789,150*	769,477
Key executives (excluding executive directors)		
Salary, bonuses and other costs	2,484,000	2,357,000
CPF and other defined contributions	46,000	49,000
Share based compensation expense	596,000	654,000

* proposed

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

Name of participant	Options granted during financial year under review	Exercise price for options granted during financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Options lapsed	Aggregate options outstanding at end of financial year under review
William Tan	–	–	1,511,200	509,000	–	1,002,200
Chan Seng Yong	–	–	776,925	702,725	–	74,200
Png Kim Chiang	–	–	738,900	655,700	–	83,200
Jack Koh Swee Lim	–	–	71,700	–	–	71,700
Ivan Neo Seok Kok	–	–	454,900	230,600	–	224,300
Zarina Piperdi	–	–	106,700	–	–	106,700

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34. RELATED PARTY TRANSACTIONS (continued)

Conditional awards granted to key executives of the Company pursuant to RSP and PSP are as follows:

Name of participant	Conditional awards granted during financial year under review	Adjustment #	Aggregate adjusted awards granted since commencement of scheme to end of financial year	Awards released during financial year under review	Aggregate awards released since commencement of scheme to end of financial year	Aggregate awards not released at end of financial year under review
RSP						
William Tan	40,000	3,696	83,896*	13,400	13,400	70,496
Chan Seng Yong	20,000	1,040	38,240	3,800	3,800	34,440
Png Kim Chiang	20,000	1,040	38,240	3,800	3,800	34,440
Jack Koh Swee Lim	20,000	1,040	38,240	3,800	3,800	34,440
Zarina Piperdi	20,000	1,344	40,444	4,900	4,900	35,544
Ivan Neo Seok Kok	20,000	1,040	38,240	3,800	3,800	34,440
PSP						
William Tan	41,000	–	77,500*	–	–	77,500
Chan Seng Yong	17,500	–	32,900*	–	–	32,900
Png Kim Chiang	17,500	–	32,900*	–	–	32,900
Jack Koh Swee Lim	17,500	–	32,900*	–	–	32,900
Zarina Piperdi	17,500	–	27,100*	–	–	27,100
Ivan Neo Seok Kok	17,500	–	17,500*	–	–	17,500

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

* Exceed 5% of the total number of RSP or/and PSP share awards granted respectively

additional information

Required by the Singapore Exchange Securities Trading Limited

1. INTERESTED PERSON TRANSACTIONS (in thousands of $)

The aggregate value of interested person transactions ("IPTs") entered into during the financial year 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 the shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Singapore Airlines Ltd	–	11,259
Singapore Airlines Cargo Pte Ltd *(100% owned by Singapore Airlines Ltd)*	–	3,579
Tiger Airways Pte Ltd *(49% owned by Singapore Airlines Ltd, 11% by Dahlia Investments Pte Ltd which is a wholly-owned subsidiary of Temasek Holdings Pte Ltd)*	–	10,250
Senoko Energy Supply Pte Ltd *(100% owned by Senoko Power Limited and ultimately by Temasek Holdings Pte Ltd)*	–	3,235
SATS Security Services Pte Ltd *(100% owned by Singapore Airport Terminal Services Ltd which is a subsidiary of Singapore Airlines Ltd)*	–	9,000
ST Aerospace Supplies Pte Ltd *(100% owned by ST Aerospace Ltd which is 100% owned by Singapore Technologies Engineering Ltd and ultimately by Temasek Holdings Pte Ltd)*	–	237
Great Wall Airlines Limited *(25% owned by SIA Cargo Pte Ltd and 24% owned by Dahlia Investments Pte Ltd which is a wholly-owned subsidiary of Temasek Holdings Pte Ltd)*	–	59,000
Virgin Atlantic Airways Ltd *(49% owned by Singapore Airlines Ltd)*	–	1,804
Total	–	**98,364**

