GLOBAL WINGSPAN

SIA ENGINEERING COMPANY

ANNUAL REPORT 2009/10

SIA ENGINEERING COMPANY

CONTENTS

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 airlines. With specialised technical expertise developed over the years, the Company offers its customers a high level of service and commitment, with faster turnaround and better cost efficiencies.

The Company 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 23 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.

GLOBAL WINGSPAN

FY2009/10 saw SIA Engineering Company stretching its wings further afield to capture the growing MRO markets in Asia and the Middle East. Major initiatives include the opening of its first heavy maintenance facility outside Singapore – at Clark International Airport in the Philippines; the establishment of a new joint venture for line maintenance services in Ho Chi Minh, Vietnam; and securing a major Fleet Management contract with Gulf Air, which includes setting up a base in Bahrain.

Always at the leading edge of technology, SIA Engineering Company also invested in the development of a new engine for the next generation aircraft. Being the first in the world to maintain the Airbus A380, it opened a purpose-built A380 hangar, the first in the world. The massive hangar is able to accommodate the extensive wingspan and height of the world's largest commercial airliner. The hangar is equipped with a state-of-the art docking system that conforms to the exacting needs of both the A380 and B777 aircraft.

CHAIRMAN'S STATEMENT

Dear Shareholders,

We started the financial year in the midst of a severe economic crisis and expected the going to be fraught with challenges and uncertainties. And indeed it was: the past year has been a turbulent ride for the aviation industry. With dwindling demand and no end in sight to the turmoil, airlines slashed schedules and grounded aircraft to stem the financial bleeding.

Hopes were lifted in the second half of the year when signs of a slowing decline appeared. As the impact of improving traffic differed across our wide range of maintenance, repair and overhaul (MRO) businesses, the pace of recovery of our business units and joint ventures was varied. On the whole, the results for the year were satisfactory.

PRODUCTIVITY IS KEY

In a climate of open and intense competition, the key to success is a highly productive workforce which is able to compete successfully in the global arena. In our drive to strengthen the work culture, in November 2009, we launched the *Cheaper Better Faster* initiatives in conjunction with the National Trades Union Congress. The aim is to achieve higher revenue and cost savings through better processes, faster turnaround and less wastage.

Enhancing the Company's total productivity is a continuous process. We have adopted a collaborative approach, where the rank and file partner management to identify and implement continuous improvements. We are encouraged by the participation and enthusiasm of our staff and unions in embracing *Cheaper Better Faster*. Good progress was made during the year and we will continue working together to build on what we have achieved so far.

MILESTONE EVENTS

The year under review saw the Company achieve certain 'firsts' – its first foothold in the Middle East, its first overseas heavy maintenance facility in the Philippines, its first investment in engine development and the world's first A380 hangar at Changi.

Coming in the midst of the global economic crisis, these strides into new frontiers demonstrate the Company's resolve to stay the course on its growth strategy.

DEVELOPING A GLOBAL WINGSPAN

Our Fleet Management Programme, which provides comprehensive MRO support to airline customers, made its foray in a region that promises strong potential. At the start of the year, the scope of the 3-year fleet management contract with Gulf Air was extended, bringing the total contract value to US$135 million. This was followed in January 2010 by a Memorandum of Understanding with Gulf Technics, a sister company of Gulf Air, to explore the feasibility of setting up an MRO facility in Bahrain. The facility will principally serve the Middle East and be a springboard to the markets of North Africa and Europe.

In September, the opening of our first overseas heavy maintenance facility was a watershed event. The hangar at Clark International Airport, Philippines, which is our second joint venture with Cebu Pacific Air, offers additional capacity to tap the growing Asian MRO market. Optimistic of the prospects, we are making plans to add two more hangars at Clark. The Philippines facility will also serve as an alternate to the Singapore base from a business continuity planning perspective.

Original Equipment Manufacturers (OEMs) continue to make inroads into the MRO markets. To take advantage of this trend, we have been restructuring our component repair workshops to tie up with leading OEMs, thereby gaining access to a bigger market share and proprietary technology. During the year, we took a 49% stake in a joint venture with the Safran Group, a leading avionics component OEM from France. We are also in discussions with Panasonic Avionics Corporation to set up a Singapore facility to overhaul in-flight entertainment and communication systems. Our portfolio of facilities with the world's leading OEMs and strategic partners now comprises 24 joint ventures spread across 9 countries.

STAYING AHEAD OF THE TECHNOLOGY CURVE

Moving up the MRO value chain, SIAEC has made its first investment in the development of a new engine. Led by Pratt & Whitney (P&W), the programme involves the development of the PW1000G next-generation engine. Scheduled to enter service in 2013, it has been selected as the sole-source engine for the Bombardier CSeries and Mitsubishi Regional Jet aircraft.

The investment will benefit our P&W engine component joint ventures in Singapore. Already, Eagle Services Asia, the largest of our seven joint ventures with P&W, has been designated as the first engine centre in the P&W global network to overhaul the new engine. Additionally, the acquisition of new engine capabilities within the Group will enable SIAEC to access the markets of next-generation aircraft powered by this engine.

At home, in February 2010, we officially opened the world's first purpose-built hangar for the Airbus A380. This latest hangar – our sixth – boasts advanced features, such as an in-house developed dock control and material management system, which enhances productivity and on-time delivery by several notches. A computerised docking system enables the new hangar to accommodate both the A380 and B777 aircraft types, another "world first".

ACKNOWLEDGEMENTS

Mr Tan Bian Ee will be leaving the Board at the close of the Company's Annual General Meeting on 23 July 2010. The Board greatly appreciates Mr Tan's dedication to the Group. His candour, experience and insightful views have provided valuable guidance to management. At the same time, the Board welcomes Mr William Tan, the Company's Chief Executive Officer, who was appointed to the Board on 1 March 2010.

I thank our shareholders for staying with us during the difficult times. We are committed to delivering sustainable returns to you for the long term. I am thankful, too, for the support and loyalty of our customers, a key factor of our success. The Group's strategies and efforts are focused on providing the best value proposition at competitive pricing. I sincerely appreciate the contributions of my fellow colleagues on the Board, whose tireless efforts have navigated the Company through the year's challenges and set a steady course for the way ahead.

The achievements of the past year were possible largely due to the commitment of our staff and unions, who rose to the challenge. Their hard work and dedication have made the Company more resilient and competitive during a difficult period. Whether the aviation industry will clear the turbulence and fly into clear blue skies in the months ahead remains to be seen. Nevertheless, the long-term outlook of the aviation industry is promising and Asia is expected to lead the way in travel demand and fleet growth.

The Group is well positioned to take advantage of the improving economic climate: with Singapore as our home base and our network of joint ventures, we stand to benefit from the vibrancy of the Singapore hub and the region's longer-term economic prosperity. I am confident that SIAEC's growth, achieved through our investments in people and technology, will continue. We look forward to working together with our stakeholders to build on our success in Singapore, the region and beyond.

Stephen Lee Ching Yen
Chairman

OUR FIRST HEAVY MAINTENANCE FACILITY OVERSEAS

In spite of economic headwinds in 2009, SIA Engineering Company continued to spread its wings in the region. In September 2009, the Group opened its first heavy maintenance facility outside Singapore. SIA Engineering (Philippines) Corporation is SIA Engineering Company's second joint venture with Cebu Pacific Air. Based at Clark International Airport in the Philippines to provide maintenance services for Cebu Pacific Air's Airbus fleet, the facility has completed 15 'C' checks by March 2010. Clark is a 15-minute flight from Manila's Ninoy Aquino International Airport and four flight hours to major North Asian cities in China, Korea, Japan and Hong Kong. The strategic location of SIA Engineering (Philippines) will enable the facility to serve airlines in the Asia-Pacific region.

Helmed by experienced management personnel from SIA Engineering Company, the joint venture company is on the growth trail. To complement the current narrow-body hangar, there are plans to build two widebody hangars over the next few years.

VIETNAM

In February 2009, the Group formed a joint venture with Saigon Ground Services, a division of Southern Airport Authorities in Vietnam, to provide line maintenance services at Tan Son Nhat International Airport in Ho Chi Minh City. SIA Engineering Company's first venture in Vietnam joins its growing network of line maintenance hubs in Australia, Indonesia, Hong Kong, Philippines and the United States.

EXPANDING REGIONALLY

COMPREHENSIVE FLEET MANAGEMENT FOR BAHRAIN'S GULF AIR

In March 2009, the Company clinched a major contract with Bahrain's Gulf Air to manage its Airbus fleet of more than 40 aircraft (comprising A320, A330 and A340). The fleet management contract involves SIA Engineering Company conducting 'A' and 'C' checks, Fleet Technical Management, Material Management and Engineering Services in Bahrain and Singapore. Currently, the Company has a team of more than 200 engineers and technicians working to support the operations in Bahrain.

As at end-March 2010, SIA Engineering Company's fleet management customer base covers a total fleet of more than 210 aircraft for ten airlines in the Asia- Pacific, Australia, Europe and the Middle East. 125 aircraft are in service, with the remaining to be delivered to customer airlines over the next 5 years. The large fleet managed by SIA Engineering Company establishes it as one of the largest fleet management service providers in the world.

A PURPOSE-BUILT HANGAR TO FIT THE A380

In September 2009, the Company scored another world first with its completion of the A380 24-month check for 9V-SKA, Singapore Airlines' first A380 aircraft. On 3 February 2010, under the international limelight of the Singapore Airshow 2010, SIA Engineering Company officially opened its A380 Hangar. Purpose-built to handle the world's largest commercial aircraft, our brand-new A380 Hangar, measuring 100 metres by 93 metres, is equipped with the latest technology and advanced engineering features, such as a computerised docking system that is so versatile, it is able to dock an A380 or a B777 at the touch of a few buttons.

The timely completion of our A380 Hangar will pave the way for more A380 maintenance checks to be performed at our main base in Singapore. Our confidence and commitment in growing our capacity and capabilities demonstrate our resolve in developing a global MRO Centre of Excellence in Singapore.

INVESTMENTS IN PRATT & WHITNEY'S NEXT-GENERATION ENGINE

Moving up the MRO value chain, SIA Engineering Company announced on 18 January 2010 that it was investing in a Pratt & Whitney-led Risk Revenue Sharing Programme for the new-generation PW1000G engine, which will power next-generation single-aisle aircraft, such as the Bombardier CSeries and Mitsubishi Regional Jet aircraft.

INVESTING IN TECHNOLOGY

This is the first time that the Company is involved in the investment of engine development, and the tie-up will benefit its engine joint ventures with Pratt & Whitney (P&W) in Singapore. Already, Eagle Services Asia, the largest of its seven P&W joint ventures in Singapore, has been designated the first engine centre in the world to have the capability on the new-generation engine.

Additionally, the acquisition of new engine capabilities within the Group will enable SIA Engineering Company to access the markets of next-generation aircraft powered by the new engine.

Always at the forefront of the latest aviation technology, SIA Engineering Company believes that its investments in technology provide customers with critical support when they upgrade to the latest generation aircraft. The new technology also draws OEMs into Singapore, thereby enhancing the vibrancy and growth of the Singapore Aviation Hub.

CHEAPER, BETTER, FASTER

The challenging business environment calls for companies to be nimble and to respond swiftly to the changing global landscape. The proliferation of new MRO facilities in Asia, particularly China, is fanning the competitive heat for the MRO industry.

The Company's key to success lies with its people. With more than 900 engineers and 3,300 technicians, augmented by a strong base of support specialists, the skills and knowledge of our people are the intellectual property that underpins SIA Engineering Company's competitive edge. To compete effectively, the Company ensures that its workforce remains productive, flexible and adaptable, and its work processes are robust, delivering superior quality services to customers at faster turnaround times.

In 2009, the Company launched its *Cheaper Better Faster* initiatives in conjunction with the National Trades Union Congress (NTUC), as part of a national strategy aimed at improving the global competitiveness of Singapore companies and workers.

Six *Cheaper Better Faster* initiatives were implemented in Base Maintenance and Line Maintenance Divisions. These included an in-house developed dock control and material management system, which monitors the complete status of an aircraft check; the use of wireless handheld devices by Line Maintenance engineers, which allows real-time access to technical information; the use of standardised tool kits to handle transit flights; and establishing mobile specialist teams for changing engines, landing gears and thrust reversers.

ENHANCING PRODUCTIVITY

Specific measures to track the productivity gains from the *Cheaper Better Faster* initiatives have been developed. A key element of the productivity strategy is the sharing of gains derived from the *Cheaper Better Faster* initiatives. This will give staff ownership of the projects and incentivise them to push for higher productivity.

BOARD OF DIRECTORS

Stephen Lee Ching Yen
Chairman

Chew Choon Seng
Deputy Chairman

Tan Bian Ee
Chairman, Nominating Committee

MR STEPHEN LEE CHING YEN
CHAIRMAN

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 Great Malaysia Textile Investments Pte Ltd. He is also President of the Singapore National Employers Federation.

Mr Lee serves as a Director of Baosteel Group Corporation (China), Shanghai Commercial Bank Ltd (Hong Kong) and Singapore Labour 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.

MR CHEW CHOON SENG
DEPUTY CHAIRMAN

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

Mr Chew is a Director of the Singapore Exchange Ltd and 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.

MR TAN BIAN EE
CHAIRMAN, NOMINATING COMMITTEE

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 is a Director of AAC Acoustic Technologies Holdings Inc. Mr Tan has been a Council Member of 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.

Koh Kheng Siong
Chairman, Audit Committee

Paul Chan Kwai Wah
Chairman, Compensation & HR Committee

Andrew Lim Ming-Hui
Director

Ron Foo Siang Guan
Director

MR KOH KHENG SIONG
CHAIRMAN, AUDIT COMMITTEE

Mr Koh was appointed Director on 1 September 2005. He is the Chairman of the Audit Committee since 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 from the company 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 Venture Corporation Ltd.

MR PAUL CHAN KWAI WAH
CHAIRMAN, COMPENSATION & HR COMMITTEE

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, Integrated Health Information Systems Pte Ltd and SP Services 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.

MR ANDREW LIM MING-HUI
DIRECTOR

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.

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

MR RON FOO SIANG GUAN
DIRECTOR

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.

BOARD OF DIRECTORS

Lim Joo Boon
Director

Oo Soon Hee
Director

Ng Chin Hwee
Director

William Tan Seng Koon
Director
President & Chief Executive Officer

MR LIM JOO BOON
DIRECTOR

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. He is also an Adjunct Associate Professor at Nanyang Business School.

MR OO SOON HEE
DIRECTOR

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, Natsteel Holdings Pte Ltd, Tata Steel Global Minerals Holdings Pte Ltd, TRF Singapore Pte Ltd and York Transport Equipment (Asia) Pte Ltd.

MR NG CHIN HWEE
DIRECTOR

Mr Ng Chin Hwee was appointed Director on 18 July 2008. He is the Executive Vice President for Human Resources and Planning in Singapore Airlines (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 1998, 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, Virgin Atlantic Ltd, Virgin Atlantic Airways Ltd and Virgin Travel Group Ltd.

MR WILLIAM TAN SENG KOON
DIRECTOR
PRESIDENT & CEO

Mr Tan is the President & Chief Executive Officer of SIA Engineering Company (SIAEC). The SIAEC Group of companies, with its main operations in Singapore and 24 joint ventures in 9 countries, caters to a global customer base of more than 80 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.

Mr Tan was appointed Director of SIAEC on 1 March 2010. He is also 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.

(Seated from right)

William Tan Seng Koon
President &
Chief Executive Officer

Png Kim Chiang
Executive Vice President
(Operations)

(Standing from left)

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

Jack Koh Swee Lim
Senior Vice President
(Fleet Management /
Marketing & Sales)

Zarina Piperdi
Senior Vice President
(Human Resources)

Anne Ang Lian Choo
Senior Vice President
(Finance) / Chief Financial
Officer

Ivan Neo Seok Kok
Senior Vice President
(Line Maintenance Singapore
& International)

Leck Chet Lam
Senior Vice President
(Partnership Management &
Business Development)

CORPORATE SOCIAL RESPONSIBILITY

At SIA Engineering Company, we are focused on balancing our goals of creating value for our stakeholders with a commitment towards social responsibility. A proactive approach is adopted to ensure that our MRO activities are environment friendly. Additionally, the Group and its staff actively contribute to the well being of the community at large.

ENVIRONMENT SUSTAINABILITY

Our established Environment Management System ("EMS") closely monitors and manages SIA Engineering Company's environmental performance, in particular, with regard to carbon emissions, noise pollution, air quality and waste management. Our aim is to maintain a clean and healthy work environment for our staff, and the long-term sustainability of our environment.

EMS ensures that our work processes comply with local and international environmental regulations. In addition, our ISO 14001 certification, which we have attained since 1998, puts in place a systematic and well-documented approach to the management of environmental issues in accordance with international best practice.

The Group is also proactive in conserving water resources in its operations. Our hangars are equipped with stand-alone wastewater treatment plants where wastewater is treated to ensure it complies with the regulatory requirements.

We have a comprehensive environmental action plan that includes an integrated waste management programme for handling hazardous substances and reducing waste. As part of our EMS, we have taken measures ranging from maintaining records of toxic waste disposal to ensuring that sufficient spill kits are available.

Throughout the Group, we have an ongoing programme to minimise paper usage and to promote recycling. As part of the Company's ongoing green movement initiatives, we have discontinued the printing of Summary Financial Statements. Instead, shareholders will be issued with a CD-ROM version of the Company's full Annual Report. Apart from reducing the usage of paper, the CD-ROM Annual Report will give shareholders access to complete information pertaining to the Company's developments in a single medium.

COMMUNITY OUTREACH

SIA Engineering Company takes a keen interest in contributing towards the well being of the community at large, and is committed to fulfilling its role as an active corporate citizen by contributing to the local community and encouraging volunteerism amongst its staff.

In September 2009, two natural disasters hit the Philippines and Indonesia. On 26 September, Tropical Storm Ketsana triggered the heaviest rainfall that Manila and neighbouring parts of Luzon Island had ever seen in more than 40 years. The heavy flooding that ensued displaced millions of Filipinos. On 30 September, a 7.6 magnitude earthquake struck off the coast of the Indonesian island of Sumatra, causing extensive destruction and leaving thousands homeless.

Both disasters claimed many lives and millions of survivors suffered from the shortage of food, threat of disease and inadequate shelter. Through its joint venture companies in the Philippines and Indonesia, SIA Engineering Company donated US$28,000 to three aid agencies – The Philippine National Red Cross, the Department of Social Welfare and Development (Philippines), and The Indonesian Red Cross.

At home, the SIA Community Service Club, comprising staff volunteers from the SIA Group, provides a platform for staff of SIA Engineering Company to extend a helping hand to the community. Events such as outings and games were organised to bring joy and companionship to the less fortunate. On special occasions like Christmas and Chinese New Year, gifts and food were distributed to the poor. In April 2010, the SIA Engineering Company Sports and Recreation Committee participated in a charity event organised by the SIA Cabin Crew Club For Community Care at NTUC Downtown East. Some 350 elderly adults and children from various homes across Singapore attended the themed "Around the World Concert", which had stalls and booths offering food, crafts, games and a charity bazaar.

In addition to participating in charity events, our staff pledge monthly donations to the Community Chest of Singapore, Chinese Development Assistance Council, Eurasian Community Fund, Mosque Building and Mendaki Fund, and the Singapore Indian Development Association.

OPERATIONAL HIGHLIGHTS

LINE MAINTENANCE

Flights handled at Changi Airport:	
FY2009/10	103,360 flights
FY2008/09	98,064 flights

New contracts in FY2009/10:
Bass Aero, Great Wall Airlines, Jetstar Asia, Pratt & Whitney, Kingfisher Airlines, Myanmar Airways, Royal Brunei Airlines, Sapphire Aviation, Singapore Airshow, Swiss International Air Lines and Tiger Airways.

Renewed contracts in FY2009/10:
British Airways, Cathay Pacific, China Eastern Airlines, Firefly, Kingfisher Airlines, Malaysia Airlines, Saudi Arabian Airlines, Thai Airways International and Tiger Airways.

These new customers add on to our customer base of more than 50 airlines.

AIRFRAME MAINTENANCE, COMPONENT OVERHAUL & FLEET MANAGEMENT PROGRAMME

No. of checks performed	A	C	D
FY2009/10	452	91	19
FY2008/09	315	116	23

New Airframe Maintenance/Component Overhaul contracts in FY2009/10:
Airbus, Air Asia, Air Pullmantur, Asiana Airlines, Japan Airlines, Dubai Air Wing, Orion Aviation Services and Transaero Airlines.