2. MATERIAL CONTRACTS

Since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving interests of the Chief Executive Officer, directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

quarterly results of the group

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue:						
2008-09	($ million)	250.2	279.3	270.0	245.8	1,045.3
	(%)	23.9	26.7	25.9	23.5	100.0
2007-08	($ million)	270.1	265.8	248.6	225.1	1,009.6
	(%)	26.8	26.3	24.6	22.3	100.0
Expenditure:						
2008-09	($ million)	233.8	239.2	240.6	219.1	932.7
	(%)	25.1	25.6	25.8	23.5	100.0
2007-08	($ million)	240.9	231.7	229.5	204.6	906.7
	(%)	26.6	25.5	25.3	22.6	100.0
Operating Profit:						
2008-09	($ million)	16.4	40.1	29.4	26.7	112.6
	(%)	14.6	35.6	26.1	23.7	100.0
2007-08	($ million)	29.2	34.1	19.1	20.5	102.9
	(%)	28.4	33.1	18.6	19.9	100.0
Profit before taxation:						
2008-09	($ million)	65.6	84.2	74.0	76.9	300.7
	(%)	21.8	28.0	24.6	25.6	100.0
2007-08	($ million)	77.7	82.8	61.2	63.8	285.5
	(%)	27.2	29.0	21.4	22.4	100.0
Profit attributable to equity holders of the Company:						
2008-09	($ million)	58.7	73.4	63.0	65.5	260.6
	(%)	22.5	28.2	24.2	25.1	100.0
2007-08	($ million)	70.5	74.5	53.6	55.2	253.8
	(%)	27.8	29.4	21.1	21.7	100.0
Earnings (after tax) per share - basic:						
2008-09	(cents)	5.5	6.8	5.8	6.1	24.2
	(%)	22.7	28.1	24.0	25.2	100.0
2007-08	(cents)	6.6	7.0	5.0	5.1	23.7
	(%)	27.9	29.5	21.1	21.5	100.0

five-year financial summary of the group

	2008-09	2007-08	2006-07	2005-06	2004-05
Profit and loss account ($ million)					
Revenue	1045.3	1,009.6	977.4	959.1	807.5
Expenditure	932.7	906.7	875.4	824.4	706.7
Operating profit	112.6	102.9	102.0	134.7	100.8
Other income	15.1	24.8	29.5	23.0	9.0
Share of profits of associated/ joint venture companies	173.0	157.8	139.5	105.6	75.5
Exceptional item	-	-	-	-	9.0
Profit before tax	300.7	285.5	271.0	263.3	194.3
Profit attributable to equity holders of the Company	260.6	253.8	242.1	230.6	170.4
Balance sheet ($ million)					
Share Capital	255.6	245.0	214.5	163.1	101.8
Reserves					
General reserve	971.9	937.5	811.7	885.5	741.0
Share-based compensation reserve	39.6	28.5	18.0	11.9	5.6
Foreign currency translation reserve	(36.4)	(88.4)	(47.1)	(21.7)	(15.5)
Fair value reserve	(1.8)	2.7	-	-	-
Share premium		-	-	-	25.6
Equity attributable to equity holders of the Company	1,228.9	1,125.3	997.1	1,038.8	858.5
Minority interests	26.5	14.8	13.2	14.1	2.3
Deferred taxation	24.9	21.8	13.2	14.8	14.4
Fixed assets	313.2	275.7	250.3	230.1	221.5
Intangibles	6.7	11.6	15.3	19.2	24.8
Associated companies	403.7	343.6	339.6	299.8	277.2
Joint venture companies	126.7	94.4	85.8	69.8	56.0
Long-term investments	14.6	14.6	14.6	14.6	14.6
Current assets	637.3	673.6	609.4	694.1	506.3
Total assets	1,502.2	1,413.5	1,315.0	1,327.6	1,100.4
Long-term Liability	*	0.1	-	2.0	-
Current liabilities	221.9	251.5	291.5	257.9	225.2
Total liabilities	221.9	251.6	291.5	259.9	225.2
Net liquid assets [R1]	371.7	437.2	397.6	497.6	325.2
Cash flow statement ($ million)					
Cash flow from operations	107.1	129.9	155.0	185.5	105.9
Internally generated cash flow [R2]	222.7	220.0	200.9	250.5	136.0
Capital expenditure	74.1	58.5	47.1	38.2	56.9

* less than $0.1 million

five-year financial summary of the group

	2008-09	2007-08	2006-07	2005-06	2004-05
Profitability ratios (%)					
Return on equity holders' funds R3	22.1	23.9	23.8	24.3	19.1
Return on total assets	17.4	18.0	18.4	17.4	15.5
Return on turnover	24.9	25.1	24.8	24.0	21.1
Productivity and employee data					
Value added ($ million)	757.3	755.5	717.0	670.8	577.0
Value added per employee ($)	120,999	123,528	126,651	130,690	123,751
Revenue per employee ($)	167,013	165,071	172,651	186,857	173,173
Average number of employees	6,259	6,116	5,661	5,133	4,663
Per share data (cents)					
Earnings before tax	27.9	26.7	25.7	25.6	19.2
Earnings after tax - basic R4	24.2	23.7	23.0	22.5	16.9
- diluted R5	24.1	23.3	22.5	22.1	16.7
Net asset value R6	114.0	104.7	93.9	100.2	84.4
Gross dividends (cents per share)					
Interim dividend	5.0	4.0	4.0	4.0	3.0
Final dividend - ordinary	11.0 #	16.0	8.0	6.0	4.5
- special	-	-	-	20.0	-
Total dividends	16.0	20.0	12.0	30.0	7.5

proposed

Notes:

R1 Net liquid assets is derived by offsetting current loans against liquid assets.

R2 Internally generated cash flow comprises cash generated from operations, dividends from associated and joint venture companies, and proceeds from sale of fixed assets.

R3 Return on equity holders' funds is profit attributable to equity holders of the Company expressed as a percentage of the average equity attributable to equity holders of the Company.

R4 Earnings after tax per share (basic) is computed by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue.

R5 Earnings after tax per share (diluted) is computed by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding share options granted to employees.

R6 Net asset value per share is computed by dividing the equity attributable to equity holders of the Company by the number of ordinary shares in issue at 31 March.

group corporate structure

As at 31 March 2009

SIA ENGINEERING COMPANY LIMITED

SUBSIDIARY COMPANIES

100%	Aircraft Maintenance Services Australia Pty Ltd
100%	SIA Engineering (USA), Inc.
100%	SIAEC Global Pte Ltd
65%	Singapore Jamco Pte Ltd
65%	SIA Engineering (Philippines) Corporation
51%	Aerospace Component Engineering Services Pte Limited
51%	Aviation Partnership (Philippines) Corporation

JOINT VENTURE COMPANIES

50%	International Engine Component Overhaul Pte Ltd
50%	Singapore Aero Engine Services Pte Ltd

ASSOCIATED COMPANIES

49%	Combustor Airmotive Services Pte Ltd
49%	Fuel Accessory Service Technologies Pte Ltd
49%	Eagle Services Asia Private Limited
49%	PWA International Limited
49%	PT Jas Aero-Engineering Services
47.1%	Pan Asia Pacific Aviation Services Ltd
45%	JAMCO Aero Design & Engineering Pte Ltd
40%	Messier Services Asia Private Limited
40%	Goodrich Aerostructures Service Center - Asia Pte Ltd
39.2%	Asian Surface Technologies Pte Ltd
33.3%	International Aerospace Tubes-Asia Pte Ltd
24.5%	Asian Compressor Technology Services Co Ltd
24.5%	Turbine Coating Services Private Limited

shareholding statistics

As at 20 May 2009

Number of shares in issue	:	1,078,031,183
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for 1 share

Range of Shareholdings	Number of Shareholders	%	Amount of Shareholdings	%
1 --- 999	191	1.44	91,353	0.01
1,000 --- 10,000	11,643	87.85	29,574,160	2.74
10,001 --- 1,000,000	1,408	10.63	49,188,632	4.56
1,000,001 and above	11	0.08	999,177,038	92.69
	13,253	100.00	1,078,031,183	100.00