Ongoing Airframe Maintenance/Component Overhaul contracts in FY2009/10:
Airbus, Air Atlanta, Air Canada, Alitalia, Asiana Airlines, Cargolux, Cebu Pacific Air, Dubai Air Wing, Gulf Air, Japan Airlines, Mid-East Jet, Pullmantur Air, Mandala Airlines, Singapore Airlines, SIA Cargo, SilkAir, Tiger Airways and Transaero Airlines.

Fleet Management
As of March 2010, we were servicing ten customers (Airbus, Air Pacific, Cebu Pacific Air, Euro Atlantic Airways, Great Wall Airlines, Gulf Air, Mandala Airlines, SilkAir, Tiger Airways and V Australia) covering a total of 213 aircraft, with 125 in service and the remaining to be delivered over the next 5 years.

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]	2009-10	2008-09	% change
The Group			
Financial results ($ million)			
Revenue	1,006.4	1,045.3	-3.7
Expenditure	896.0	932.7	-3.9
Operating profit	110.4	112.6	-2.0
Profit before taxation	262.6	300.7	-12.7
Profit attributable to equity holders of the Company	236.1	260.6	-9.4
Financial position ($ million)			
Share capital	262.9	255.6	+2.9
Reserves			
General reserve	1,036.1	971.9	+6.6
Share-based compensation reserve	45.4	39.6	+14.6
Fair value reserve	0.2	(1.8)	nm
Foreign currency translation reserve	(79.8)	(36.4)	nm
Equity attributable to equity holders of the Company	1,264.8	1,228.9	+2.9
Return on equity holders' funds (%) [R2]	18.9	22.1	- 3.2 pt
Total assets	1,561.0	1,502.2	+3.9
Net liquid assets [R3]	425.8	371.7	+14.6
Value added	711.7	757.3	-6.0
Per share data (cents)			
Earnings before tax	24.3	27.9	-12.9
Earnings after tax - basic [R4]	21.9	24.2	-9.5
- diluted [R5]	21.8	24.1	-9.5
Net asset value [R6]	117.0	114.0	+2.6
Dividends (cents per share)			
Interim dividend	5.0	5.0	–
Proposed final dividend	13.0	11.0	+18.2
The Company			
Financial results ($ million)			
Revenue	946.7	992.9	-4.7
Expenditure	841.1	886.6	-5.1
Operating profit	105.6	106.3	-0.7
Profit before taxation	288.3	237.3	+21.5
Profit after taxation	267.3	217.5	+22.9
Value added	702.0	677.6	+3.6
PRODUCTIVITY AND EMPLOYEE DATA			
The Group			
Average number of employees	6,174	6,259	-1.4
Revenue per employee ($)	163,009	167,013	-2.4
Value added per employee ($)	115,273	120,999	-4.7
The Company			
Average number of employees	5,400	5,621	-3.9
Revenue per employee ($)	175,318	176,641	-0.7
Value added per employee ($)	130,006	120,555	+7.8

GROUP CORPORATE STRUCTURE

As at 31 March 2010

SIA ENGINEERING COMPANY LIMITED

SUBSIDIARY COMPANIES

100%	Aircraft Maintenance Services Australia Pty Ltd
100%	SIA Engineering (USA), Inc.
100%	SIAEC Global Pte Ltd
100%	NexGen Network (1) Holding Pte Ltd
100%	NexGen Network (2) Holding 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
49%	Safran Electronics Asia Pte Ltd
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

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
Lim Joo Boon
Andrew Lim Ming-Hui
Ng Chin Hwee
Oo Soon Hee
Tan Bian Ee
William Tan Seng Koon
(from 1 March 2010)

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

Alternate
Paul Chan Kwai Wah

REGISTRAR
M & C Services Private Limited
138 Robinson Road
#17-00
The Corporate Office
Singapore 068906

AUDITORS
Ernst & Young
Public Accountants and
Certified Public Accountants
One Raffles Quay
Level 18, North Tower
Singapore 048583

AUDIT PARTNER
Mak Keat Meng
(appointed since FY2005/06)

EXECUTIVE MANAGEMENT

President & Chief Executive Officer
William Tan Seng Koon

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

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

Senior Vice President (Fleet Management / Marketing & Sales)
Jack Koh Swee Lim

Senior Vice President (Human Resources)
Zarina Piperdi

Senior Vice President (Line Maintenance Singapore & International)
Ivan Neo Seok Kok

Senior Vice President (Finance) / Chief Financial Officer
Anne Ang Lian Choo

Senior Vice President (Partnership Management & Business Development)
Leck Chet Lam

REGISTERED OFFICE
SIA Engineering Company Limited
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Website: www.siaec.com.sg
Tel: (65) 6541 5151
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CORPORATE CALENDAR

2009

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

2010

14 May 2010
Announcement of FY2009/10 full-year financial results

17 May 2010
Analyst briefing on FY2009/10 full-year financial results

25 Jun 2010
Despatch of Annual Report to shareholders

23 Jul 2010
28th Annual General Meeting

23 Jul 2010
Announcement of FY2010/11 first-quarter financial results

11 Aug 2010
Payment of FY2009/10 final dividend

2 Nov 2010
Announcement of FY2010/11 second-quarter financial results

3 Nov 2010
Analyst briefing on FY2010/11 second-quarter financial results

SIA Engineering Company Limited (the "Company") considers good corporate governance to be the hallmark of a well-managed organisation. The focus of the Company's governance framework, which is formulated on the Company's Vision and Mission, 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 Company. 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 for 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 debates 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 once quarterly 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 yearly 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. Strategy meetings are held in Singapore or at an overseas Company facility, to familiarise Directors with the Company's off-shore operations. 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 four Board Committees, namely the Audit Committee, the Compensation and HR Committee, the Nominating Committee and the Board Committee. At all times, the Board and the Board Committees have independent access to the Chief Executive Officer ("CEO"), other members of Senior Management and the Company Secretary, as well as external advisors. There is a clear demarcation of responsibilities between the Board and Management.

ORIENTATION AND TRAINING FOR DIRECTORS

The Company's Directors serve 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 on the Company's and the Group's businesses, operations and strategic plans. Directors are also given a tour of key facilities in Singapore. From time to time, in furtherance of their training, Directors are addressed by external advisors on industry-related trends and developments, and are kept updated on relevant new laws, regulations and changing commercial risks.

CORPORATE GOVERNANCE

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

The composition of the Board and the Board Committees, and attendance at meetings held in the year under review are as shown below:

Board & Board Committees Composition & Attendance FY2009/10

Name	Main Board			Audit Committee		Nominating Committee		Compensation & HR Committee		Board Committee
	Status	Position	Att.	Position	Att.	Position	Att.	Position	Att.	Position
Stephen Lee Ching Yen (last re-appointed 24 Jul 2009 first appointed on 1 Dec 2005)	Non-executive / Non-independent	Chairman	8/8							
Chew Choon Seng (last re-appointed on 18 Jul 2008, first appointed on 22 May 2003)	Non-executive / Non-independent	Deputy Chairman	8/8			Member	4/4	Member	4/5	Member
Tan Bian Ee (last re-appointed on 24 Jul 2009, first appointed on 15 Apr 2004)	Non-executive / Independent	Member	8/8	Member	5/5	Chairman	4/4			
Koh Kheng Siong (last re-appointed 18 Jul 2008, first appointed on 1 Sep 2005)	Non-executive / Independent	Member	8/8	Chairman	5/5			Member	4/5	
Paul Chan Kwai Wah (last re-appointed on 24 Jul 2009, first appointed on 1 Aug 2006)	Non-executive / Independent	Member	8/8					Chairman	5/5	Alternate
Andrew Lim Ming-Hui (last re-appointed on 20 Jul 2007, first appointed 1 Aug 2006)	Non-executive / Independent	Member	8/8	Member	5/5					
Ron Foo Siang Guan (last re-appointed on 18 Jul 2008, first appointed 1 Aug 2007)	Non-executive / Independent	Member	7/8	Member	5/5					Member
Lim Joo Boon (last re-appointed on 18 Jul 2008, first appointed 1 Aug 2007)	Non-executive / Independent	Member	8/8					Member	5/5	
Oo Soon Hee (last re-appointed on 18 Jul 2008, first appointed 1 Aug 2007)	Non-executive / Independent	Member	8/8	Member	5/5	Member	3/4			
Ng Chin Hwee (first appointed 18 Jul 2008)	Non-executive / Non-Independent	Member	8/8							
William Tan Seng Koon (first appointed on 1 Mar 2010)	Executive, Non-independent	Member	1/1							
Total Number of Meetings Held In FY2009/10			8		5		4		5	-

Note:

i) "Att." refers to the number of meetings attended by respective Directors for the period served in FY2009/10.

ii) The Board Committee does not hold physical meetings.

iii) Mr William Tan is the CEO of the Company.

The Board consists of ten non-executive Directors, seven of whom are independent. The high representation of independent Directors denotes a strong independent element on the Board. On 1 March 2010, the CEO was appointed a Director of the Company. The remaining three non-independent Directors, by virtue of the high office they hold in Singapore Airlines Limited ("SIA"), bring to the Company a wealth of aviation industry background.

The Board considers that the present Board size and the number of Board Committees facilitate effective decision-making and provide sufficient diversity, taking into account the nature and scope of the Company's business.

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. Directors' profiles are found on pages 35 to 40.

All Directors are subject to retirement and re-election at least once every three 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 CEO. The Chairman and the CEO are not related to each other. The Chairman leads the Board to ensure its overall effectiveness and encourages constructive engagement between Directors and Management. The Chairman and the Board as a whole promote high standards of corporate governance.

The CEO manages the business of the Company and implements the Board's decisions. 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 CEO also chairs the Senior Management Committee ("SMC"), members of which include the Executive Vice President (Operations) and the Senior Vice Presidents. The SMC decides on specific matters delegated by the Board and the Board Committee.

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 an external 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 eighth 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 measures are also benchmarked against similar measures used in the assessment for the Best Managed Board Awards.

The results of the evaluation are compared with past years' results to identify areas for improvement in the performance 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 & 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 dealt with by Management are also submitted to the Board.

Directors are provided with papers well in advance of the meetings of the Board and the Board Committees, 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, in furtherance of their duties.

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 five non-executive Directors, all of whom are independent. The members of the Audit Committee are:

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

The Audit Committee met five 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 22. In the course of the year, the Audit 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;
(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 Audit Committee has full access to and co-operation of Management. The Audit Committee also has full discretion to invite any Director or executive officer to attend its meetings, and has the resources to discharge its functions.

During the year, the Audit Committee 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 Audit Committee's meetings are circulated to the Directors.

The review of the adequacy of business, strategic and operational controls and risks is undertaken directly by the Board, which also reviews the effectiveness of the Company's risk management structure and process. Accordingly, these functions do not come under the purview of the Audit Committee.

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 2008 Guidebook for Audit Committees in Singapore.

The various divisions within the Company have developed a Control Self Assessment programme, whereby 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 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 four non-executive Directors, three of whom (including the Chairman) are independent. The members of the Compensation & HR Committee are:

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

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

During FY2009/10, the Compensation & HR Committee held five meetings and performed, inter alia, the following main functions:

(a) conducted a review of the FY2007/08 and FY2008/09 SIAEC RSP performance to-date;
(b) conducted a review of the FY2006/07, FY2007/08 and FY2008/09 SIAEC PSP performance to-date;
(c) determined the allotment for the SIAEC RSP and SIAEC PSP grants for FY2009/10;
(d) reviewed and approved the total compensation framework for Senior Management;
(e) conducted the annual performance and compensation review of Senior Management;
(f) reviewed and endorsed the 2010 Succession Development Plan for the Company;
(g) reviewed the fees payable to the Directors for FY2008/09; and
(h) reviewed the Company's HR strategies in the face of the industry downturn in 2009, and the plan ahead for 2010 and 2011.

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.

Directors' remuneration for FY2009/10 is derived using the same rates as FY2008/09, with an increase in the attendance fee for an overseas Board Meeting from $1,000 to $3,000 to compensate Directors fairly for setting aside additional time for such meetings.

CORPORATE GOVERNANCE

The proposed Directors' remuneration for FY2009/10, comprising fees and allowances, amounts to $819,000 ($789,150 in FY2008/09), based on the following rates:

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 - for each Board Meeting held locally - for each Board Meeting held overseas	 1,000 3,000
Board Committee	
Member's Allowance	10,000
Audit Committee	
Chairman's Allowance	30,000
Member's Allowance	20,000
Other Board Committees	
Chairman's Allowance	20,000
Member's Allowance	10,000

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/her will be pro-rated accordingly. An Attendance Fee of $1,000 is payable for each Board meeting held locally and $3,000 for each Board meeting held overseas.

Computed on the basis of the foregoing scale, the fees in respect of each Director for FY2009/10 are as shown:

Name of Director	Fees ($)
Stephen Lee Ching Yen	93,000
Chew Choon Seng [1]	113,000
Tan Bian Ee	93,000
Koh Kheng Siong	93,000
Paul Chan Kwai Wah	73,000
Andrew Lim Ming-Hui	73,000
Ron Foo Siang Guan	82,000
Lim Joo Boon	63,000
Oo Soon Hee	83,000
Ng Chin Hwee [1]	53,000
William Tan Seng Koon [2]	-
TOTAL	819,000

1 *Directors' fees due to Mr Chew Choon Seng and Mr Ng Chin Hwee will be paid to and retained by SIA (the majority shareholder of the Company). Mr Chew and Mr Ng hold executive positions in SIA.*

2 *No Directors' fees will be paid to Mr William Tan Seng Koon as he is the CEO of the Company. Mr William Tan Seng Koon's remuneration as the CEO of the Company is set out under Key Executives' Remuneration.*

Other than the foregoing, no other remuneration is paid to non-executive Directors of the Company nor do they receive any share options or share awards which are granted only to the employees of the Company.

None of the immediate family members of a Director was employed by the Company and its principal subsidiaries in a managerial position for the period 1 April 2009 to 31 March 2010.

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 RSP and/or the 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 Senior Management executives in FY2009/10 was as follows:

		Bonus				Base Awards under SIAEC RSP (granted on 1 Jul 2009)	Base Awards under SIAEC PSP (granted on 1 Jul 2009)
Remuneration Bands[1] & Senior Management Executives	Salary (%)	Fixed (%)	Variable[4] (%)	Benefits (%)	Total (%)	Number of Shares[5]	Number of Shares[5]
$750,001 - $1,000,000							
William Tan Seng Koon	43	4	46	7	100	28,000	32,800
$250,001 - $500,000							
Png Kim Chiang Executive Vice President (Operations)[2]	54	5	37	4	100	14,000	14,000
Chan Seng Yong Senior Vice President (Services & Clark Project)	49	5	42	4	100	14,000	14,000
Jack Koh Swee Lim Senior Vice President (Fleet Management / Marketing & Sales)	52	5	39	4	100	14,000	14,000
Zarina Piperdi Senior Vice President (Human Resources)	50	5	41	4	100	14,000	14,000
Ivan Neo Seok Kok Senior Vice President (Line Maintenance Singapore & International)	53	5	38	4	100	14,000	14,000
Anne Ang Lian Choo Senior Vice President (Finance)[3] / Chief Financial Officer	56	6	34	4	100	22,800	–

Notes:

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

2 *Png Kim Chiang was Senior Vice President (Aircraft & Component Services) from 1 April 2009 to 31 March 2010 and was appointed Executive Vice President (Operations) with effect from 1 April 2010.*

3 *Anne Ang was Vice President (Finance) from 1 April 2009 to 30 June 2009 and was appointed Senior Vice President (Finance) with effect from 1 July 2009.*

4 *Includes an EVA-based incentive plan and profit-sharing bonus determined on an accrual basis for the financial year ended 31 March 2010.*

5 *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.*

Details of the SIAEC RSP and SIAEC PSP, and the awards granted can be found on pages 91 and 127 in this Annual Report.

PROFILE OF SENIOR EXECUTIVES

Mr William Tan Seng Koon
President & Chief Executive Officer

Mr Tan is the CEO of the Company. The SIAEC Group of companies, with its main operations in Singapore and 24 joint ventures in 9 countries, caters to a global customer base of more than 80 international airlines.

Prior to his appointment as CEO of the Company in May 2001, Mr Tan served in various senior management positions in SIA from 1978.

Mr Tan was appointed as a Director of SIAEC on 1 March 2010. He is also 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.

Mr Tan 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 Png Kim Chiang
Executive Vice President (Operations)

Mr Png joined 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). He was appointed Senior Vice President (Commercial) in September 2005 and Senior Vice President (Aircraft and Component Services) in April 2009. In April 2010, he was appointed as Executive Vice President (Operations), taking charge of the operations of Airframe and Component Overhaul, Line Maintenance and Fleet Management, as well as the support services of Marketing & Sales, Quality and Safety.

Mr Png is the Chairman of Aerospace Component Engineering Services Pte Ltd, NexGen Network (1) Holding Pte Ltd and NexGen Network (2) Holding Pte 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 and SIA Engineering (Philippines) Corporation.

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.

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

Mr Chan joined the Engineering Division of SIA 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 appointed as Senior Vice President (Services & Clark Project) in April 2009. He is currently in charge of the MRO facility in Clark International Airport.

Mr Chan is the Chairman of Fuel Accessory Service Technologies Pte Ltd and a Director of Asian Surface Technologies Pte Ltd and Combustor Airmotive Services 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 Jack Koh Swee Lim
Senior Vice President (Fleet Management / Marketing and Sales)

Mr Jack Koh joined 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, Senior Vice President (Line Maintenance and Business Development) in October 2007 and Senior Vice President (Commercial) in April 2009. He is currently Senior Vice President (Fleet Management / Marketing & Sales), responsible for Fleet Management, Marketing and Sales, Continuing Airworthiness Management and Engineering Divisions.

Mr Koh is the Chairman of Aviation Partnership (Philippines) Corporation, Deputy Chairman of PT JAS Aero-Engineering Services and a Director of Hong Kong Aero Engine Services Limited and Singapore Aero Engine Services Pte Ltd.

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

Ms Zarina Piperdi
Senior Vice President (Human Resources)

Ms Piperdi joined SIA in 1983 and had 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 the Human Resources, Productivity & Industrial Relations, and Engineering Training Divisions.

Ms Piperdi is a Director of International Engine Component Overhaul Pte Ltd and 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 Singapore and International)

Mr Neo joined 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, he was appointed as Senior Vice President (Aircraft & Component Services). He was appointed Senior Vice President (Line Maintenance and Business Development) in April 2009, and is currently Senior Vice President (Line Maintenance Singapore and International), responsible for Line Maintenance operations in Singapore and overseas.

Mr Neo is the Chairman of JAMCO Aero Design and Engineering Pte Ltd and Pan Asia Pacific Aviation Services Ltd.

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.

CORPORATE GOVERNANCE

Ms Anne Ang Lian Choo
Senior Vice President (Finance) / Chief Financial Officer

Ms Ang was appointed as the Company's Chief Financial Officer on 16 May 2008 and Senior Vice President (Finance) in July 2009. She joined the Company from SIA, where she has worked since 1989. She has served in various capacities in SIA's Finance and Internal Audit divisions, including her last appointment as Vice President Revenue Accounting. Prior to joining SIA, Ms Ang was Manager of Singapore Aviation and General Insurance Co. Pte Ltd (SAGI), a wholly owned subsidiary of SIA.

Ms Ang is a Director of Aviation Partnership (Philippines) Corporation, Pan Asia Pacific Aviation Services Ltd and Singapore JAMCO Pte Ltd.

Ms Ang holds a Bachelor of Accountancy (Honours) degree and a Master of Business Administration degree from the National University of Singapore.

Mr Leck Chet Lam
Senior Vice President (Partnership Management and Business Development)

Mr Leck joined SIA Engineering Company in 2000 and served in various capacities in the Business Development Division. He became Vice President Business Development in 2004 and moved to Line Maintenance in 2009 as Vice President (Line Maintenance, Customer Operations). In April 2010, he was appointed Senior Vice President (Partnership Management & Business Development) and is currently responsible for Partnership Management, Business Development, Facilities Development and Information Technology Divisions.

Mr Leck is the Chairman of Aircraft Maintenance Services Australia Pty Ltd and a Director of Aerospace Component Engineering Services Pte Ltd, NexGen Network (1) Holding Pte Ltd, NexGen Network (2) Holding Pte Ltd and Turbine Coating Services Pte Ltd.