MAJOR SHAREHOLDERS

No.	Name	Number of shares held	%
1	Singapore Airlines Limited	870,000,000	80.70
2	DBS Nominees Pte Ltd	65,711,243	6.09
3	Raffles Nominees (Pte) Ltd	16,852,480	1.56
4	DBSN Services Pte Ltd	12,920,715	1.20
5	Citibank Nominees Singapore Pte Ltd	11,625,148	1.08
6	HSBC (Singapore) Nominees Pte Ltd	10,235,250	0.95
7	United Overseas Bank Nominees Pte Ltd	6,246,400	0.58
8	Oversea-Chinese Bank Nominees Pte Ltd	1,879,000	0.17
9	DBS Vickers Securities (S) Pte Ltd	1,476,000	0.14
10	TM Asia Life Singapore Ltd-Par Fund	1,200,000	0.11
11	OCBC Nominees Singapore Pte Ltd	1,030,802	0.10
12	DB Nominees (S) Pte Ltd	833,425	0.08
13	First Capital Insurance Limited - Insurance Fund A/C	735,000	0.07
14	Sing Chung Hui @ Sing Chung Sui	710,000	0.07
15	Morgan Stanley Asia (Singapore) Securities Pte Ltd	700,297	0.06
16	Wong Ket Seong @ Wong Ket Yin	672,000	0.06
17	Merrill Lynch (Singapore) Pte Ltd	663,300	0.06
18	Yeo Wei Yan	642,000	0.06
19	Phillip Securities Pte Ltd	558,703	0.05
20	OCBC Securities Private Ltd	544,825	0.05
	TOTAL	1,005,236,588	93.24