Prior to joining SIA Engineering Company, he was with the Economic Development Board of Singapore and the Republic of Singapore Air Force.

Mr Leck holds a Bachelor (with Distinction) degree and a Master's degree in Aerospace Engineering from Iowa State University, USA. He also holds a Master's degree in Business Administration from Nanyang Technological University, Singapore.

NOMINATING COMMITTEE (Principle 4)

Three non-executive Directors, two of whom are independent (including the Chairman), make up the Nominating Committee. The members of the Nominating Committee are:

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 Nominating Committee regularly reviews the Board's Skills Matrix, which denotes the experience and expertise of the current Directors, in relation to the business and strategic goals of the Company. This is useful to the Nominating Committee in its search for future candidates for appointment to the Board.

Pursuant to Article 83 of the Company's Articles of Association, one third of Directors for the time being shall retire at each Annual General Meeting ("AGM"). Retiring Directors are those who have been longest in office since their last election. They are eligible to offer themselves for re-election under Article 84 subject to the approval of the Nominating Committee and the Board.

At the 28th AGM to be held on 23 July 2010:

(1) Chew Choon Seng, Koh Kheng Siong, Andrew Lim Ming-Hui and Ron Foo Siang Guan will retire under Article 83; and
(2) William Tan Seng Koon will retire under Article 90.

After assessing their respective contributions, including their attendance, preparedness and participation at Board and Committee meetings, the Nominating Committee recommends their re-election under Article 84 and Article 90 respectively.

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

(a) reviewed the composition of the Board and Board Committees and the tenure of Directors;
(b) recommended the appointment of William Tan Seng Koon as Director with effect from 1 March 2010;
(c) considered individual Director's feedback and suggestions and worked with Management to implement appropriate improvements in areas that scored low in the Board performance evaluation;
(d) reviewed and affirmed the independence/non-independence of Directors based on individual Director's declaration;
(e) considered and recommended Directors to retire by rotation and seek re-election at the AGM; 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. The members of the Board Committee are:

Members	Chew Choon Seng
	Ron Foo Siang Guan
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.

MANAGEMENT COMMITTEES

Management oversees specific areas of the Company's operations and businesses through various committees, holding meetings with varying frequencies, from daily, weekly, bi-weekly to monthly. These include the Management Committee, the Staff Committee, the Investments Committee, the Partnership Review Committee and the Risk Management Committee.

RISK MANAGEMENT (Principle 12)

Since its inception in 2001, the Risk Management Committee, chaired by the CEO and comprising members of Management, assists the Audit Committee and the Board to drive risk management activities within the Company.

CORPORATE GOVERNANCE

The Company's risk reporting structure is as follows:

RISK PROCESSES AND ACTIVITIES

The following risk-related processes and activities were carried out by the Company in FY2009/10:

a) Annual Risks Reassessment Exercise

The Company carried out its Annual Risk Reassessment Exercise from December 2009 to January 2010. All Business Units were involved in identifying and assessing risks, which were subsequently consolidated and prioritised for review by the Risk Management Committee. Following the exercise, the Company's Risk Register was duly updated.

To enhance the risk review process, a mid-year review was also carried out from August to September 2009 to update the risk controls and action plans.

b) Review of Second-tier Risks

To ensure adequate oversight of significant second-tier risks, the Risk Management Committee progressively reviewed such risks and their mitigation plans and controls.

c) Risk Control and Audit

Regular independent assessments are essential to ensure that established risk controls are effective and being complied with. SIA Internal Audit thus carried out an independent audit on the Company's risk management processes and was satisfied with the effectiveness of the risk controls and that the Management is actively involved in the risk management process.

COMMENTS BY THE BOARD OF DIRECTORS

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 Management.

ENGAGEMENT OF EXTERNAL CONSULTANT

In March 2001, an external consultant ("Consultant") was commissioned to undertake an independent assessment of the significant insurable and non-insurable risks of the SIA Group, including the Company. In 2008, in light of the Company's expanding MRO business, the Consultant was commissioned once again to review the Company's major risks and the management of these risks. After reviewing the Company's current risk controls and procedures, the Consultant concluded in early 2010 that the Company has in place, a robust risk monitoring and reporting framework and that the controls are in line with industry best practice.

INTERNAL AUDIT (Principle 13)

The Company has an internal audit function, which is undertaken by the Internal Audit Department of SIA ("SIA Internal Audit Department"), the Company's shareholder and parent company. It is designed to provide reasonable assurance about the effectiveness and efficiency of operations, reliability of financial information and compliance with policies and procedures, applicable laws and regulations in the Company, its subsidiaries and joint venture and associated companies. 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 SIA, 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 employees, who are Certified Information System Auditors.

COMMUNICATIONS WITH SHAREHOLDERS (Principles 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. At other times, meetings with analysts and investors are held to facilitate their understanding of the Company's business. The Company's quarterly results are published through SGXNET and press releases, and on the Company's website.

The Company also 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. The Company also makes available on its website, its Annual Reports to shareholders and a range of other information considered to be of interest to investors.

At shareholders' meetings, every matter requiring approval is proposed as a separate resolution. For details on resolutions, please refer to the 'Notice of AGM' in this Annual Report, which is also found on the Company's website. 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, the Nominating Committee and the 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 prescribed in the Listing Manual, the Company has adopted a set of Policy and Guidelines for dealings in the Company's securities, which are posted on the Company's Intranet for easy access by employees. The heads of divisions and departments are responsible for ensuring that the information is brought to the attention of employees who do not have ready Intranet access. 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 CEO, the Executive Vice President (Operations) and Senior Vice Presidents, and those in the 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 (Cap. 289) whenever trading in the Company's or any other corporation's securities.

CORPORATE GOVERNANCE

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

Code Principles, Guidelines & Commentaries	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.	21	✓
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.	22	✓
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.	23	✓
Principle 4: Board Membership There should be a formal and transparent process for the appointment of new directors to the board.	23, 30	✓
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.	23	✓
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 ongoing basis.	23	✓
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.	25	✓
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.	25	✓
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.	25	✓
Principle 10: Accountability The board should present a balanced and understandable assessment of the company's performance, position and prospects.	23	✓
Principle 11: Audit Committee The board should establish an audit committee with written terms of reference, which clearly set out its authority and duties.	24	✓
Principle 12: Internal Controls The board should ensure that management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.	25, 31	✓
Principle 13: Internal Audit The company should establish an internal audit function that is independent of the activities it audits.	33	✓
Principle 14: Communication with Shareholders Companies should engage in regular, effective and fair communication with shareholders.	33	✓
Principle 15: Greater Shareholder Participation Companies should encourage greater shareholder participation at annual general meetings, and allow shareholders the opportunity to communicate their views on various matters affecting the company.	33	✓

FURTHER INFORMATION ON BOARD OF DIRECTORS

MR STEPHEN LEE CHING YEN
CHAIRMAN

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

Age: 63

Current Directorships In Other Listed Companies

	Organisation/Company	Title
1.	Singapore Airlines Ltd	Chairman

Other Major Appointments

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

Others

	Organisation/Company	Title
1.	Baosteel Group Corporation, China	Director
2.	Shanghai Commercial Bank Ltd, Hong Kong	Director
3.	Singapore Labour Foundation	Director
4.	Chinese Development Assistance Council	Board Member
5.	National Wages Council	Council Member

Directorships/Appointments in the past 3 years

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

MR CHEW CHOON SENG
DEPUTY CHAIRMAN

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

Age: 63

Current Directorships In Other Listed Companies

	Organisation/Company	Title
1.	Singapore Airlines Limited	Director and CEO
2.	Singapore Exchange Ltd	Director

Other Major Appointments

	Organisation/Company	Title
1.	Government of Singapore Investment Corporation Pte Ltd	Director

Others

	Organisation/Company	Title
1.	International Air Transport Association	Member, Board of Governors

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Singapore Airport Terminal Services Limited	Deputy Chairman

CORPORATE GOVERNANCE

MR TAN BIAN EE
CHAIRMAN, NOMINATING COMMITEE

Academic and Professional Qualifications:
- Diploma in Management Studies, Singapore Institute of Management
- Master of Business Administration (Distinctions), Golden Gate University

Age: 63

Current Directorships In Other Listed Companies

	Organisation/Company	Title
1.	AAC Acoustic Technologies Holdings Inc. (listed on the Stock Exchange of Hong Kong)	Director

Others

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

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Avago Technologies (M) 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

MR KOH KHENG SIONG
CHAIRMAN, AUDIT COMMITTEE

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

Age: 62

Current Directorships In Other Listed Companies

	Organisation/Company	Title
1.	Venture Corporation Ltd	Director

Directorships/Appointments in the past 3 years

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

MR PAUL CHAN KWAI WAH
CHAIRMAN, COMPENSATION & HR COMMITTEE

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

Age: 56

Other Major Appointments

	Organisation/Company	Title
1.	Integrated Health Information Systems Pte Ltd	Director
2.	National Healthcare Group Pte Ltd	Director
3.	Singapore Power Ltd	Director
4.	SP Services Ltd	Director

Others

	Organisation/Company	Title
1.	Bethesda (Katong) Church	Director

Directorships/Appointments in the past 3 years

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

MR ANDREW LIM MING-HUI
DIRECTOR

Academic and Professional Qualifications:
- Bachelor of Laws, National University of Singapore
- Master of Laws, National University of Singapore

Age: 48

Other Major Appointments

	Organisation/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 (in voluntary liquidation)	Director

Others

	Organisation/Company	Title
1.	Anglican Diocese of Singapore Education Board	Board Member
2.	Council for Private Education (a statutory board of the Ministry of Education)	Council Member
3.	St. Andrew's Junior College	Member, Board of Governors
4.	Singapore Golf Association	Member, Executive Board and Chairman, Disciplinary Committee

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	SNP Corporation Pte Ltd	Director
2.	SPTL Holdings Pte Ltd	Director

CORPORATE GOVERNANCE

MR RON FOO SIANG GUAN
DIRECTOR

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

Age: 62

Current Directorships In Other Listed Companies

	Organisation/Company	Title
1.	SembCorp Marine Ltd	Director

Other Major Appointments

	Organisation/Company	Title
1.	Alliance Consultancy Corporation	Director
2.	NTUC Income Insurance Co-Operative Ltd	Director
3.	Singapore Deposit Insurance Corporation Ltd	Director

Others

	Organisation/Company	Title
1.	Competition Appeal Board	Board Member
2.	Institute of Certified Public Accountants of Singapore	Council Member

Directorships/Appointments in the past 3 years
Nil

MR LIM JOO BOON
DIRECTOR

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

Age: 56

Other Major Appointments

	Organisation/Company	Title
1.	Asia Philanthropic Ventures Private Ltd	Director
2.	Singapore Pools Pte Ltd	Director
3.	Singapore Turf Club	Director

Others

	Organisation/Company	Title
1.	Inland Revenue Authority of Singapore	Director
2.	Nanyang Business School	Adjunct Associate Professor

Directorships/Appointments in the past 3 years
Nil

MR OO SOON HEE
DIRECTOR

Academic and Professional Qualifications:
- Bachelor of Science (Honours) in Applied Chemistry, University of Singapore
- Diploma in Business Administration, University of Singapore

Age: 66

Current Directorships In Other Listed Companies

	Organisation/Company	Title
1.	ComfortDelGro Corporation Ltd	Director

Other Major Appointments

	Organisation/Company	Title
1.	NatSteel Asia Pte Ltd	Director
2.	NatSteel Holdings Pte Ltd	Director
3.	Tata Steel Global Minerals Holdings Pte Ltd	Director
4.	TRF Singapore Pte Ltd	Director
5.	York Transport Equipment (Asia) Pte Ltd	Director

Directorships/Appointments in the past 3 years

	Organisation/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.	NSA Holdings Pte Ltd	Director
6.	Siam Industrial Wire Company Ltd	Director
7.	Tata Steel (Thailand) Public Company Ltd	Director
8.	Wuxi NatSteel Metal Products Co. Ltd	Director
9.	Southern Steel Berhad	Alternate Director

MR NG CHIN HWEE
DIRECTOR

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

Age: 49

Other Major Appointments

	Organisation/Company	Title
1.	Singapore Airlines Cargo Pte Ltd	Director
2.	Virgin Atlantic Ltd	Director
3.	Virgin Atlantic Airways Ltd	Director
4.	Virgin Travel Group Ltd	Director

Directorships/Appointments in the past 3 years

	Organisation/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

MR WILLIAM TAN SENG KOON
DIRECTOR & CHIEF EXECUTIVE OFFICER

Academic and Professional Qualifications:
- Bachelor of Science (Engineering), National University of Singapore
- Diploma in Business Administration, National University of Singapore

Age: 57

Other Major Appointments

	Organisation/Company	Title
1.	SIA Engineering (Philippines) Corporation	Chairman
2.	Singapore JAMCO Pte Ltd	Chairman
3.	Eagle Services Asia Pte Ltd	Deputy Chairman
4.	Singapore Aero Engine Services Pte Ltd	Deputy Chairman

Others

	Organisation/Company	Title
1.	SIAEC Global Pte Ltd	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	JAMCO Aero Design and Engineering Pte Ltd	Chairman

FINANCIALS

FINANCIAL REVIEW

EARNINGS

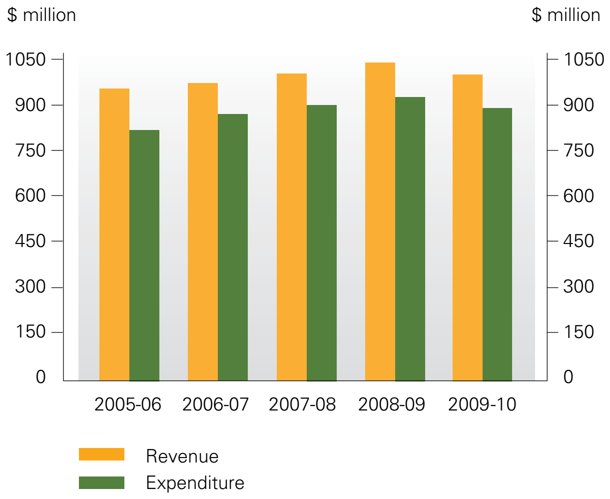
Amidst a challenging operating environment during the year, the Group recorded an operating profit of $110.4M for the financial year 2009-10, a decline of $2.2 million (-2.0%) compared to last year.

Revenue fell $38.9 million (-3.7%) to $1,006.4 million. With the implementation of various cost management initiatives, expenditure saw a reduction of $36.7 million (-3.9%) to $896.0 million.

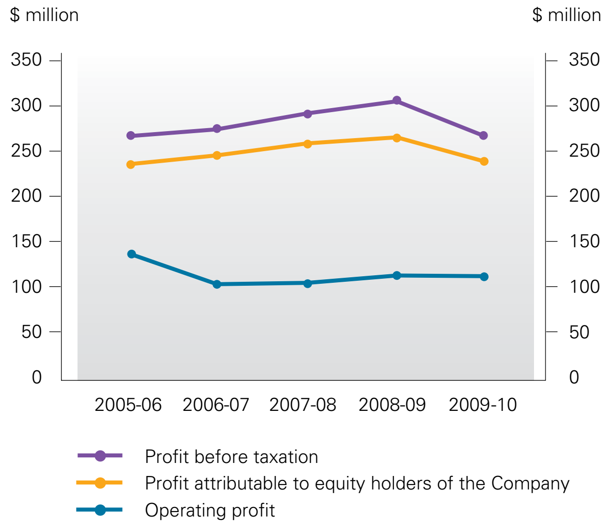
The Group's profit before taxation decreased $38.1 million (-12.7%) to $262.6 million. This was mainly due to a decline in share of profits from our associated and joint venture companies of $43.3 million (-25.0%) to $129.7 million. An increase in surplus on disposal of property, plant and equipment of $5.9 million partially cushioned the decline in profit before taxation.

Provision for tax fell $12.9 million or 34.5% to $24.5 million. The resulting profit attributable to equity holders of $236.1 million for the financial year 2009-10 was $24.5 million (-9.4%) lower than the previous year. Basic earnings per share for the Group decreased 2.3 cents (-9.5%) to 21.9 cents.

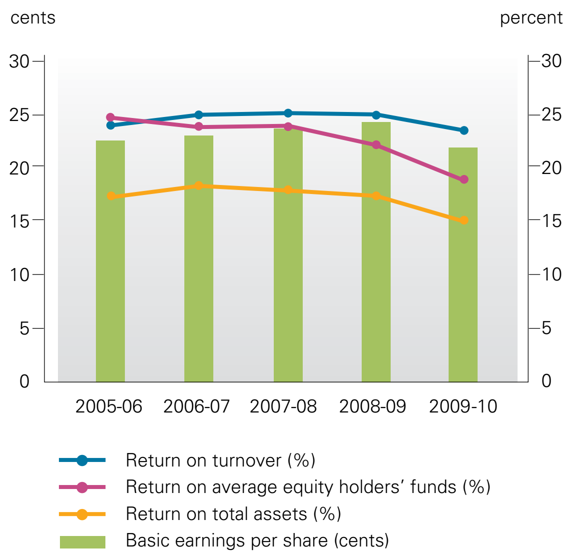
Group Revenue and Expenditure



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:

	2009-10 %	2008-09 %	Change % points
Return on turnover	23.5	24.9	-1.4
Return on average equity holders' funds	18.9	22.1	-3.2
Return on total assets	15.1	17.4	-2.3

REVENUE

The Group's revenue declined $38.9 million (-3.7%) to $1,006.4 million in 2009-10.

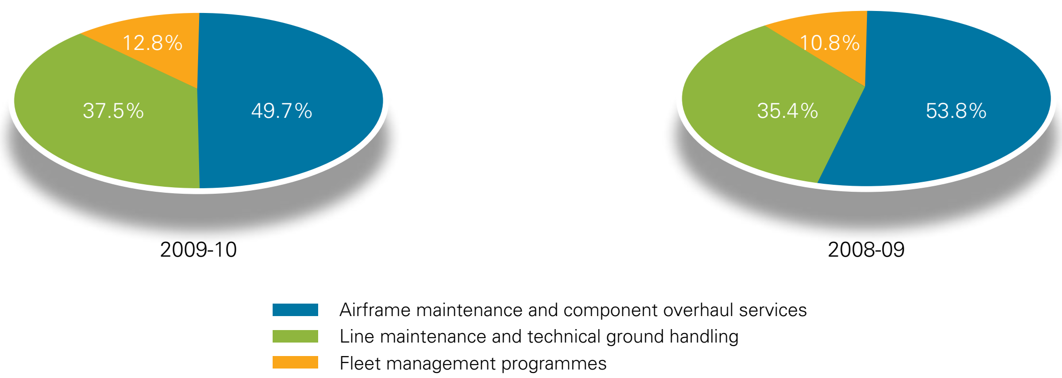
The Group's revenue composition is as follows:

	2009-10 $ million	2008-09 $ million	Change $ million	%
Airframe maintenance and component overhaul services	500.8	562.0	- 61.2	- 10.9
Line maintenance and technical ground handling	377.0	369.9	+ 7.1	+ 1.9
Fleet management programmes	128.6	113.4	+ 15.2	+ 13.4
Total	1,006.4	1,045.3	- 38.9	- 3.7

Revenue from airframe maintenance and component overhaul work declined $61.2 million (-10.9%) to $500.8 million. Revenue contributed by fleet management programmes increased $15.2 million (+13.4%) to $128.6 million mainly due to an increase in the fleet size of existing customers and new contracts secured, as the Group continues to grow its fleet management business. Line maintenance revenue grew $7.1 million (+1.9%) to $377.0 million with an increase in the number of flights handled.

Airframe maintenance and component overhaul services, line maintenance and fleet management programmes contributed 49.7%, 37.5% and 12.8% respectively to the Group's revenue.