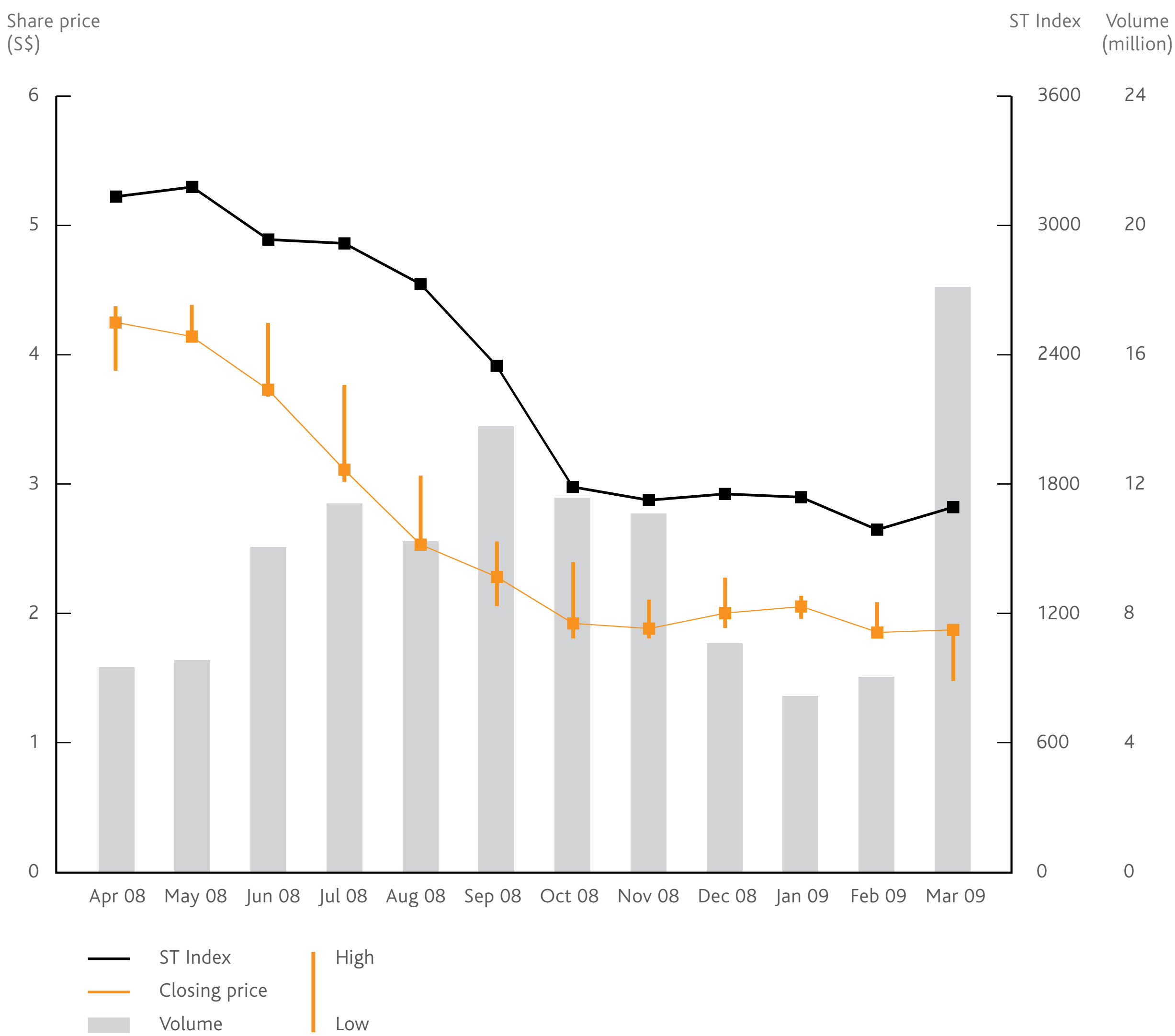
SUBSTANTIAL SHAREHOLDERS

Name	Direct interest	Indirect interest	Total interest	%
Temasek Holdings (Pte) Ltd	Nil	870,836,000	870,836,000	80.78%
Singapore Airlines Ltd	870,000,000	Nil	870,000,000	80.70%

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as of 20 May 2009, 19.22 per cent of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

share price and turnover



	2008-2009	2007-2008
Share Price (S$)		
Highest closing price	4.36	4.96
Lowest closing price	1.51	3.53
31 March closing price	1.87	3.95
Market Value Ratios*		
Price / Earnings	7.73	16.67
Price / Book Value	1.64	3.77
Price / Cash Earnings**	6.64	14.42

Notes:

* Based on closing price on 31 March

** Cash earnings is defined as profit attributable to equity holders of the Company plus depreciation and amortisation of intangibles

corporate calendar

2008

7 May 2008
Announcement of FY2007/08 full-year financial results

7 May 2008
Analyst briefing on FY2007/08 full-year financial results

11 Jun 2008
Despatch of Summary Financial Statement to shareholders

25 Jun 2008
Despatch of Annual Report to shareholders

18 Jul 2008
26th Annual General Meeting

24 Jul 2008
Announcement of FY2008/09 first-quarter financial results

5 Aug 2008
Payment of FY2007/08 final dividend

3 Nov 2008
Announcement of FY2008/09 second-quarter financial results

3 Nov 2008
Analyst briefing on FY2008/09 second-quarter financial results

2009

2 Feb 2009
Announcement of FY2008/09 third-quarter financial results

11 May 2009
Announcement of FY2008/09 full-year financial results

12 May 2009
Analyst briefing on FY2008/09 full-year financial results

17 Jun 2009
Despatch of Summary Financial Statement to shareholders

3 Jul 2009
Despatch of Annual Report to shareholders

24 Jul 2009
27th Annual General Meeting

27 Jul 2009
Announcement of FY2009/10 first-quarter financial results

13 Aug 2009
Payment of FY2008/09 final dividend

2 Nov 2009
Announcement of FY2009/10 second-quarter financial results

3 Nov 2009
Analyst briefing on FY2009/10 second-quarter financial results

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of SIA Engineering Company Limited ("the Company") will be held at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 24 July 2009 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 March 2009 and the Auditors' Report thereon.

2. To declare a final tax exempt (one tier) dividend of 11 cents per ordinary share for the year ended 31 March 2009.

3. To re-elect the following Directors who are retiring by rotation pursuant to Article 83 of the Company's Articles of Association and who, being eligible, offer themselves for re-election pursuant to Article 84 of the Company's Articles of Association:

   3.1 Mr Stephen Lee Ching Yen

   3.2 Mr Tan Bian Ee

   3.3 Mr Paul Chan Kwai Wah

4. To approve the Directors' fees of $789,150 (FY2007/2008: $769,477) for the year ended 31 March 2009.

5. To re-appoint Messrs Ernst & Young as Auditors of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

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

   6.1 That pursuant to Section 161 of the Companies Act, Cap 50, authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

notice of annual general meeting

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent. of the issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

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

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

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

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

6.2 That the Directors be and are hereby authorised to:

(a) allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the SIAEC Employee Share Option Plan ("Share Option Plan");

(b) grant awards in accordance with the provisions of the SIAEC Performance Share Plan ("Performance Share Plan") and/or the SIAEC Restricted Share Plan ("Restricted Share Plan") and allot and issue from time to time such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Share Plan,

provided always that the aggregate number of ordinary shares to be issued pursuant to the Share Option Plan, the Performance Share Plan and the Restricted Share Plan shall not exceed 15 per cent. of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company from time to time.

notice of annual general meeting

6.3 That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of interested person transactions described in the appendix (the "Appendix") to the Letter to Shareholders dated 17 June 2009 (the "Letter") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "IPT Mandate") shall, unless revoked or varied by the Company in General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

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

7. To transact any other business of the Company which may arise and can be transacted at an Annual General Meeting.

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders being obtained at the 27th Annual General Meeting of the Company for the payment of the final dividend, the Share Transfer Books and Register of Members of the Company will be closed on 3 August 2009 for preparation of dividend warrants.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Company's Share Registrar, M & C Services Private Limited, at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 p.m. on 31 July 2009 will be registered to determine shareholders' entitlement to the final dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 31 July 2009 will be entitled to the final dividend.

The final dividend, if so approved by shareholders, will be paid on 13 August 2009 to members on the Register as at 31 July 2009.

By Order of the Board

DEVIKA RANI DAVAR
Company Secretary
17 June 2009
Singapore

notice of annual general meeting

Explanatory Notes:

1. In relation to Ordinary Resolution No. 3, Mr Stephen Lee Ching Yen, Mr Tan Bian Ee and Mr Paul Chan Kwai Wah will be retiring from office at the Annual General Meeting pursuant to Article 83 of the Company's Articles of Association and will be standing for re-election at the Annual General Meeting. Mr Lee will, upon re-election, continue to serve as Chairman of the Board. Mr Tan will, upon re-election, continue to serve as Chairman of the Nominating Committee and as a member of the Audit Committee. Mr Chan will, upon re-election, continue to serve as Chairman of the Compensation & HR Committee and as an alternate member of the Board Committee. Mr Lee is considered a non-independent Director, while Mr Tan and Mr Chan are considered independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the FY2008/2009 Annual Report for information on Mr Lee, Mr Tan and Mr Chan.

2. Ordinary Resolution No. 4 is to approve the payment of Directors' fees of $789,150 for the year ended 31 March 2009, for services rendered by the Directors on the Board as well as on various Board Committees. The framework for the proposed Directors' fees for the year ended 31 March 2009 is set out in the section on Corporate Governance in the FY2008/2009 Annual Report. The Directors have, however, agreed to waive 20% of their fees for the year ended 31 March 2009, in response to the deteriorating business conditions facing the Company.

3. Ordinary Resolution No. 6.1, if passed, will empower Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, from the date of the above meeting until the date of the next Annual General Meeting. The number of shares which the Directors may issue under this Resolution will not exceed 50 per cent. of the issued shares (excluding treasury shares) in the capital of the Company with a sub-limit of 10 per cent. for issues other than on a pro rata basis. The 10 per cent. sub-limit for non-pro rata issues is lower than the 20 per cent. sub-limit allowed under the Listing Manual of the SGX-ST and the Articles of Association of the Company. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed and (b) any subsequent bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares.