Group Revenue Composition



FINANCIAL REVIEW

EXPENDITURE

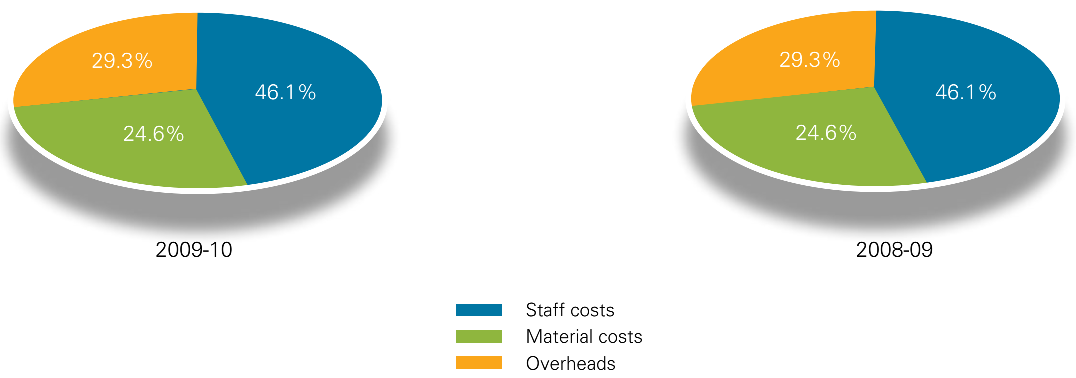
The Group's expenditure decreased $36.7 million (-3.9%) to $896.0 million during the financial year.

The decrease in the Group's expenditure came from:

	2009-10	2008-09	Change	
	$ million	$ million	$ million	%
Staff costs	413.5	429.5	- 16.0	- 3.7
Material costs	220.4	229.9	- 9.5	- 4.1
Overheads	262.1	273.3	- 11.2	- 4.1
Total	896.0	932.7	- 36.7	- 3.9

Staff costs declined $16.0 million (-3.7%) as a result of ongoing cost management initiatives, lower expensing of share options and jobs credit. Material costs decreased $9.5 million (-4.1%) to $220.4 million with lower usage. Overheads fell $11.2 million (-4.1%) mainly due to lower subcontract costs.

Group Expenditure Composition



SHARE OF PROFITS OF ASSOCIATED AND JOINT VENTURE COMPANIES

Share of profits of associated and joint venture companies fell $43.3 million (-25.0%) to $129.7 million. Associated and joint venture companies accounted for $35.5 million and $7.8 million respectively of the decrease. Their contributions represent 49.4% of the Group's pre-tax profits.

TAXATION

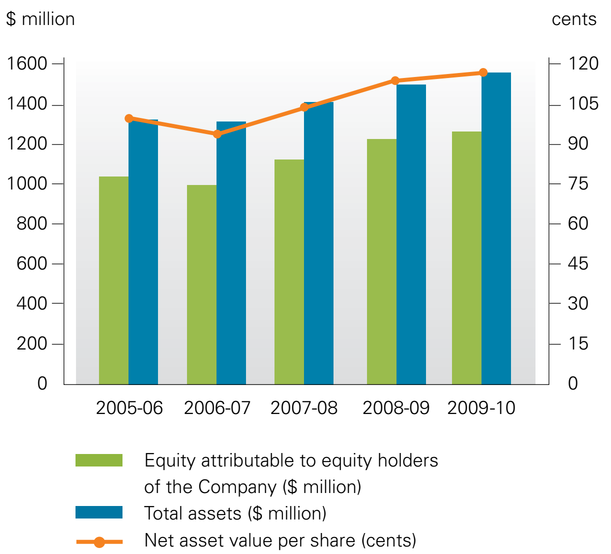
The Group's provision for taxation was $24.5 million in 2009-10, a decrease of $12.9 million (-34.5%) compared to last year. This was mainly due to write-back of tax provisions by an associated company and lower profits of associated and joint venture companies.

FINANCIAL POSITION

Equity attributable to equity holders of the Company stood at $1,264.8 million as at 31 March 2010, an increase of $35.9 million (+2.9%) 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 11 cents per share in respect of financial year 2008-09 and interim dividend of 5 cents per share in respect of financial year 2009-10. Correspondingly, the net asset value per share of the Group rose 3.0 cents (+2.6%) to 117.0 cents as at 31 March 2010.

Total assets of the Group grew $58.8 million (+3.9%) to $1,561.0 million as at 31 March 2010 compared to a year ago. The net liquid assets of the Group was $425.8 million as at 31 March 2010, an increase of $54.1 million (+14.6%) compared to last 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 $255,612,514 as at 31 March 2009 to $262,897,722 as at 31 March 2010. 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 and Performance Share Plan.

EMPLOYEE SHARE OPTION PLAN

During the year, 3,237,400 share options were exercised by employees. As at 31 March 2010, there were 56,666,363 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, 201,774 (2008-09: 112,721) and 12,440 (2008-09: nil) share awards were released under the RSP and PSP respectively. As at 31 March 2010, the number of outstanding shares granted under the Company's RSP and PSP were 1,835,137 (31 March 2009: 1,294,528) and 292,500 (31 March 2009: 220,800) respectively.

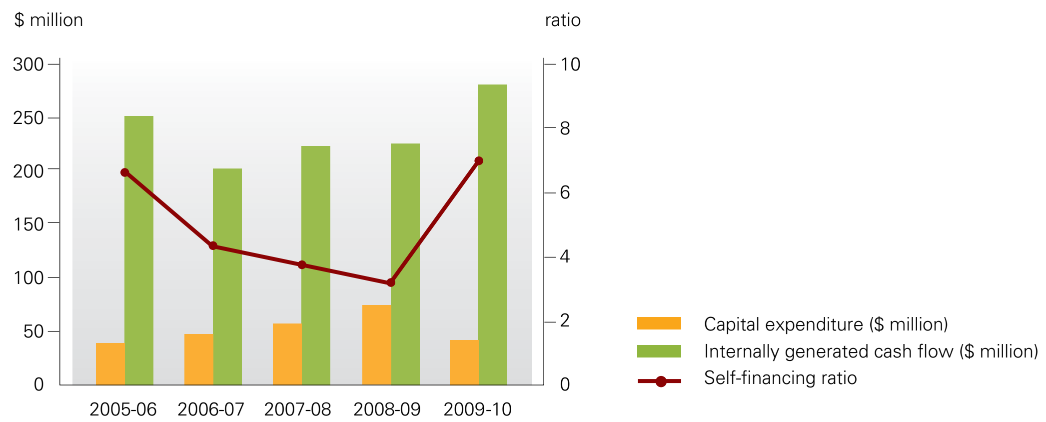
Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded could range between 0% to 150% of the initial grant of the restricted shares and between 0% to 200% of the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

CAPITAL EXPENDITURE AND CASH FLOW

In 2009-10, capital expenditure by the Group was $39.6 million, a decrease of $34.5 million (-46.6%) compared to a year ago.

Internally generated cash flow increased $54.4 million (+24.4%) to $277.1 million. The self-financing ratio of cash flow to capital expenditure grew significantly to 7.0 times from 3.0 times last year. Approximately 55 per cent of the expenditure was spent on plant, equipment and tooling and building projects, while 23 per cent was on leasehold land and buildings. A further 19 per cent of the expenditure was spent on aircraft rotable spares.

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



DIVIDENDS

A tax exempt one-tier interim dividend of 5.0 cents per share, amounting to $54.0 million, was paid on 30 November 2009.

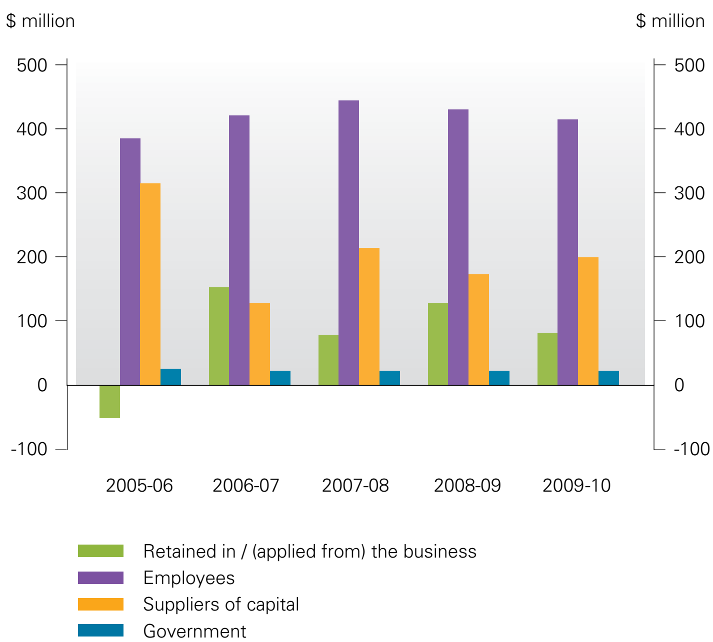
The Group proposed a tax exempt one-tier final dividend of 13.0 cents per share, amounting to $140.6 million for 2009-10. The final dividend, if approved by shareholders during the Annual General Meeting to be held on 23 July 2010, will be paid on 11 August 2010.

VALUE ADDED

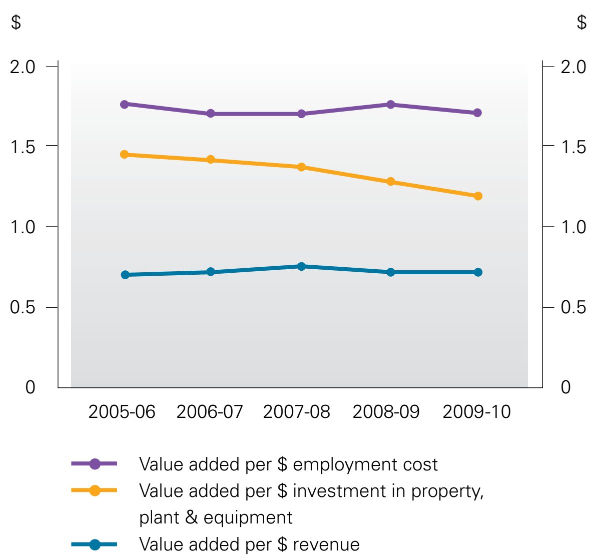
Total value added for the Group in 2009-10 was $711.7 million, down $45.6 million (-6.0%) from financial year 2008-09. The decrease was mainly attributable to lower revenue (-$38.9 million) and decline in share of profits after tax of associated and joint venture companies (-$30.8 million), partially offset by lower purchases of goods and services (+$16.7 million) and higher dividend income from long-term investment (+$4.4 million).

Salaries and other staff costs of $413.5 million accounted for 58.1% of the value added. Shareholders received $194.6 million (27.3%) in dividends, $21.5 million (3.0%) went to corporate taxes and $80.1 million (11.3%) was retained for future capital requirements.

Group Value Added Distribution



Group Value Added Productivity Ratios



STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION

	2009-10 $ million	2008-09 $ million
Revenue	1,006.4	1,045.3
Less:		
Purchase of goods and services	(444.0)	(460.7)
Value added on operations	562.4	584.6
Add:		
Dividend income from long-term investment	15.5	11.1
Net interest income	1.0	3.9
Surplus on disposal of property, plant and equipment	6.0	0.1
Share of profits of associated and joint venture companies	126.8	157.6
Total value added available for distribution	711.7	757.3
Applied as follows:		
To employees		
- Salaries and other staff costs	413.5	429.5
To government		
- Corporate taxes	21.5	21.9
To suppliers of capital		
- Ordinary dividends	194.6	172.5
- Minority Interests	2.0	2.7
Retained for future capital requirements / (applied from the business)		
- Depreciation	34.4	36.6
- Amortisation of intangibles	4.2	5.9
- Retained profit	41.5	88.2
Total value added	711.7	757.3
Value added per $ revenue ($)	0.71	0.72
Value added per $ employment cost ($)	1.72	1.76
Value added per $ investment in property, plant and equipment ($)	1.21	1.29

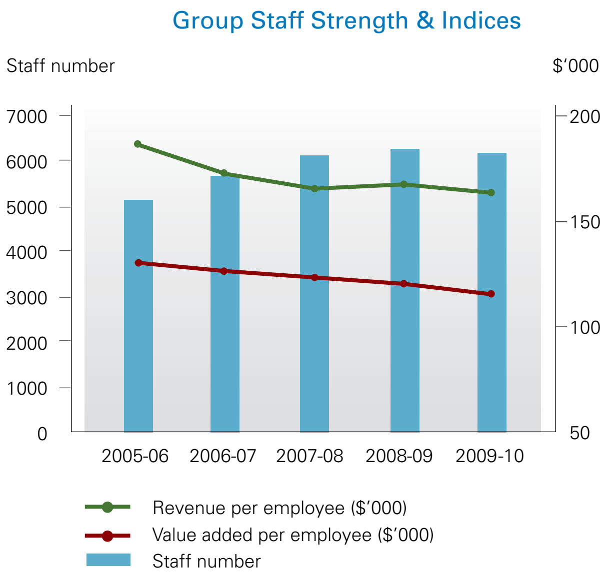
STAFF STRENGTH AND INDICES

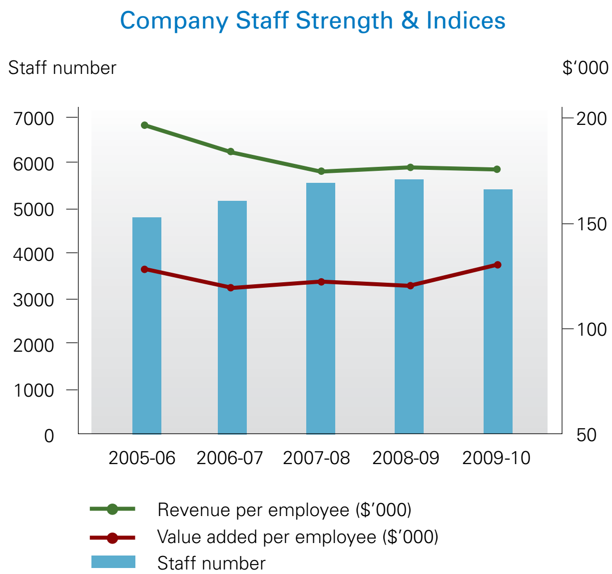
The Group's average staff strength in 2009-10 was 6,174, a 1.4% decrease from the previous financial year.

	2009-10	2008-09	% change
Revenue per employee ($)	163,009	167,013	-2.4
Value added per employee ($)	115,273	120,999	-4.7
Staff costs per employee ($)	66,972	68,625	-2.4
Average number of employees	6,174	6,259	-1.4

Group revenue per employee decreased $4,004 (-2.4%) to $163,009 and value added per employee fell $5,726 (-4.7%) to $115,273.

The Company's average staff strength was 5,400 in 2009-10, a 3.9% decrease from the previous financial year.





FINANCIAL REVIEW

SEGMENT INFORMATION

The Group's businesses are organised and managed separately according to the nature of the services provided. The following tables present revenue and profit information regarding operating segments for the financial years ended 31 March 2010 and 2009.

Revenue by segment	2009-10 $ million	2008-09 $ million	Change %
Repair and overhaul*	629.4	675.4	-6.8
Line maintenance	377.0	369.9	+1.9
Total	1,006.4	1,045.3	-3.7

Segment results	2009-10 $ million	2008-09 $ million	Change %
Repair and overhaul*	31.5	35.6	-11.5
Line maintenance	78.9	77.0	+2.5
Total	110.4	112.6	-2.0

* *comprises airframe maintenance and component overhaul services and fleet management programmes*

Revenue from repair and overhaul segment declined $46.0 million (-6.8%) as airframe maintenance and component overhaul work fell $61.2 million, partially cushioned by a $15.2 million increase in fleet management programme revenue.

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

1. DIRECTORS OF THE COMPANY

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

Stephen Lee Ching Yen	–	Chairman
Chew Choon Seng	–	Deputy Chairman
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)
Ng Chin Hwee		(Non-independent)
William Tan Seng Koon	–	Chief Executive Officer (appointed as Director on 1 March 2010)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

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

The following directors who held office at the end of the financial year have, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 (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	1.4.2009/ date of appointment	31.3.2010	21.4.2010	1.4.2009/ date of appointment	31.3.2010	21.4.2010
Interest in Singapore Airlines Limited						
Ordinary shares						
Stephen Lee Ching Yen	9,400	9,400	9,400	–	–	–
Chew Choon Seng	218,500	277,852	277,852	–	–	–
Koh Kheng Siong	14,000	14,000	14,000	–	–	–
Paul Chan Kwai Wah	–	–	–	18,800	18,800	18,800
Ron Foo Siang Guan	–	–	–	22,200	22,200	22,200
William Tan Seng Koon	3,800	3,800	3,800	–	–	–
Options to subscribe for ordinary shares						
Chew Choon Seng	1,194,000	1,074,000	1,074,000	–	–	–
Ng Chin Hwee	147,025	130,525	130,525	–	–	–
William Tan Seng Koon	57,750	57,750	57,750	–	–	–

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

	Direct interest			Deemed interest		
Name of Director	1.4.2009/ date of appointment	31.3.2010	21.4.2010	1.4.2009/ date of appointment	31.3.2010	21.4.2010
Interest in Singapore Airlines Limited (continued)						
Conditional award of Restricted Share Plan (RSP) shares (Note 1)						
Chew Choon Seng						
- Base Awards	100,215	100,800	100,800	–	–	–
- Final Awards (Pending Release)	18,472	38,854	38,854	–	–	–
Ng Chin Hwee						
- Base Awards	17,000	38,080	38,080	–	–	–
- Final Awards (Pending Release)	–	–	–	–	–	–
Conditional award of Performance Share Plan (PSP) shares (Note 2)						
Chew Choon Seng - Base Awards	134,625	173,483	173,483	–	–	–
Ng Chin Hwee - Base Awards	15,000	33,600	33,600	–	–	–
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	–	–	–
William Tan Seng Koon	55,780	55,780	55,780	–	–	–
Options to subscribe for ordinary shares						
William Tan Seng Koon	1,002,200	1,002,200	1,002,200	–	–	–
Conditional award of Restricted Share Plan (RSP) shares (Note 1)						
William Tan Seng Koon						
- Base Awards	68,000	68,000	68,000	–	–	–
- Final Awards (Pending Release)	14,912	14,912	14,912	–	–	–
Conditional award of Performance Share Plan (PSP) shares (Note 2)						
William Tan Seng Koon - Base Awards	96,600	96,600	96,600	–	–	–
Interest in Singapore Airport Terminal Services Limited						
Ordinary shares						
Chew Choon Seng	10,000	N.A. *	N.A. *	–	N.A. *	N.A. *
Ng Chin Hwee	25,700	N.A. *	N.A. *	–	N.A. *	N.A. *
Options to subscribe for ordinary shares						
Ng Chin Hwee	921,000	N.A. *	N.A. *	–	N.A. *	N.A. *

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

* *Singapore Airport Terminal Services Limited ceased to be a related corporation of the Company on 1 September 2009.*

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

	Direct interest			Deemed interest		
Name of Director	1.4.2009/ date of appointment	31.3.2010	21.4.2010	1.4.2009/ date of appointment	31.3.2010	21.4.2010
Interest in Singapore Airport Terminal Services Limited (continued)						
Conditional award of Restricted Share Plan (RSP) shares (Note 3)						
Ng Chin Hwee						
- Base Awards	41,000	N.A. *	N.A. *	–	N.A. *	N.A. *
- Final Awards (Pending Release)	24,796	N.A. *	N.A. *	–	N.A. *	N.A. *
Conditional award of Performance Share Plan (PSP) shares (Note 4)						
Ng Chin Hwee - Base Awards	107,755	N.A. *	N.A. *	–	N.A. *	N.A. *
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	122,600	122,600	122,600	1,550	1,550	1,550
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
William Tan Seng Koon	3,431	3,431	3,431	2,420	2,420	2,420
Interest in SMRT Corporation Limited						
Ordinary shares						
Chew Choon Seng	50,000	50,000	50,000	–	–	–
Ron Foo Siang Guan	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	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	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

Notes:

3. The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 120% of the Base Awards and is contingent on the achievements against targets over the two-year performance periods relating to the relevant awards.

4. The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the achievements against targets over the three-year performance periods relating to the relevant awards.

** Singapore Airport Terminal Services Limited ceased to be a related corporation of the Company on 1 September 2009.*

REPORT BY THE BOARD OF DIRECTORS

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

	Direct interest			Deemed interest		
Name of Director	1.4.2009/ date of appointment	31.3.2010	21.4.2010	1.4.2009/ date of appointment	31.3.2010	21.4.2010
Interest in Chartered Semiconductor Manufacturing Limited						
Ordinary shares						
Oo Soon Hee	2,000	N.A#	N.A#	–	N.A#	N.A#
Interest in Mapletree Logistics Trust						
Units in Mapletree Logistics Trust						
Paul Chan Kwai Wah	296,796	296,796	296,796	–	–	–
Oo Soon Hee	20,000	20,000	20,000	77,302	77,302	77,302
Ng Chin Hwee	2,000	2,000	2,000	–	–	–
Interest in SP AusNet						
Ordinary shares						
Oo Soon Hee	100,000	100,000	100,000	10,000	10,000	10,000
Ng Chin Hwee	2,000	2,000	2,000	–	–	–
Interest in StarHub Ltd						
Ordinary shares						
Ron Foo Siang Guan	–	100,000	100,000	–	–	–

Chartered Semiconductor Manufacturing Limited ceased to be a related corporation of the Company on 28 December 2009.