4. Ordinary Resolution No. 6.2, if passed, will empower the Directors to allot and issue ordinary shares in the capital of the Company pursuant to the SIAEC Employee Share Option Plan and grant awards and issue shares pursuant to the SIAEC Performance Share Plan and the SIAEC Restricted Share Plan. The SIAEC Performance Share Plan and the SIAEC Restricted Share Plan were adopted at the Extraordinary General Meeting of the Company held on 25 July 2005.

5. Ordinary Resolution No. 6.3, if passed, will allow the Company, its subsidiaries and relevant associated companies or any of them to enter into certain interested person transactions with certain classes of interested persons as described in the Appendix to the Letter.

notice of annual general meeting

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

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

proxy form - annual general meeting

1. For investors who have used their CPF monies to buy the Company's shares, this report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the 27th Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company's Registrar. (Please see Note No. 8 on the next page).

SIA ENGINEERING COMPANY LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198201025C

*I/We ______________________________ (NRIC / Passport No. ____________________)

of ____

being a *member/members of SIA Engineering Company Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%
and/or (delete as appropriate)				

or failing *him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us and on *my/our behalf and, if necessary, to demand a poll, at the AGM of the Company to be held at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 24 July 2009 at 10.00 am and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be *my/our *proxy/proxies to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

No.		**For	**Against
	Ordinary Business		
1.	Adoption of the Directors' Report, Audited Financial Statements and the Auditors' Report		
2.	Declaration of ordinary dividend		
3.	Re-election of Directors retiring by rotation pursuant to Article 83 of the Articles of Association of the Company:		
	3.1 Mr Stephen Lee Ching Yen		
	3.2 Mr Tan Bian Ee		
	3.3 Mr Paul Chan Kwai Wah		
4.	Approval of Directors' fees for year ended 31 March 2009		
5.	Re-appointment and remuneration of Auditors		
	Special Business		
6.1	Authority for Directors to issue shares or make or grant offers, agreements or options requiring shares to be issued		
6.2	Authority for Directors to issue shares in accordance with the provisions of the SIAEC Employee Share Option Plan and/or to grant awards and issue shares in accordance with the provisions of the SIAEC Performance Share Plan and SIAEC Restricted Share Plan		
6.3	To approve the proposed renewal of the Mandate for Interested Person Transactions		
7.	Any other business		

* Delete accordingly
** Please indicate your vote "For" or "Against" with a "√" within the box provided

Dated this ______ day of __________ 2009

Total number of Ordinary Shares held:

____
Signature(s) of Shareholder(s) or Common Seal

Notes:-
IMPORTANT
Please read Notes on the reverse.

Third fold along this line

NOTES:-

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member appoints two proxies, he must specify the proportion of his shareholding to be represented by each proxy, failing which the appointments will be deemed to have been made in the alternative.
3. The instrument appointing a proxy must be signed by the appointor or his duly authorised attorney or if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
4. A corporation which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act (Cap. 50), to attend and vote on its behalf.
5. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, at least 48 hours before the time appointed for the AGM.
6. A member should insert the total number of Ordinary Shares held. If the member has Ordinary Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act (Cap. 50), he should insert that number of Ordinary Shares. If the member has Ordinary Shares registered in his name in the Register of Members, he should insert that number of Ordinary Shares. If the member has Ordinary Shares entered against his name in the Depository Register as well as Ordinary Shares registered in his name in the Register of Members, he should insert the aggregate number of Ordinary Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Ordinary Shares held by the member.
7. The Company shall be entitled to reject this instrument of proxy if it is incomplete, or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose Ordinary Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Ordinary Shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
8. Agent Banks acting on the request of the CPF investors who wish to attend the meeting as observers are requested to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and number of Ordinary Shares held. The list, signed by an authorised signatory of the relevant Agent Bank, should reach the Company's Registrar, M & C Services Private Limited at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, at least 48 hours before the time appointed for holding the AGM.

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SIA ENGINEERING COMPANY

Affix
Postage
Stamp

The Company Secretary
SIA Engineering Company
c/o M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

First fold along this line

Designed by Credence Partnership

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Company Registration No. 198201025C

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