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 in which the director has a substantial financial interest.

5. EQUITY COMPENSATION PLANS OF THE COMPANY

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

At the date of this report, the Compensation & HR Committee administering the ESOP, RSP and PSP comprises the following directors:

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

5. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

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

Details of the ESOP are disclosed in Note 10 to the financial statements.

At the end of the financial year, options to take up 56,666,363 unissued shares in the Company were outstanding:

	Number of options to subscribe for unissued ordinary shares					
Date of grant	Balance at 1.4.2009	Cancelled	Exercised	Balance at 31.3.2010	Exercise price *	Exercisable period
28.03.2000	1,117,000	(138,400)	(978,600)	–	$1.65	28.03.2001 - 27.03.2010
03.07.2000	1,205,213	(38,800)	(507,300)	659,113	$1.55	03.07.2001 - 02.07.2010
02.07.2001	516,100	(25,200)	(182,300)	308,600	$1.01	02.07.2002 - 01.07.2011
01.07.2002	3,696,800	(70,000)	(382,800)	3,244,000	$1.98	01.07.2003 - 30.06.2012
01.07.2003	949,150	(31,800)	(172,950)	744,400	$1.35	01.07.2004 - 30.06.2013
01.07.2004	3,797,475	(78,800)	(371,650)	3,347,025	$1.69	01.07.2005 - 30.06.2014
01.07.2005	7,657,525	(97,800)	(601,800)	6,957,925	$2.25	01.07.2006 - 30.06.2015
03.07.2006	13,706,450	(282,800)	(40,000)	13,383,650	$3.44	03.07.2007 - 02.07.2016
02.07.2007	15,097,350	(313,700)	–	14,783,650	$4.67	02.07.2008 - 01.07.2017
01.07.2008	13,517,600	(279,600)	–	13,238,000	$3.74	01.07.2010 - 30.06.2018
	61,260,663	(1,356,900)	(3,237,400)	56,666,363		

* *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.*

Details of options granted to and exercised by Mr William Tan Seng Koon, the Chief Executive Officer, who was appointed as a Director on 1 March 2010, 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 Seng Koon	–	–	1,511,200	509,000	–	1,002,200

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

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

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

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

REPORT BY THE BOARD OF DIRECTORS

5. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

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

Details of the RSP and PSP are disclosed in Note 10 to the financial statements.

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.

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

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

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

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

Details of awards granted under the RSP and PSP to Mr William Tan Seng Koon, the Chief Executive Officer, who was appointed as a Director on 1 March 2010, are as follows:

RSP Base Awards

Name of Participant	Balance as at 1 April 2009 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2010 = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
William Tan Seng Koon	57,100	28,000	17,100	68,000	108,200

RSP Final Awards (Pending Release) (Note 1)

Name of Participant	Balance as at 1 April 2009 (a)	Final Awards granted during the financial year* (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2010 = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
William Tan Seng Koon	13,396	16,416	14,900	14,912	28,300

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

5. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

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

PSP Base Awards (Note 2)

Name of Participant	Balance as at 1 April 2009 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year* (c)	Balance as at 31 March 2010 = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
William Tan Seng Koon	77,500	32,800	13,700	96,600	110,300	5,480

* *5,480 PSP Final Awards of SIAEC ordinary shares were released to Mr Tan pursuant to the vesting of 13,700 PSP Base Awards during the financial year.*

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

6. AUDIT COMMITTEE

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

7. AUDITORS

Our auditors, Ernst & Young LLP, Public Accountants and 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 14th day of May 2010

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 income statement, consolidated statement of comprehensive income, 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 2010 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 14th day of May 2010

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 60 to 127, which comprise the balance sheets of the Group and the Company as at 31 March 2010, the statements of changes in equity of the Group and the Company, and the consolidated income statement, consolidated statement of comprehensive income and consolidated 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 2010 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 14th day of May 2010

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2010 (in thousands of $)

		The Group	
	Notes	2009-10	2008-09
REVENUE	3	1,006,416	1,045,336
EXPENDITURE			
Staff costs	4	413,484	429,522
Material costs		220,413	229,888
Depreciation	14	34,367	36,619
Amortisation of intangibles	15	4,168	5,901
Company accommodation		44,458	45,881
Subcontract costs		93,344	108,604
Other operating expenses		85,769	76,313
		896,003	932,728
OPERATING PROFIT	5	110,413	112,608
Interest income	6	1,005	3,852
Interest on external borrowings		(18)	(6)
Surplus on disposal of property, plant and equipment		5,991	104
Dividend received from long-term investment		15,476	11,112
Share of profits of associated companies		73,610	109,107
Share of profits of joint venture companies		56,128	63,898
PROFIT BEFORE TAXATION		262,605	300,675
Taxation expense	7	(24,477)	(38,358)
Adjustment for reduction in Singapore statutory tax rate	7	–	1,047
PROFIT FOR THE FINANCIAL YEAR		238,128	263,364
PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		236,130	260,634
Minority interests		1,998	2,730
		238,128	263,364
BASIC EARNINGS PER SHARE (CENTS)	8	21.9	24.2
DILUTED EARNINGS PER SHARE (CENTS)	8	21.8	24.1

The accompanying accounting policies and explanatory notes on pages 66 to 127 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2010 (in thousands of $)

	The Group	
	2009-10	2008-09
PROFIT FOR THE PERIOD	238,128	263,364
OTHER COMPREHENSIVE (EXPENSE) / INCOME		
Foreign currency translation	(45,000)	52,909
Net fair value adjustment on cash flow hedges	2,044	(4,506)
Total other comprehensive (expense) / income net of tax	(42,956)	48,403
TOTAL COMPREHENSIVE INCOME	195,172	311,767
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE COMPANY	194,785	308,129
Minority interests	387	3,638
TOTAL COMPREHENSIVE INCOME	195,172	311,767

The accompanying accounting policies and explanatory notes on pages 66 to 127 form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2010 (in thousands of $)

	Notes	The Group 2010	The Group 2009	The Company 2010	The Company 2009
SHARE CAPITAL	10	262,898	255,613	262,898	255,613
RESERVES					
Share-based compensation reserve	11	45,393	39,612	45,393	39,612
Foreign currency translation reserve		(79,766)	(36,377)	–	–
Fair value reserve	11	185	(1,859)	185	(1,859)
General reserve		1,036,085	971,948	721,988	626,679
		1,001,897	973,324	767,566	664,432
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		1,264,795	1,228,937	1,030,464	920,045
MINORITY INTERESTS		26,908	26,465	–	–
TOTAL EQUITY		1,291,703	1,255,402	1,030,464	920,045
DEFERRED TAXATION	12	28,073	24,939	24,042	20,586
LONG-TERM LIABILITY					
Finance lease commitments – repayable after one year	13	5	28	–	–
		1,319,781	1,280,369	1,054,506	940,631
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	14	315,499	313,222	278,216	287,745
INTANGIBLES	15	16,757	6,733	2,342	4,756
SUBSIDIARY COMPANIES	16	–	–	52,047	38,802
ASSOCIATED COMPANIES	17	362,614	403,717	178,151	164,672
JOINT VENTURE COMPANIES	18	108,249	126,729	56,599	56,599
LONG-TERM INVESTMENTS	19	14,606	14,606	14,606	14,606
CURRENT ASSETS					
Trade debtors	20	72,093	69,670	58,817	54,363
Prepayments and other debtors	21	13,737	12,399	10,163	10,596
Immediate holding company	22	109,847	77,862	108,309	76,131
Related parties	23	28,459	20,598	23,216	12,602
Inventories	24	49,464	35,703	39,435	28,823
Work-in-progress		43,855	48,459	42,549	46,576
Short-term deposits	25	374,414	323,984	367,582	322,526
Cash and bank balances	26	51,428	48,489	42,640	25,004
		743,297	637,164	692,711	576,621
Less:					
CURRENT LIABILITIES					
Trade and other creditors	27	217,228	202,115	197,069	185,033
Bank loans	28	–	760	–	–
Finance lease commitments – repayable within one year	13	33	56	–	–
Tax payable		23,980	18,871	23,097	18,137
		241,241	221,802	220,166	203,170
NET CURRENT ASSETS		502,056	415,362	472,545	373,451
		1,319,781	1,280,369	1,054,506	940,631

The accompanying accounting policies and explanatory notes on pages 66 to 127 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2010 (in thousands of $)

		Attributable to Equity Holders of the Company							
	Notes	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 2009		255,613	39,612	(36,377)	(1,859)	971,948	1,228,937	26,465	1,255,402
Total comprehensive (expense) / income for the financial year		–	–	(43,389)	2,044	236,130	194,785	387	195,172
Capital contribution		–	–	–	–	–	–	1,018	1,018
Share-based payment	11	–	8,038	–	–	–	8,038	–	8,038
Share awards released	10	898	(898)	–	–	–	–	–	–
Share options exercised	10	6,387	(691)	–	–	–	5,696	–	5,696
Share options lapsed		–	(668)	–	–	668	–	–	–
Dividends	9	–	–	–	–	(172,661)	(172,661)	(962)	(173,623)
Balance at 31 March 2010		262,898	45,393	(79,766)	185	1,036,085	1,264,795	26,908	1,291,703
Balance at 1 April 2008		245,008	28,544	(88,378)	2,647	937,497	1,125,318	14,840	1,140,158
Total comprehensive income / (expense) 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 accompanying accounting policies and explanatory notes on pages 66 to 127 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2010 (in thousands of $)

	Notes	Share Capital	Share-based compensation reserve	Fair value reserve	General reserve	Total
The Company						
Balance at 1 April 2009		255,613	39,612	(1,859)	626,679	920,045
Total comprehensive income for the financial year		–	–	2,044	267,302	269,346
Share-based payment	11	–	8,038	–	–	8,038
Share awards released	10	898	(898)	–	–	–
Share options exercised	10	6,387	(691)	–	–	5,696
Share options lapsed		–	(668)	–	668	–
Dividends	9	–	–	–	(172,661)	(172,661)
Balance at 31 March 2010		262,898	45,393	185	721,988	1,030,464
Balance at 1 April 2008		245,008	28,544	2,647	635,406	911,605
Total comprehensive (expense) / income 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

The accompanying accounting policies and explanatory notes on pages 66 to 127 form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2010 (in thousands of $)

	Notes	The Group 2009-10	The Group 2008-09
NET CASH PROVIDED BY OPERATING ACTIVITIES	29	110,061	86,949
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(39,617)	(74,125)
Purchase of intangible assets		(14,248)	(1,010)
Proceeds from disposal of property, plant and equipment		360	159
Investment in an associated company		(980)	–
Dividend received from long-term investment		15,476	11,112
Dividends received from associated companies		89,682	72,589
Dividends received from joint venture companies		63,697	42,784
Interest received from deposits		1,103	5,104
NET CASH PROVIDED BY INVESTING ACTIVITIES		115,473	56,613
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		5,696	8,140
Proceeds from issuance of share capital by a subsidiary company to minority shareholders		1,018	8,295
Interest paid		(18)	(6)
Repayment of finance lease obligations		(46)	(68)
Net (repayment of) / proceeds from bank loan		(760)	760
Dividends paid		(172,661)	(226,327)
Dividends paid by subsidiary companies to minority interests		(962)	(308)
NET CASH USED IN FINANCING ACTIVITIES		(167,733)	(209,514)
NET CASH INFLOW / (OUTFLOW)		57,801	(65,952)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		372,473	437,294
Effect of exchange rate changes		(4,432)	1,131
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		425,842	372,473
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	25	374,414	323,984
Cash and bank balances	26	51,428	48,489
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		425,842	372,473

The accompanying accounting policies and explanatory notes on pages 66 to 127 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

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, fleet management programmes and investment holdings. The principal activities of the subsidiary companies are disclosed in Note 16 to the financial statements. 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 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2010.

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 presented in Singapore dollars ($), 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

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

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

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

2. ACCOUNTING POLICIES (continued)

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

The adoption of these new/ revised FRS and INT FRS did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to the policies.

The principal effects of these changes are as follows:

FRS 1: Presentation of Financial Statements

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

FRS 23: Borrowing Costs

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

Amendments to FRS 107: Improving Disclosures about Financial Instruments

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The liquidity risk disclosures and fair value measurement disclosures are presented in Note 31(d) and Note 32(b) respectively.

FRS 108: Operating Segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. As a result of the adoption of FRS 108, the Group had identified several reportable segments. Additional disclosures about each of the segments are presented in Note 33, including revised comparative information.

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

	Effective date (Annual periods beginning on or after)
• Improvements to FRSs issued in 2009	1 January 2010 (unless otherwise stated)
• Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
• Amendments to FRS 39 Eligible Hedged Items	1 July 2009
• Revised FRS 103 Business Combinations	1 July 2009
• Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009

2. ACCOUNTING POLICIES (continued)

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

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

	Effective date (Annual periods beginning on or after)
• Amendments to INT FRS 109 and FRS 39 Embedded Derivatives	1 July 2009
• INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
• Amendments to FRS 102 Group Cash-settled Share-based Payment Transactions	1 January 2010
• Amendments to FRS 32 Classification of Rights Issues	1 February 2010
• INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
• Amendments to FRS 24 Related Party Disclosures	1 January 2011
• Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011

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

Revised FRS 24: Related Party Disclosures

The revised FRS 24 expand the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party entity has control or joint control over the entity, or has significant influence over the entity. The Group is currently determining the impact of the expanded definition on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

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

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

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 2010 was $124,423,000 (2009: $130,932,000). 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. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's current tax payable and deferred tax liabilities as at 31 March 2010 was $23,980,000 (2009: $18,871,000) and $28,073,000 (2009: $24,939,000) respectively.

Work-in-progress

Work-in-progress is 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 2010 was $43,855,000 (2009: $48,459,000).

(d) Basis of consolidation

The consolidated financial statements comprise the separate financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. A list of the Group's subsidiary companies is shown in Note 16.

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

2. ACCOUNTING POLICIES (continued)

(d) Basis of 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 as income in the profit or loss 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 equity attributable to equity holders of the Company, and are separately presented in the consolidated profit or loss. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interest are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

(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. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate. A list of the Group's associated companies is presented 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.

2. ACCOUNTING POLICIES (continued)

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

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

A joint venture company is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. A list of the Group's joint venture companies is presented in Note 18.

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 ("CGU"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

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

2. ACCOUNTING POLICIES (continued)

(f) Intangible assets (continued)

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.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in the accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible assets.

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.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Computer software

Computer software acquired separately is measured initially at cost. Following initial acquisition, computer software is stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 5 years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and method are reviewed at least annually.

Deferred engine development costs

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

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 measured at cost less accumulated amortisation and accumulated impairment losses. These intangibles are amortised on a straight-line basis over its estimated useful life of 3 years.

2. ACCOUNTING POLICIES (continued)

(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.

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

Gains and losses arising from translation of monetary assets and liabilities are taken to the income statement.

For the purposes of the consolidated 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 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 other comprehensive income.

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

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.

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) Property, plant and equipment

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

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewal is capitalised and expenditure for maintenance and repair costs are recognised in the income statement as incurred. 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 or loss.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

2. ACCOUNTING POLICIES (continued)

(i) Depreciation of property, plant and equipment

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

Advance and progress payments are not depreciated.

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

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 15 years.

Other fixed assets

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

(j) Leased assets – as lessee

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

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. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against the profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. Depreciation on the relevant assets is charged to the profit or loss.

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 or loss on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (continued)

(k) Inventories

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

(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 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 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, plus in the case of financial assets not at fair value through profit or loss at directly attributable transaction costs.

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

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. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial instruments are recognised in profit or loss.

Net gains or net losses on financial assets at fair value through profit or loss include exchange difference, interest and dividend income.

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.

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. Subsequent to initial recognition, such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss 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).

2. ACCOUNTING POLICIES (continued)

(m) Financial assets (continued)

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. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income 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 other comprehensive income is reclassed from equity to profit or 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, and, 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 when the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income is reclassified from equity to profit or loss.

Financial liabilities

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

(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 less impairment loss, if any. The accounting policy for this category of financial assets is stated in Note 2(m).

(q) Trade debtors and other 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(ad).

2. ACCOUNTING POLICIES (continued)

(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.

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 or loss except that tax relating to items recognised directly in equity is recognised directly in other comprehensive income.

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

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

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

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

2. ACCOUNTING POLICIES (continued)

(s) Income taxes (continued)

Deferred taxation (continued)

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

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

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

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

(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.

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.

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

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

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

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 or loss when the liabilities are derecognised as well as through the amortisation process.

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 or loss 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 is measured at the fair value of consideration received or receivable.

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.

(aa) Training and development costs

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

2. ACCOUNTING POLICIES (continued)

(ab) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

(ac) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment 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 and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

(ad) Impairment of financial assets

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

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 or loss.

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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

2. ACCOUNTING POLICIES (continued)

(ad) Impairment of financial assets (continued)

Assets carried at cost

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

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 or loss, is transferred from other comprehensive income to the profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in the profit or loss. Reversals of impairment losses on debt instruments are reversed through the profit or loss 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 profit or loss.

(ae) 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 profit or loss.

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.

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

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value reserve (Note 11), while the ineffective portion is recognised in the profit or loss.

2. ACCOUNTING POLICIES (continued)

(ae) Derivative financial instruments and hedging (continued)

Amounts taken to the fair value reserve are transferred to the income statement 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.

(af) Segmental Reporting

An operating segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environment.

The Company and its subsidiaries operate in Singapore, Philippines, Australia and United States of America. The significant operating segments of the Group are repair and overhaul, and line maintenance. For further details, please refer to Note 33.

(ag) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. REVENUE (in thousands of $)

	The Group	
	2009-10	2008-09
Airframe maintenance and component overhaul services	500,843	562,014
Line maintenance and technical ground handling	376,963	369,893
Fleet management programmes	128,610	113,429
	1,006,416	1,045,336

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

4. STAFF COSTS (in thousands of $)

	The Group	
	2009-10	2008-09
Salary, bonuses and other costs	386,378	394,187
CPF and other defined contributions	19,112	21,712
Share-based compensation expense	7,994	13,623
	413,484	429,522

As part of the Singapore Budget 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme ("Scheme"). Under this Scheme, the Group received a 12% cash grant on the first $2,500 of each month's wages for each employee on their Central Provident Fund ("CPF") payroll in four receipts in March, June, September and December 2009. The Scheme was later extended with an additional payment in March 2010 at stepped down rates, where the Group received 6% cash grant on the first $2,500 of each month's wages for each employee on their CPF payroll. The total grant received was $14,832,000 (2008-09: $4,344,000) and this is accounted as a reduction in the CPF contribution.

The Group contributes to an unfunded, non-contributory, defined benefit pension plan for most of the regular employees employed by an overseas subsidiary. Defined benefit expenses for the Group were approximately $34,000 (2008-09: $78,000). As these amounts are not material to the total staff costs of the Group for 2009-10 and 2008-09, additional disclosures of the defined benefit plan are not presented. Disclosures relating to share-based compensation expense are in Note 10.

5. OPERATING PROFIT (in thousands of $)

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

	The Group	
	2009-10	2008-09
Exchange loss / (gain) *	6,733	(5,065)
Operating lease expenses	1,000	755
Provision for obsolete stocks, net	2,354	735
Provision for warranty claims, net	–	265
Professional fee paid to a firm in which a director is a member	16	12
Remuneration for auditors of the Company		
- Audit fees	207	213
- Non-audit fees	177	133

* *Amount includes a net fair value gain on forward currency contracts of $863,000 (2008-09: $1,220,000 loss).*

6. INTEREST INCOME (in thousands of $)

	The Group	
	2009-10	2008-09
Deposits placed with immediate holding company	952	3,389
Deposits placed with banks	44	436
Staff loans	9	27
	1,005	3,852

7. TAXATION EXPENSE (in thousands of $)

	The Group	
	2009-10	2008-09
Current taxation		
Provision for the financial year	(18,394)	(17,788)
Underprovision in respect of prior years	(60)	(748)
Share of associated companies' taxation	(2,342)	(14,822)
Share of joint venture companies' taxation	(585)	(563)
	(21,381)	(33,921)
Deferred taxation		
Movement in temporary differences	(3,096)	(4,238)
Underprovision in respect of prior years	–	(199)
Adjustment for reduction in Singapore statutory tax rate	–	1,047
	(3,096)	(3,390)
Income tax expense recognised in the income statement	(24,477)	(37,311)
Income tax related to other comprehensive income:		
Net change in the fair value of derivative financial instruments designated as cash flow hedges	(38)	–

On 22 January 2009, the Government announced a 1% point reduction in statutory corporate tax rate from Year of Assessment 2010. The financial effect of the reduction in tax rate was reflected in the previous financial year. The aggregate adjustment of the prior year's deferred tax assets and liabilities was $1,047,000 for the Group.

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.

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	
	2009-10	2008-09
Profit before taxation	262,605	300,675
Taxation at statutory tax rate of 17.0% (2009: 17.0%)	(44,643)	(51,115)
Adjustments		
Income not subject to tax	22,726	17,859
Effect of change in statutory tax rate	–	1,047
Deferred tax assets not recognised	(642)	(429)
Expenses not deductible for tax purposes	(2,060)	(2,909)
Effects of difference in tax rates of other countries	(195)	(288)
Underprovision in relation to prior years	(60)	(947)
Effects of additional tax payable on repatriation of profits of certain associated companies	115	(961)
Others	282	432
Taxation	(24,477)	(37,311)

8. EARNINGS PER SHARE

	The Group	
	2009-10	2008-09
Profit attributable to equity holders of the Company (in thousands of $)	236,130	260,634
Weighted average number of ordinary shares in issue used for computing basic earnings per share	1,079,353,879	1,077,161,560
Adjustment for share options	5,658,882	5,759,180
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	1,085,012,761	1,082,920,740
Basic earnings per share (cents)	21.9	24.2
Diluted earnings per share (cents)	21.8	24.1

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.

41,405,300 (2009: 42,321,400) 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.

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

	The Group and Company	
	2009-10	2008-09
Dividends Paid:		
Final dividend of 11.0 cents per share tax exempt one-tier in respect of 2008-09 (2008-09: 16.0 cents per share tax exempt one-tier in respect of 2007-08)	118,698	172,427
Interim dividend of 5.0 cents per share tax exempt one-tier in respect of 2009-10 (2008-09: 5.0 cents per share tax exempt one-tier in respect of 2008-09)	53,963	53,900
	172,661	226,327

The directors propose a final tax exempt one-tier ordinary dividend of 13 cents per share (2008-09: final tax exempt one-tier ordinary dividend of 11.0 cents per share), amounting to approximately $140,591,000 (2008-09: $118,698,000) to be paid for the financial year ended 31 March 2010.

There are no income tax consequences (2008-09: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

10. SHARE CAPITAL (in thousands of $)

	The Group and Company 31 March	
	2010	2009
Issued and fully paid		
Balance at 1 April		
1,078,016,583 shares (2009: 1,074,315,737 shares)	255,613	245,008
3,237,400 share options exercised during the year (2008-09: 3,588,125)	6,387	10,171
214,214 share awards released during the year (2008-09: 112,721)	898	434
Balance at 31 March		
1,081,468,197 shares (2009: 1,078,016,583 shares)	262,898	255,613

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 3,237,400 shares (2009: 3,588,125) upon the exercise of options granted under the Employee Share Option Plan. In addition, the Company issued 214,214 shares (2009: 112,721) upon release of share awards granted under the restricted and performance 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.

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31 March 2010

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

(a) Share Option Plan (continued)

There are no cash settlement alternatives.

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

	2009-10		2008-09	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 April	61,260,663	$3.34	52,004,788	$3.16
Granted	–	–	13,592,000	$3.74
Exercised	(3,237,400)	$1.76	(3,588,125)	$2.27
Cancelled	(1,356,900)	$3.19	(748,000)	$3.02
Outstanding at 31 March	56,666,363	$3.44	61,260,663	$3.34
Exercisable at 31 March	42,413,688	$3.32	31,471,838	$2.57

The range of exercise prices for options outstanding at the end of the year was $1.01 - $4.67 (2008-09: $1.01 - $4.67). The weighted average remaining contractual life for these options is 6.38 years (2008-09: 7.13 years).

The weighted average fair value of options granted in 2008-09 was $0.55.

The weighted average share price for options exercised during the year was $2.87 (2008-09: $2.74).

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.

Following the expiry of the share option plans in 2008-09, the Company ceased to grant options under ESOP.

The following table lists the inputs to the model used for the July 2008 grants:

	July 2008 Grant
Expected dividend yield (%)	Management's forecast in line with dividend policy
Expected volatility (%)	23.28
Risk-free interest rate (%)	2.89
Expected life of options (years)	6.0
Exercise price ($)	3.74
Share price at date of grant ($)	3.72

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

(a) Share Option Plan (continued)

Fair values of ESOP (continued)

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.

Proceeds received from share options exercised during the financial year were $5,696,000 (2008-09: $8,140,000).

Details of share options granted during the financial year:

	2009-10	2008-09
Expiry date	–	30.06.2018
Exercise price	–	$3.74

Terms of share options outstanding as at 31 March 2010:

Exercisable period	Exercise price ($)	Number outstanding	Number exercisable
03.07.2001 - 02.07.2010	1.55	21,825	21,825
03.07.2002 - 02.07.2010	1.55	463,025	463,025
03.07.2003 - 02.07.2010	1.55	87,131	87,131
03.07.2004 - 02.07.2010	1.55	87,132	87,132
02.07.2002 - 01.07.2011	1.01	11,300	11,300
02.07.2003 - 01.07.2011	1.01	274,700	274,700
02.07.2004 - 01.07.2011	1.01	11,300	11,300
02.07.2005 - 01.07.2011	1.01	11,300	11,300
01.07.2003 - 30.06.2012	1.98	247,225	247,225
01.07.2004 - 30.06.2012	1.98	2,251,625	2,251,625
01.07.2005 - 30.06.2012	1.98	372,200	372,200
01.07.2006 - 30.06.2012	1.98	372,950	372,950
01.07.2004 - 30.06.2013	1.35	57,125	57,125
01.07.2005 - 30.06.2013	1.35	544,775	544,775
01.07.2006 - 30.06.2013	1.35	65,625	65,625
01.07.2007 - 30.06.2013	1.35	76,875	76,875
01.07.2005 - 30.06.2014	1.69	276,000	276,000
01.07.2006 - 30.06.2014	1.69	2,343,650	2,343,650
01.07.2007 - 30.06.2014	1.69	349,250	349,250
01.07.2008 - 30.06.2014	1.69	378,125	378,125
01.07.2006 - 30.06.2015	2.25	366,000	366,000
01.07.2007 - 30.06.2015	2.25	5,572,175	5,572,175
01.07.2008 - 30.06.2015	2.25	454,750	454,750
01.07.2009 - 30.06.2015	2.25	565,000	565,000

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31 March 2010

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

(a) Share Option Plan (continued)

Fair values of ESOP (continued)

Exercisable period	Exercise price ($)	Number outstanding	Number exercisable
03.07.2007 - 02.07.2016	3.44	335,775	335,775
03.07.2008 - 02.07.2016	3.44	12,227,425	12,227,425
03.07.2009 - 02.07.2016	3.44	410,225	410,225
03.07.2010 - 02.07.2016	3.44	410,225	–
02.07.2008 – 01.07.2017	4.67	300,975	300,975
02.07.2009 – 01.07.2017	4.67	13,878,225	13,878,225
02.07.2010 – 01.07.2017	4.67	302,225	–
02.07.2011 – 01.07.2017	4.67	302,225	–
01.07.2010 – 30.06.2018	3.74	13,238,000	–
Total number of options outstanding/exercisable		56,666,363 @	42,413,688

@ *The total number of options outstanding includes 6,451,100 (2008-09: 4,888,225) 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
2009-10			
April to June	534,675	$1.01-$3.44	$1.89-$2.88
July to September	439,800	$1.01-$3.44	$2.57-$2.88
October to December	321,250	$1.01-$2.25	$2.75-$3.70
January to March	1,941,675	$1.01-$3.44	$3.32-$3.71
	3,237,400		
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		

* *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.*

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	• Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE)
	• Value Added per $ Employment Cost	• 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.

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

	July 2009 Award		July 2008 Award	
	RSP	PSP	RSP	PSP
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	28.82 – 35.30	31.55	21.59 – 24.82	23.15
Risk-free interest rate (%)	0.55 – 1.16	0.55	1.30 – 2.35	1.76
Expected term (years)	2.00 – 4.00	3.00	2.00 – 4.00	3.00
Share price at date of grant ($)	2.58 – 2.79	2.58	3.72	3.72

NOTES TO THE FINANCIAL STATEMENTS

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

(b) Share-based incentive plans (continued)

For non-market conditions, achievement factors have been estimated based on inputs from the Compensation and HR 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 1.4.2009/ date of grant	Adjustment *	Cancelled	Released	Balance at 31.3.2010
03.07.2006	107,128	–	(5,132)	(51,263)	50,733
02.07.2007	327,600	(13,104)	(19,481)	(150,511)	144,504
01.07.2008	859,800	–	(26,700)	–	833,100
01.07.2009	734,600	–	(25,800)	–	708,800
13.07.2009	98,000	–	–	–	98,000
	2,127,128	(13,104)	(77,113)	(201,774)	1,835,137

* *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 $2.12 to $2.55 (2008-09: $3.05 to $3.38).

PSP

	Number of Performance shares				
Date of grant	Balance at1.4.2009/ date of grant	Adjustment *	Cancelled	Released	Balance at 31.3.2010
03.07.2006	31,100	(18,660)	–	(12,440)	–
02.07.2007	61,200	–	–	–	61,200
01.07.2008	128,500	–	–	–	128,500
13.07.2009	102,800	–	–	–	102,800
	323,600	(18,660)	–	(12,440)	292,500

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

The estimated fair value at date of grant for each share granted under the PSP is $2.87 (2008-09: $2.88).

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.

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

(b) Share-based incentive plans (continued)

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 2010, were 1,835,137 (2009: 1,294,528) and 292,500 (2009: 220,800) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,683,988 and 554,400 fully-paid ordinary shares for RSP and PSP respectively.

For the current financial year, the Group has provided approximately $2,126,000 (2008-09: $1,494,000) 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	
	2009-10	2008-09
Share-based compensation expense		
- Employee share option plan	5,868	12,129
- Restricted share plan	1,963	1,347
- Performance share plan	163	147
	7,994	13,623

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	
	2010	2009
Balance at 1 April	39,612	28,544
Grant of equity-settled share options and awards	8,038	13,677
Release of share awards	(898)	(434)
Exercise of share options	(691)	(2,031)
Share options lapsed	(668)	(144)
Balance at 31 March	45,393	39,612

(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.

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31 March 2010

11. OTHER RESERVES (in thousands of $) (continued)

(c) Fair value reserve

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

	The Group and Company 31 March 2010	The Group and Company 31 March 2009
Balance at 1 April	(1,859)	2,647
Net gain / (loss) on fair value changes	2,907	(5,726)
Recognised in "other operating expenses" in the income statement on occurrence of the foreign currency contracts	(863)	1,220
Balance at 31 March	185	(1,859)

12. DEFERRED TAXATION (in thousands of $)

Deferred tax relates to the following items:

	Group				Company	
	Consolidated balance sheet 31 March		Consolidated profit and loss account		Balance sheet 31 March	
	2010	2009	2009-10	2008-09	2010	2009
Deferred tax liability						
Differences in depreciation	24,950	21,827	3,123	2,789	24,630	21,512
Revaluation of forward currency contracts to fair value	38	(316)	316	(792)	38	(316)
Undistributed profits of overseas associated companies	3,923	4,038	(115)	961	–	–
Deferred tax asset						
Other items	(838)	(610)	(228)	432	(626)	(610)
	28,073	24,939			24,042	20,586
Deferred income tax expense			3,096	3,390		

The Group has tax losses of approximately $3,771,000 (2008-09: $2,526,000) that are available for offset against future taxable profits of the companies in which no deferred tax assets are recognised due to uncertainty of its recoverability. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

At the balance sheet date, no deferred tax liability (2009: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $822,000 (2009: $830,000). The deferred tax liability is estimated to be $123,000 (2009: $124,000).

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			
	2010		2009	
	Minimum payments	Repayment of Principal	Minimum payments	Repayment of Principal
Not later than one year	35	33	62	56
Later than one year but not later than five years	5	5	29	28
Total future lease payments	40	38	91	84
Amounts representing interest	(2)	–	(7)	–
Principal value of long-term commitments under finance lease	38	38	84	84

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31 March 2010

14. PROPERTY, PLANT AND EQUIPMENT (in thousands of $)

The Group	Leasehold land and buildings	Plant, equipment & tooling	Engine overhaul tooling	Aircraft rotable spares	Office and computer equipment	Motor vehicles	Advance and progress payments #	Total
Cost								
At 1 April 2008	202,025	238,495	5,155	70,725	25,431	7,209	12,364	561,404
Additions	6	9,463	14	29,649	862	985	34,107	75,086
Transfer to intangibles	–	–	–	–	–	–	(373)	(373)
Transfers	128	309	–	819	700	–	(1,137)	819
Disposals	–	(1,367)	–	(299)	(827)	(731)	–	(3,224)
Exchange differences	(304)	(213)	14	48	(41)	(47)	–	(543)
At 31 March 2009	201,855	246,687	5,183	100,942	26,125	7,416	44,961	633,169
Additions	9,172	12,353	69	7,450	882	304	9,387	39,617
Transfers	7,782	55	–	–	11	8	(7,856)	–
Disposals	–	(33,614)	(75)	(341)	(1,856)	(544)	–	(36,430)
Exchange differences	(379)	(260)	(51)	(332)	39	118	(623)	(1,488)
At 31 March 2010	218,430	225,221	5,126	107,719	25,201	7,302	45,869	634,868
Accumulated depreciation								
At 1 April 2008	64,857	176,520	4,639	14,124	19,890	5,648	–	285,678
Depreciation	6,786	18,225	91	8,582	2,465	470	–	36,619
Transfers	–	19	–	819	(19)	–	–	819
Disposals	–	(1,367)	–	(240)	(827)	(726)	–	(3,160)
Exchange differences	1	(17)	12	32	(16)	(21)	–	(9)
At 31 March 2009	71,644	193,380	4,742	23,317	21,493	5,371	–	319,947
Depreciation	7,231	17,707	92	6,685	2,203	449	–	34,367
Disposals	–	(32,325)	(72)	(98)	(1,843)	(525)	–	(34,863)
Exchange differences	(50)	(58)	(18)	(91)	35	100	–	(82)
At 31 March 2010	78,825	178,704	4,744	29,813	21,888	5,395	–	319,369
Net book value								
At 31 March 2009	130,211	53,307	441	77,625	4,632	2,045	44,961	313,222
At 31 March 2010	139,605	46,517	382	77,906	3,313	1,907	45,869	315,499

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

	The Group 31 March 2010	The Group 31 March 2009
Net book value of fixed assets acquired under finance lease:		
- Plant, equipment and tooling	68	60
- Motor vehicles	53	54

14. PROPERTY, PLANT AND EQUIPMENT (in thousands of $) (continued)

The Company	Leasehold land and buildings	Plant, equipment & tooling	Engine overhaul tooling	Aircraft rotable spares	Office and computer equipment	Motor vehicles	Advance and progress payments #	Total
Cost								
At 1 April 2008	191,019	229,400	4,535	67,703	24,342	6,786	12,263	536,048
Additions	–	9,064	–	28,432	603	602	25,688	64,389
Transfer to intangibles	–	–	–	–	–	–	(372)	(372)
Transfers	129	10	–	819	731	–	(870)	819
Disposals	–	(1,367)	–	(226)	(834)	(687)	–	(3,114)
At 31 March 2009	191,148	237,107	4,535	96,728	24,842	6,701	36,709	597,770
Additions	21	6,985	–	7,272	168	193	8,115	22,754
Transfers	501	–	–	–	11	–	(512)	–
Disposals	–	(33,530)	(71)	(125)	(1,762)	(497)	–	(35,985)
At 31 March 2010	191,670	210,562	4,464	103,875	23,259	6,397	44,312	584,539
Accumulated depreciation								
At 1 April 2008	61,851	173,465	4,523	13,524	19,250	5,475	–	278,088
Depreciation	6,406	17,103	12	8,047	2,263	401	–	34,232
Transfers	–	–	–	819	–	–	–	819
Disposals	–	(1,367)	–	(226)	(834)	(687)	–	(3,114)
At 31 March 2009	68,257	189,201	4,535	22,164	20,679	5,189	–	310,025
Depreciation	6,423	15,984	–	6,463	1,745	337	–	30,952
Disposals	–	(32,270)	(71)	(59)	(1,759)	(495)	–	(34,654)
At 31 March 2010	74,680	172,915	4,464	28,568	20,665	5,031	–	306,323
Net book value								
At 31 March 2009	122,891	47,906	–	74,564	4,163	1,512	36,709	287,745
At 31 March 2010	116,990	37,647	–	75,307	2,594	1,366	44,312	278,216

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

Change in estimates

During the financial year, the Group and the Company conducted an operational review on its rotables. Consequently, the Group revised the estimated useful life of some rotable types from 10 years to 15 years to better reflect the consumption pattern of the rotables. The revision in estimate has been applied on a prospective basis from 1 April 2009. The effect of the above revision on depreciation charge in current and future periods are as follows:

	The Group and the Company			
	2009-10	2010-11	2011-12	Later
Decrease in depreciation expenses	3,190	3,190	3,190	13,083

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

15. INTANGIBLES (in thousands of $)

The Group	Computer software	Deferred engine development cost	Other intangibles	Advance and progress payments	Total
Cost					
At 1 April 2008	37,510	–	4,213	–	41,723
Additions	648	–	–	–	648
Transfers from property, plant & equipment	373	–	–	–	373
Disposals	(14)	–	–	–	(14)
Exchange differences	(9)	–	–	–	(9)
At 31 March 2009	38,508	–	4,213	–	42,721
Additions	1,639	12,156	–	453	14,248
Transfers	431	–	–	(431)	–
Disposals	(471)	–	–	–	(471)
Exchange differences	(64)	–	–	–	(64)
At 31 March 2010	40,043	12,156	4,213	22	56,434
Accumulated amortisation					
At 1 April 2008	28,528	–	1,570	–	30,098
Amortisation	4,944	–	957	–	5,901
Disposals	(13)	–	–	–	(13)
Exchange differences	2	–	–	–	2
At 31 March 2009	33,461	–	2,527	–	35,988
Amortisation	3,824	–	344	–	4,168
Disposals	(447)	–	–	–	(447)
Exchange differences	(32)	–	–	–	(32)
At 31 March 2010	36,806	–	2,871	–	39,677
Net book value					
At 31 March 2009	5,047	–	1,686	–	6,733
At 31 March 2010	3,237	12,156	1,342	22	16,757

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

The Company	Computer software	Other intangibles	Advance and progress payments	Total
Cost				
At 1 April 2008	36,489	2,871	–	39,360
Additions	38	–	–	38
Transfers from property, plant & equipment	372	–	–	372
Disposals	(1)	–	–	(1)
At 31 March 2009	36,898	2,871	–	39,769
Additions	1,330	–	115	1,445
Transfers	93	–	(93)	–
Disposals	(232)	–	–	(232)
At 31 March 2010	38,089	2,871	22	40,982
Accumulated amortisation				
At 1 April 2008	27,786	1,570	–	29,356
Amortisation	4,703	957	–	5,660
Disposals	(3)	–	–	(3)
At 31 March 2009	32,486	2,527	–	35,013
Amortisation	3,515	344	–	3,859
Disposals	(232)	–	–	(232)
At 31 March 2010	35,769	2,871	–	38,640
Net book value				
At 31 March 2009	4,412	344	–	4,756
At 31 March 2010	2,320	–	22	2,342

16. SUBSIDIARY COMPANIES (in thousands of $)

	The Company 31 March 2010	The Company 31 March 2009
Unquoted shares, at cost	52,047	37,728
Loan to a subsidiary company	–	1,074
	52,047	38,802

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

16. SUBSIDIARY COMPANIES (in thousands of $) (continued)

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

Name of company	Principal activities	Country of incorporation and place of business	Cost 2010	Cost 2009	Percentage equity held by the Group 2010	Percentage equity held by the Group 2009
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	3,702	3,452	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	1,358	100.0	100.0
SIA Engineering (Philippines) Corporation ^	Provide airframe maintenance and component overhaul services	Philippines	17,296	15,406	65.0	65.0
NexGen Network (1) Holding Pte Ltd **	Investment holding	Singapore	3,790	–	100.0	–
NexGen Network (2) Holding Pte Ltd **	Investment holding	Singapore	8,389	–	100.0	–
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*
# *Not required to be audited under the law in the country of incorporation*
** *Company newly incorporated and not audited during the financial year*

16. SUBSIDIARY COMPANIES (in thousands of $) (continued)

During the financial year:

1. The Company invested an additional $1,890,000 in SIA Engineering Philippines ("SIAE(PH)"). There was no change in the Group's 65.0% equity stake in SIAE(PH).

2. The Company incorporated two special-purpose, wholly-owned subsidiaries, NexGen Network (1) Holding Pte Ltd ("NGN1") and NexGen Network (2) Holding Pte Ltd ("NGN2"), to hold the Company's investments in the C-series and MRJ aircraft engine programmes. The Company invested an initial investment of $3,790,000 and $8,389,000 in NGN1 and NGN2 respectively.

17. ASSOCIATED COMPANIES (in thousands of $)

	The Group 31 March		The Company 31 March	
	2010	2009	2010	2009
Unquoted shares, at cost	178,151	164,672	178,151	164,672
Share of post-acquisition reserves	274,698	298,554	–	–
Goodwill written-off to reserves	(25,237)	(25,237)	–	–
Translation adjustment	(64,998)	(34,272)	–	–
	362,614	403,717	178,151	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 2010	Cost 2009	Percentage equity held by the Group 2010	Percentage equity held by the Group 2009
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

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

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

Name of company	Principal activities	Country of incorporation and place of business	Cost 2010	Cost 2009	Percentage equity held by the Group 2010	Percentage equity held by the Group 2009
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
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 Service Center - 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
Safran Electronics Asia Pte Ltd ^ ++	Provide avionics maintenance, repair and overhaul services	Singapore	13,479	–	49.0	–

\# *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*

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

During the financial year:

1. The Company acquired a 49.0% stake in Safran Electronics Asia Pte Ltd, a subsidiary of Sagem.

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

	The Group 31 March	
	2010	2009
Funds employed:		
Non-current assets	78,691	84,753
Current assets	391,329	421,973
	470,020	506,726
Current liabilities	(104,401)	(99,318)
Non-current liabilities	(6,016)	(6,702)
	359,603	400,706
Financed by:		
Shareholders' equity and loans	359,603	400,706

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

	The Group	
	2009-10	2008-09
Results		
Revenue	598,274	701,458
Profit before taxation	73,610	109,107
Profit for the year	71,268	94,285

18. JOINT VENTURE COMPANIES (in thousands of $)

	The Group 31 March		The Company 31 March	
	2010	2009	2010	2009
Unquoted shares, at cost	56,599	56,599	56,599	56,599
Share of post acquisition reserves	66,224	74,213	–	–
Translation adjustment	(14,574)	(4,083)	–	–
	108,249	126,729	56,599	56,599

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

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 2010	Cost 2009	Percentage equity held by the Group 2010	Percentage equity held by the Group 2009
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.

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

	The Group 31 March 2010	The Group 31 March 2009
Funds employed:		
Non-current assets	74,783	63,752
Current assets	139,360	176,951
	214,143	240,703
Current liabilities	(63,296)	(80,377)
Non-current liabilities	(42,598)	(33,597)
	108,249	126,729
Financed by:		
Shareholders' equity and loans	108,249	126,729

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

	The Group 2009-10	The Group 2008-09
Results		
Revenue	595,621	654,635
Profit before taxation	56,128	63,898
Profit for the year	55,544	63,336

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

	The Group and the Company 31 March 2010	2009
Unquoted equity investments, at cost	14,606	14,606

The Company holds a 10.0% (2009: 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.

20. TRADE DEBTORS (in thousands of $)

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

	The Group 31 March		The Company 31 March	
	2010	2009	2010	2009
Not past due and not impaired	38,544	28,097	31,008	19,505
Past due but not impaired*	33,549	41,573	27,809	34,858
	72,093	69,670	58,817	54,363
Impaired trade debtors – collectively assessed	11,767	11,677	11,727	11,554
Less: Accumulated impairment losses	(11,767)	(11,677)	(11,727)	(11,554)
	–	–	–	–
Impaired trade debtors – individually assessed:				
Customers in bankruptcy or other financial reorganisation	–	–	–	–
Customers who default in payment within stipulated framework	17	123	–	–
Less: Accumulated impairment losses	(17)	(123)	–	–
	–	–	–	–
Total trade debtors, net	72,093	69,670	58,817	54,363
* Aging of trade debtors that are past due but not impaired				
Less than 30 days	18,840	20,776	16,548	19,124
30 days to 60 days	6,877	8,480	5,967	6,631
60 days to 90 days	3,545	6,977	3,328	5,834
More than 90 days	4,287	5,340	1,966	3,269
	33,549	41,573	27,809	34,858

Trade debtors are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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.

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

As at 31 March 2010, 95% of trade debtors (2009: 91%) were held in United States dollars by the Group.

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

	The Group 31 March		The Company 31 March	
	2010	2009	2010	2009
Balance at 1 April	11,800	8,276	11,554	8,196
(Writeback) / Charge to profit and loss, net	(16)	3,524	173	3,358
Balance at 31 March	11,784	11,800	11,727	11,554
Bad debts written-off directly to profit or loss, net of debts recovered	–	1,071	–	1,071

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

	The Group 31 March		The Company 31 March	
	2010	2009	2010	2009
Prepayments	1,839	1,248	943	989
Other debtors	11,898	11,151	9,220	9,607
	13,737	12,399	10,163	10,596

Included in other debtors are deposits of $824,000 (2009: $561,000) and forward contracts of $223,000 (2009: nil) for the Group and deposits of $104,000 (2009: $63,000) and forward contracts of $223,000 (2009: nil) for the Company.

The contract / notional amounts of the forward currency contracts as at 31 March 2010 are $50,663,000 for the Group and the Company. The comparative amounts as at 31 March 2009 are disclosed in Note 27.

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. The amounts are expected to be settled in cash.

23. RELATED PARTIES

The amounts due from related parties of the Group are unsecured, trade-related, interest-free and are repayable based on agreed trade terms. The amounts are expected to be settled in cash.

The amounts due from related parties of the Company included a loan receivable from a subsidiary company which bears interest at Australia LIBOR plus 2.25% per annum. This loan is non-trade related, unsecured and repayable by 31 March 2011.

24. INVENTORIES (in thousands of $)

	The Group 31 March 2010	The Group 31 March 2009	The Company 31 March 2010	The Company 31 March 2009
Aircraft and component spares	44,947	33,257	39,096	28,536
Consumable stores and stocks	1,867	402	339	287
Raw materials	2,650	2,044	–	–
Total stocks at lower of cost and net realisable value	49,464	35,703	39,435	28,823

During the previous financial year, the Group wrote down $16,000 of stocks, which are recognised as expense in the profit or loss.

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 31 March 2010	The Group 31 March 2009	The Company 31 March 2010	The Company 31 March 2009
Balance at 1 April	7,005	6,298	6,911	6,220
Charge to profit and loss, net	2,354	735	2,296	691
Provision utilised during the financial year	(51)	(28)	–	–
Balance at 31 March	9,308	7,005	9,207	6,911

Stocks are stated at:

	The Group 31 March 2010	The Group 31 March 2009	The Company 31 March 2010	The Company 31 March 2009
Cost	10,424	7,229	395	350
Net realisable value	39,040	28,474	39,040	28,473
	49,464	35,703	39,435	28,823

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

	The Group 31 March 2010	The Group 31 March 2009	The Company 31 March 2010	The Company 31 March 2009
Deposits placed with the immediate holding company	365,524	320,295	365,524	320,295
Fixed deposits placed with banks	8,890	3,689	2,058	2,231
	374,414	323,984	367,582	322,526

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% (2009: 0.03% to 7.26%) per annum and can be withdrawn on demand. The interest rates are repriced at varying periods ranging 1-12 months (2009: 1-12 months).

As at 31 March 2010, 3% of short-term deposits (2009: 15%) were held in United States dollars by the Group.

26. CASH AND BANK BALANCES

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% (2009: 0.0% to 5.2%) per annum.

As at 31 March 2010, 53% of cash and bank balances (2009: 69%) 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	
	2010	2009	2010	2009
Trade	77,968	73,166	68,685	67,997
Accruals	135,492	124,785	127,864	114,655
Provision for warranty claims	520	522	520	522
Sundry #	3,248	3,642	–	1,859
	217,228	202,115	197,069	185,033

included forward contracts of nil (2009: $1,859,000) for the Group and Company.

These amounts are non-interest bearing.

The contract / notional amounts of the forward currency contracts as at 31 March 2009 are $37,569,000 for the Group and the Company.

As at 31 March 2010, 64% of trade creditors (2009: 59%) 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	
	2010	2009	2010	2009
Balance at 1 April	522	552	522	552
Charge to profit and loss, net	–	265	–	265
Provision utilised during the year	(2)	(295)	(2)	(295)
Balance at 31 March	520	522	520	522

28. BANK LOANS (in thousands of $)

	The Group	
	31 March	
	2010	2009
Revolving credit facility	–	760

The revolving credit facility denominated in United States dollars taken by a subsidiary company in 2008-09, is unsecured and bears interest at 1.2% per annum over the bank prevailing SIBOR. The loan was fully repaid during the current financial year.

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

	The Group	
	2009-10	2008-09
Profit before taxation	262,605	300,675
Adjustments for:		
Interest income	(1,005)	(3,852)
Interest on external borrowings	18	6
Depreciation	34,367	36,619
Amortisation of intangibles	4,168	5,901
Share of profits of associated and joint venture companies	(129,738)	(173,005)
Dividend income from long-term investment	(15,476)	(11,112)
Surplus on disposal of property, plant and equipment	(5,991)	(104)
Exchange differences	6,733	(5,065)
Share-based payment	7,994	13,623
Operating profit before working capital changes	163,675	163,686
(Increase) / Decrease in debtors	(9,235)	9,820
Increase in inventories and work-in-progress	(9,157)	(22,456)
Increase / (Decrease) in creditors	18,025	(27,579)
Increase in amounts owing by related companies	(39,902)	(16,296)
Cash generated from operations	123,406	107,175
Income taxes paid	(13,345)	(20,226)
NET CASH PROVIDED BY OPERATING ACTIVITIES	110,061	86,949

30. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure commitments

The Group and the Company have contractual commitments for capital expenditure. Such commitments aggregated approximately $99,256,000 (2009: $41,736,000) for the Group and approximately $28,677,000 (2009: $41,736,000) for the Company.

In addition, the Group's share of a joint venture company's purchase commitments for fixed assets totalled approximately $2,375,000 (2009: $21,780,000).

(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	
	2010	2009
Within one year	829	546
After one year but less than 5 years	1,553	1,406
More than 5 years	9,633	10,178
	12,015	12,130

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $)

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.

The Audit Committee provides oversight to the work of the Risk Management Committee in respect of financial risks.

(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 2010, these accounted for 25% of total revenue (2008-09: 24%) and 12% of total operating expenses (2008-09: 15%). The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and Company also hold cash and cash equivalents in foreign currency, denominated mainly in USD, for working capital purposes. At the balance sheet date, such USD balances amount to $36,864,000 and $32,024,000 for the Group and the Company respectively.

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.

Cash flow hedges

The Company enters into forward currency contracts to hedge against foreign currency risk for a portion of the forecast net cash generation of USD in the next 12 months.

The cash flow hedges of the expected inflows and outflows in USD in the next 12 months are assessed to be highly effective and at 31 March 2010, a net fair value gain before tax of $223,000 (2009: net fair value loss before tax of $1,859,000) with a related deferred tax credit of $38,000 (2008-09: nil), is included in the other comprehensive income in respect of these contracts.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (continued)

(a) Foreign currency risk (continued)

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective. 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	
	2010	2009	2010	2009
Effect of strengthening of SGD				
Profit before taxation	(330)	(622)	(196)	(364)
Equity	504	394	504	394
Effect of weakening of SGD				
Profit before taxation	330	622	196	364
Equity	(504)	(394)	(504)	(394)

(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) Credit and Counterparty risk

The Group's and Company's maximum exposure to credit risk in the event that counter-parties fail to perform their obligations as at 31 March 2010 in relation to each class of recognised financial assets are as follows:

	The Group		The Company	
	31 March		31 March	
	2010	2009	2010	2009
Unquoted equity investments	14,606	14,606	14,606	14,606
Loan to a subsidiary company	–	–	–	1,074
Trade debtors	72,093	69,670	58,817	54,363
Other debtors	11,898	11,151	9,220	9,607
Immediate holding company	109,847	77,862	108,309	76,131
Related Parties	28,459	20,598	23,216	12,602
Short term deposits	374,414	323,984	367,582	322,526
Cash and bank balances	51,428	48,489	42,640	25,004
	662,745	566,360	624,390	515,913

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (continued)

(c) Credit and Counterparty risk (continued)

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.

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 2010, the only trade debtor exceeding 10% of the Group's trade debtors was an amount of approximately $109,847,000 (2009: $77,862,000) due from its immediate holding company, Singapore Airlines Limited.

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 Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2010	2009	2010	2009	2010	2009	2010	2009
Counterparty profiles								
By industry:								
Airlines	535,745	457,621	81%	81%	520,990	443,628	83%	86%
Financial institutions	60,303	52,164	9%	9%	44,695	27,236	7%	5%
Others	11,734	10,219	2%	2%	11,663	7,161	2%	1%
By region:								
East Asia	560,241	494,886	84%	88%	534,239	454,747	85%	88%
Europe	5,616	2,239	1%	0%	5,608	2,223	1%	0%
South West Pacific	12,578	7,162	2%	1%	11,390	6,227	2%	1%
Americas	3,809	1,417	1%	0%	1,854	528	0%	0%
West Asia and Africa	25,538	14,300	4%	3%	24,257	14,300	4%	3%
By Moody's credit ratings:								
Investment grade (A to Aaa)	58,342	50,163	9%	9%	44,695	27,236	7%	5%
Non-rated	549,440	469,841	83%	83%	532,653	450,789	85%	87%

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (continued)

(d) Liquidity risk

The Group monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and credit facilities from financial institutions. As at 31 March 2010, the Group had at its disposal, cash and short-term deposits amounting to $425,842,000 (2009: $372,473,000). In addition, the Group had available short-term credit facilities of approximately $7,800,000 (2009: $8,600,000).

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

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
2010							
The Group							
Financial assets							
Unquoted equity investments	–	–	–	–	–	14,606	14,606
Trade and other debtors	83,768	–	–	–	–	–	83,768
Immediate holding company	109,847	–	–	–	–	–	109,847
Related parties	28,459	–	–	–	–	–	28,459
Short term deposits	374,414	–	–	–	–	–	374,414
Cash and cash balances	51,428	–	–	–	–	–	51,428
Derivative financial instruments:							
Forward currency contracts – gross receipts	50,663	–	–	–	–	–	50,663
Forward currency contracts – gross payments	(50,440)	–	–	–	–	–	(50,440)
Total undiscounted financial assets	648,139	–	–	–	–	14,606	662,745
Financial liabilities							
Finance lease commitments	35	5	–	–	–	–	40
Trade and other creditors	216,708	–	–	–	–	–	216,708
Total undiscounted financial liabilities	216,743	5	–	–	–	–	216,748
Net total undiscounted financial assets / (liabilities)	431,396	(5)	–	–	–	14,606	445,997

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (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
2010							
The Company							
Financial assets							
Unquoted equity investments	–	–	–	–	–	14,606	14,606
Trade and other debtors	67,814	–	–	–	–	–	67,814
Immediate holding company	108,309	–	–	–	–	–	108,309
Related parties	23,216	–	–	–	–	–	23,216
Short term deposits	367,582	–	–	–	–	–	367,582
Cash and cash balances	42,640	–	–	–	–	–	42,640
Derivative financial instruments:							
Forward currency contracts – gross receipts	50,663	–	–	–	–	–	50,663
Forward currency contracts – gross payments	(50,440)	–	–	–	–	–	(50,440)
Total undiscounted financial assets	609,784	–	–	–	–	14,606	624,390
Financial liabilities							
Trade and other creditors	196,549	–	–	–	–	–	196,549
Total undiscounted financial liabilities	196,549	–	–	–	–	–	196,549
Net total undiscounted financial assets / (liabilities)	413,235	–	–	–	–	14,606	427,841

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (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							
The Group							
Financial assets							
Unquoted equity investments	–	–	–	–	–	14,606	14,606
Trade and other debtors	80,821	–	–	–	–	–	80,821
Immediate holding company	77,862	–	–	–	–	–	77,862
Related parties	20,598	–	–	–	–	–	20,598
Short term deposits	323,984	–	–	–	–	–	323,984
Cash and cash balances	48,489	–	–	–	–	–	48,489
Total undiscounted financial assets	551,754	–	–	–	–	14,606	566,360
Financial liabilities							
Bank loans	760	–	–	–	–	–	760
Finance lease commitments	62	26	3	–	–	–	91
Trade and other creditors	199,734	–	–	–	–	–	199,734
Derivative financial instruments:							
Forward currency contracts – gross receipts	(35,710)	–	–	–	–	–	(35,710)
Forward currency contracts – gross payments	37,569	–	–	–	–	–	37,569
Total undiscounted financial liabilities	202,415	26	3	–	–	–	202,444
Net total undiscounted financial assets / (liabilities)	349,339	(26)	(3)	–	–	14,606	363,916

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (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							
The Company							
Financial assets							
Unquoted equity investments	–	–	–	–	–	14,606	14,606
Loan to a subsidiary company	–	1,074	–	–	–	–	1,074
Trade and other debtors	63,970	–	–	–	–	–	63,970
Immediate holding company	76,131	–	–	–	–	–	76,131
Related parties	12,602	–	–	–	–	–	12,602
Short term deposits	322,526	–	–	–	–	–	322,526
Cash and cash balances	25,004	–	–	–	–	–	25,004
Total financial assets	500,233	1,074	–	–	–	14,606	515,913
Financial liabilities							
Trade and other creditors	182,652	–	–	–	–	–	182,652
Derivative financial instruments:							
Forward currency contracts – gross receipts	(35,710)	–	–	–	–	–	(35,710)
Forward currency contracts – gross payments	37,569	–	–	–	–	–	37,569
Total financial liabilities	184,511	–	–	–	–	–	184,511
Net total undiscounted financial assets / (liabilities)	315,722	1,074	–	–	–	14,606	331,402

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:

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
2010					
The Group					
Assets					
Unquoted equity investments	–	14,606	–	–	14,606
Trade debtors	72,093	–	–	–	72,093
Other debtors	11,675	–	223	–	11,898
Immediate holding company	109,847	–	–	–	109,847
Related parties	28,459	–	–	–	28,459
Short term deposits	374,414	–	–	–	374,414
Cash and bank balances	51,428	–	–	–	51,428
Total financial assets	647,916	14,606	223	–	662,745
Total non-financial assets					898,277
Total assets					1,561,022
Liabilities					
Finance lease commitments	–	–	–	38	38
Trade and other creditors	–	–	–	216,708	216,708
Total financial liabilities	–	–	–	216,746	216,746
Total non-financial liabilities					52,573
Total liabilities					269,319
2010					
The Company					
Assets					
Unquoted equity investments	–	14,606	–	–	14,606
Trade debtors	58,817	–	–	–	58,817
Other debtors	8,997	–	223	–	9,220
Immediate holding company	108,309	–	–	–	108,309
Related parties	23,216	–	–	–	23,216
Short term deposits	367,582	–	–	–	367,582
Cash and bank balances	42,640	–	–	–	42,640
Total financial assets	609,561	14,606	223	–	624,390
Total non-financial assets					650,282
Total assets					1,274,672
Liabilities					
Trade and other creditors	–	–	–	196,549	196,549
Total financial liabilities	–	–	–	196,549	196,549
Total non-financial liabilities					47,659
Total liabilities					244,208

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 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
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

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

(b) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Group and Company have carried all derivative instruments at their fair values.

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

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	The Group and the Company 31 March 2010			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets:				
Derivative financial instruments				
Currency hedging contracts	–	223	–	223
	–	223	–	223

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 as they are repriced to market rates.

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

(b) Fair values (continued)

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.

33. SEGMENT INFORMATION (in thousands of $)

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

- The repair and overhaul segment provides airframe maintenance, component overhaul, and engine repair and overhaul services, and fleet management programmes. These services include scheduled routine maintenance and overhaul, specialised and non-routine maintenance, modification and refurbishment programs. Fleet management programmes encompass fleet technical management and inventory technical management services, which include the provision of comprehensive engineering and MRO solutions that can be customised to provide maintenance support to airlines.

- The line maintenance segment provides aircraft certification and technical ground handling services such as push-back and towing, and the provision of aircraft ground support equipment and rectification work.

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

All other unallocated items will be disclosed in the consolidated financial statement.

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

Segment liabilities are not available as the information is not used by management to make operating decisions.

Transfer prices between operating segments are on agreed terms between the operating segments.

33. SEGMENT INFORMATION (in thousands of $) (continued)

The Group's businesses are organised and managed separately according to the nature of the services provided. The following tables present revenue and profit information regarding operating segments for the financial years ended 31 March 2010 and 31 March 2009.

Operating segments

2009-10	Notes	Repair and overhaul	Line maintenance	Total segments	Consolidation eliminations & adjustments	Per consolidated financial statements
TOTAL REVENUE						
External revenue		629,453	376,963	1,006,416	–	1,006,416
Inter-segment revenue	(a)	15,862	774	16,636	(16,636)	–
		645,315	377,737	1,023,052	(16,636)	1,006,416
RESULTS						
Segment results		31,538	78,875	110,413		110,413
Interest income						1,005
Dividend income from long-term investment						15,476
Share of results of associated companies		71,622	1,988	73,610		73,610
Share of results of joint venture companies		56,128	–	56,128		56,128
Other unallocated expense / income	(b)					5,973
Profit before taxation						262,605
Taxation						(24,477)
Profit for the financial year						238,128
Other segment items						
Depreciation		27,820	6,547	34,367		34,367
Amortisation of intangibles		2,625	1,543	4,168		4,168
Segment assets						
Property, plant and equipment		280,482	35,017	315,499		315,499
Intangibles		14,806	1,951	16,757		16,757
Investment in associated / joint venture companies		462,380	8,483	470,863		470,863
Other unallocated assets	(c)					757,903
Total assets		757,668	45,451	803,119		1,561,022

33. SEGMENT INFORMATION (in thousands of $) (continued)

Operating segments (continued)

2008-09	Notes	Repair and overhaul	Line maintenance	Total segments	Consolidation eliminations & adjustments	Per consolidated financial statements
TOTAL REVENUE						
External revenue		675,443	369,893	1,045,336	–	1,045,336
Inter-segment revenue	(a)	13,717	685	14,402	(14,402)	–
		689,160	370,578	1,059,738	(14,402)	1,045,336
RESULTS						
Segment results		35,579	77,029	112,608		112,608
Interest income						3,852
Dividend income from long-term investment						11,112
Share of results of associated companies		107,678	1,429	109,107		109,107
Share of results of joint venture companies		63,898	–	63,898		63,898
Other unallocated expense/ income	(b)					98
Profit before taxation						300,675
Taxation						(37,311)
Profit for the financial year						263,364
Other segment items						
Depreciation		30,767	5,852	36,619		36,619
Amortisation of intangibles		3,918	1,983	5,901		5,901
Segment assets						
Property, plant and equipment		278,814	34,408	313,222		313,222
Intangibles		3,686	3,047	6,733		6,733
Investment in associated / joint venture companies		521,712	8,734	530,446		530,446
Other unallocated assets	(c)					651,770
Total assets		804,212	46,189	850,401		1,502,171

Notes:

(a) Inter-segment revenues are eliminated on consolidation.

(b) The following items are added to / (deducted from) segment results to arrive at "profit before taxation" presented in the consolidated income statement:

	The Group 2009-10	The Group 2008-09
Interest on external borrowings	(18)	(6)
Surplus on disposal of property, plant and equipment	5,991	104
	5,973	98

33. SEGMENT INFORMATION (in thousands of $) (continued)

(c) The following items are added to / (deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	The Group	
	2010	2009
Long-term investments	14,606	14,606
Current assets	743,297	637,164
	757,903	651,770

Geographical segments

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue		Non current assets	
	2009-10	2008-09	2010	2009
East Asia	785,151	852,139	785,188	830,101
Europe	34,677	10,330	15,653	18,337
South West Pacific	27,632	44,735	2,129	1,873
Americas	34,200	30,142	149	90
West Asia and Africa	124,756	107,990	–	–
Total	1,006,416	1,045,336	803,119	850,401

Non-current assets' information presented above consists of property, plant and equipment, intangibles and investments in associates and joint ventures as presented in the consolidated balance sheet.

Major customers

Revenue from one major customer amounted to approximately $522,472,000 (2008-09: $580,777,000), arising from sales by repair & overhaul and line maintenance segments.

34. CAPITAL MANAGEMENT (in thousands of $)

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 2010, the Company made a total dividend payment to shareholders of $172,661,000.

No significant changes were made in the objective, policies or processes relating to the management of the Company's capital structure.

Capital for the Group and Company is tabulated below:

	The Group 31 March		The Company 31 March	
	2010	2009	2010	2009
Bank loans	–	760	–	–
Finance lease commitments	38	84	–	–
Total debt	38	844	–	–
Share capital	262,898	255,613	262,898	255,613
Reserves	1,001,897	973,324	767,566	664,432
Total capital	1,264,795	1,228,937	1,030,464	920,045
Capital and total debt	1,264,833	1,229,781	1,030,464	920,045

35. RELATED PARTY TRANSACTIONS (in thousands of $)

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

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

	The Group		The Company	
	2009-10	2008-09	2009-10	2008-09
Income				
Sales of services and related materials to:				
– the immediate holding and related companies	636,362	686,791	623,814	671,263
– associated companies	2,273	2,518	2,273	2,518
– joint venture companies	10,282	10,041	10,282	10,041
Interest income from the immediate holding company	952	3,389	952	3,389
Equipment fee charged to the immediate holding company	4,523	5,162	4,523	5,162
Rental of office space charged to the immediate holding company	1,452	1,464	1,452	1,464
Expense				
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	11,116	10,763	11,116	10,763
Rental of hangars, workshops and office space charged by the immediate holding company	20,745	21,736	20,745	21,736
Purchases of materials from the immediate holding company	142,134	154,591	142,134	154,591
Purchases of goods from:				
– associated companies	13,610	41,725	13,610	41,725
– joint venture companies	*	7	*	7
Services rendered by:				
– the immediate holding company	10,728	12,947	10,728	12,947
– a related company	1,027	2,754	1,027	2,754

* *less than $1,000*

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35. RELATED PARTY TRANSACTIONS (in thousands of $) (continued)

Directors' and key executives' remuneration of the Company

	The Company	
	2009-10	2008-09
Directors		
Directors' fees	819 *	789 #
Key executives		
Salary, bonuses and other costs	3,218	2,484
CPF and other defined contributions	53	46
Share based compensation expense	547	596

* *proposed*

\# *before a 20% waiver of the fees by the Directors.*

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

Name of participant	Options granted during financial year under review	Exercise price for options granted during financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Options lapsed	Aggregate options outstanding at end of financial year under review
William Tan	–	–	1,511,200	509,000	–	1,002,200
Chan Seng Yong	–	–	776,925	726,725	–	50,200
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
Anne Ang Lian Choo	–	–	–	–	–	–

35. RELATED PARTY TRANSACTIONS (in thousands of $) (continued)

The details of RSP and PSP granted to directors and key executives of the Company are as follows:

(a) RSP Base Awards

Name of Participant	Balance as at 1 April 2009 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2010 = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
William Tan Seng Koon	57,100	28,000	17,100	68,000	108,200
Chan Seng Yong	30,700	14,000	10,700	34,000	51,200
Png Kim Chiang	30,700	14,000	10,700	34,000	51,200
Jack Koh Swee Lim	30,700	14,000	10,700	34,000	51,200
Zarina Piperdi	30,700	14,000	10,700	34,000	53,100
Ivan Neo Seok Kok	30,700	14,000	10,700	34,000	51,200
Anne Ang Lian Choo	22,800	22,800	–	45,600	45,600

(b) RSP Final Awards (Pending Release)

Name of Participant	Balance as at 1 April 2009 (a)	Final Awards granted during the financial year* (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2010 = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
William Tan Seng Koon	13,396	16,416	14,900	14,912	28,300
Chan Seng Yong	3,740	10,272	7,000	7,012	10,800
Png Kim Chiang	3,740	10,272	7,000	7,012	10,800
Jack Koh Swee Lim	3,740	10,272	7,000	7,012	10,800
Zarina Piperdi	4,844	10,272	7,500	7,616	12,400
Ivan Neo Seok Kok	3,740	10,272	7,000	7,012	10,800
Anne Ang Lian Choo	–	–	–	–	–

(c) PSP Base Awards

Name of Participant	Balance as at 1 April 2009 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2010 = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
William Tan Seng Koon	77,500	32,800	13,700	96,600	110,300	5,480
Chan Seng Yong	32,900	14,000	5,800	41,100	46,900	2,320
Png Kim Chiang	32,900	14,000	5,800	41,100	46,900	2,320
Jack Koh Swee Lim	32,900	14,000	5,800	41,100	46,900	2,320
Zarina Piperdi	27,100	14,000	–	41,100	41,100	–
Ivan Neo Seok Kok	17,500	14,000	–	31,500	31,500	–
Anne Ang Lian Choo	–	–	–	–	–	–

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

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 2009/10 are as follows:

Name of interested person	Aggregate value of all IPTs (excluding transactions less than $100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all IPTs conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
Singapore Airlines Ltd	–	2,207,618
Tiger Airways Singapore Pte Ltd	–	12,386
Wan Tien Realty (Pte) Ltd	–	3,200
Virgin Atlantic Airways Ltd	–	3,139
Singapore Airlines Cargo Pte Ltd	–	1,551
ST Aerospace Supplies Pte Ltd	–	1,023
Great Wall Airlines Ltd	–	679
Asprecise Pte Ltd	–	480
Certis Cisco Security Pte Ltd	–	300
SMRT Taxis Pte Ltd	–	290
Total	–	2,230,666

Note:
All the transactions set out in the above are based on records from the Company's Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed the financial period under review and/or multiple transactions with the same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.

All the above interested person transactions were done on normal commercial terms.

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:						
2009-10	($ million)	244.2	248.1	241.5	272.6	1,006.4
	(%)	24.3	24.6	24.0	27.1	100.0
2008-09	($ million)	250.2	279.3	270.0	245.8	1,045.3
	(%)	23.9	26.7	25.9	23.5	100.0
Expenditure:						
2009-10	($ million)	231.9	213.0	219.7	231.4	896.0
	(%)	25.9	23.8	24.5	25.8	100.0
2008-09	($ million)	233.8	239.2	240.6	219.1	932.7
	(%)	25.1	25.6	25.8	23.5	100.0
Operating Profit:						
2009-10	($ million)	12.3	35.1	21.8	41.2	110.4
	(%)	11.1	31.8	19.8	37.3	100.0
2008-09	($ million)	16.4	40.1	29.4	26.7	112.6
	(%)	14.6	35.6	26.1	23.7	100.0
Profit before taxation:						
2009-10	($ million)	52.0	71.3	60.6	78.7	262.6
	(%)	19.8	27.1	23.1	30.0	100.0
2008-09	($ million)	65.6	84.2	74.0	76.9	300.7
	(%)	21.8	28.0	24.6	25.6	100.0
Profit attributable to equity holders of the Company:						
2009-10	($ million)	45.1	61.1	56.0	73.9	236.1
	(%)	19.1	25.9	23.7	31.3	100.0
2008-09	($ million)	58.7	73.4	63.0	65.5	260.6
	(%)	22.5	28.2	24.2	25.1	100.0
Earnings (after tax) per share - basic:						
2009-10	(cents)	4.2	5.7	5.2	6.8	21.9
	(%)	19.2	26.0	23.7	31.1	100.0
2008-09	(cents)	5.5	6.8	5.8	6.1	24.2
	(%)	22.7	28.1	24.0	25.2	100.0

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2009-10	2008-09	2007-08	2006-07	2005-06
Income statement ($ million)					
Revenue	1,006.4	1,045.3	1,009.6	977.4	959.1
Expenditure	896.0	932.7	906.7	875.4	824.4
Operating profit	110.4	112.6	102.9	102.0	134.7
Other income	22.5	15.1	24.8	29.5	23.0
Share of profits of associated and joint venture companies	129.7	173.0	157.8	139.5	105.6
Profit before tax	262.6	300.7	285.5	271.0	263.3
Profit attributable to equity holders of the Company	236.1	260.6	253.8	242.1	230.6
Balance sheet ($ million)					
Share Capital	262.9	255.6	245.0	214.5	163.1
Reserves					
General reserve	1,036.1	971.9	937.5	811.7	885.5
Share-based compensation reserve	45.4	39.6	28.5	18.0	11.9
Foreign currency translation reserve	(79.8)	(36.4)	(88.4)	(47.1)	(21.7)
Fair value reserve	0.2	(1.8)	2.7	-	-
Equity attributable to equity holders of the Company	1,264.8	1,228.9	1,125.3	997.1	1,038.8
Minority interests	26.9	26.5	14.8	13.2	14.1
Deferred taxation	28.1	24.9	21.8	13.2	14.8
Property, plant and equipment	315.5	313.2	275.7	250.3	230.1
Intangibles	16.8	6.7	11.6	15.3	19.2
Associated companies	362.6	403.7	343.6	339.6	299.8
Joint venture companies	108.2	126.7	94.4	85.8	69.8
Long-term investments	14.6	14.6	14.6	14.6	14.6
Current assets	743.3	637.3	673.6	609.4	694.1
Total assets	1,561.0	1,502.2	1,413.5	1,315.0	1,327.6
Long-term liability	*	*	0.1	-	2.0
Current liabilities	241.2	221.9	251.5	291.5	257.9
Total liabilities	241.2	221.9	251.6	291.5	259.9
Net liquid assets [R1]	425.8	371.7	437.2	397.6	497.6
Cash flow statement ($ million)					
Cash flow from operations	123.4	107.1	129.9	155.0	185.5
Internally generated cash flow [R2]	277.1	222.7	220.0	200.9	250.5
Capital expenditure	39.6	74.1	58.5	47.1	38.2

** less than $0.1 million*

	2009-10	2008-09	2007-08	2006-07	2005-06
Profitability ratios (%)					
Return on equity holders' funds R3	18.9	22.1	23.9	23.8	24.3
Return on total assets	15.1	17.4	18.0	18.4	17.4
Return on turnover	23.5	24.9	25.1	24.8	24.0
Productivity and employee data					
Value added ($ million)	711.7	757.3	755.5	717.0	670.8
Value added per employee ($)	115,273	120,999	123,528	126,651	130,690
Revenue per employee ($)	163,009	167,013	165,071	172,651	186,857
Average number of employees	6,174	6,259	6,116	5,661	5,133
Per share data (cents)					
Earnings before tax	24.3	27.9	26.7	25.7	25.6
Earnings after tax - basic R4	21.9	24.2	23.7	23.0	22.5
- diluted R5	21.8	24.1	23.3	22.5	22.1
Net asset value R6	117.0	114.0	104.7	93.9	100.2
Gross dividends (cents per share)					
Interim dividend	5.0	5.0	4.0	4.0	4.0
Final dividend - ordinary	13.0 #	11.0	16.0	8.0	6.0
- special	-	-	-	-	20.0
Total dividends	18.0	16.0	20.0	12.0	30.0

 # proposed

Note:

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 disposal of property, plant and equipment.

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.

SHAREHOLDING STATISTICS

As at 26 May 2010

Number of shares in issue	:	1,082,195,660
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for 1 share

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 --- 999	188	1.39	86,697	0.01
1,000 --- 10,000	11,793	87.57	29,923,133	2.76
10,001 --- 1,000,000	1,477	10.97	54,931,746	5.08
1,000,001 and above	9	0.07	997,254,084	92.15
Total	13,467	100.00	1,082,195,660	100.00

MAJOR SHAREHOLDERS

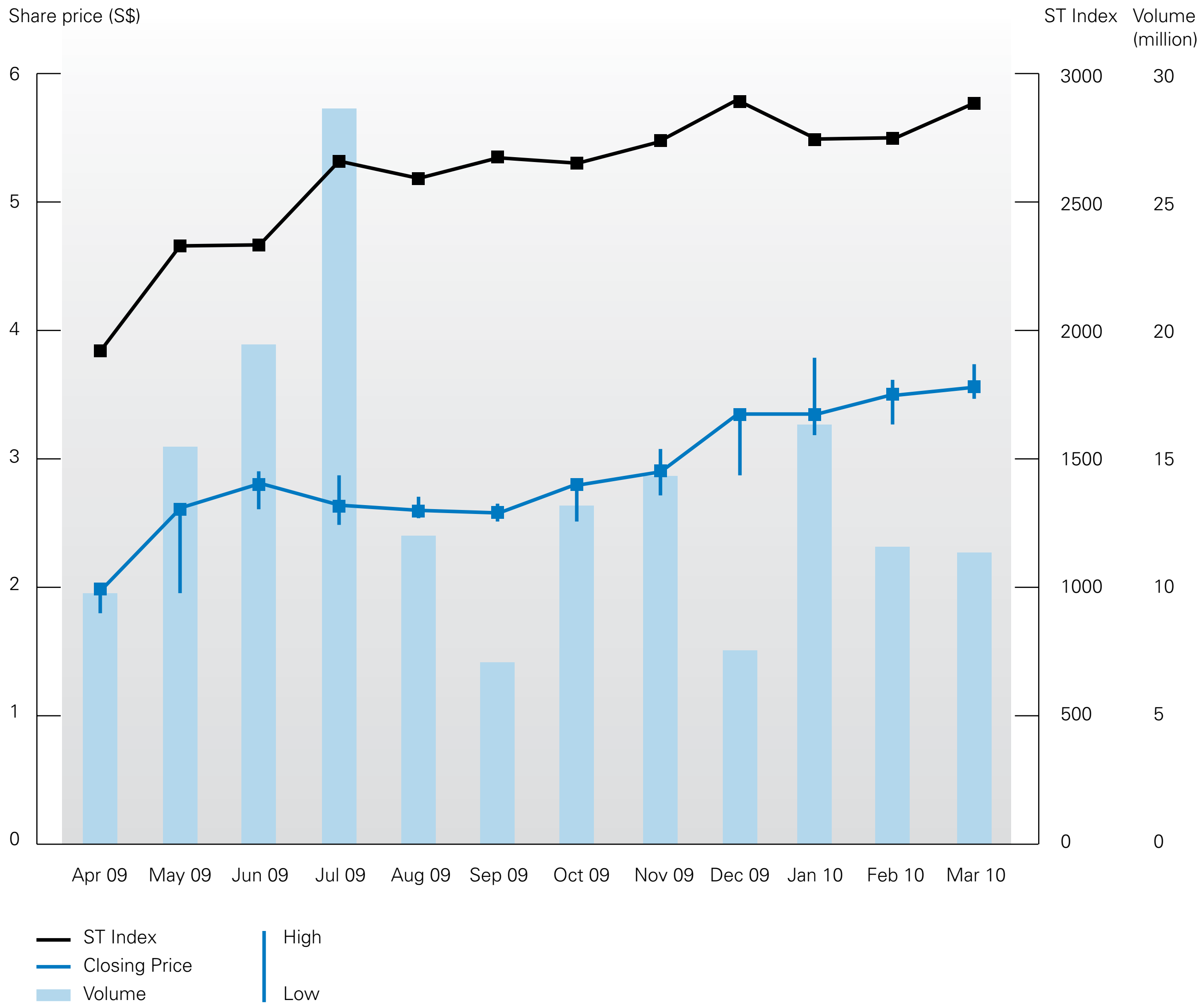
No.	Name	Number of shares held	%
1	Singapore Airlines Limited	870,000,000	80.39
2	Citibank Nominees Singapore Pte Ltd	51,762,599	4.78
3	DBS Nominees Pte Ltd	37,583,139	3.47
4	DBSN Services Pte Ltd	16,592,715	1.53
5	HSBC (Singapore) Nominees Pte Ltd	9,349,663	0.87
6	United Overseas Bank Nominees Pte Ltd	5,860,600	0.54
7	Raffles Nominees (Pte) Ltd	3,938,789	0.36
8	DB Nominees (S) Pte Ltd	1,111,577	0.10
9	OCBC Nominees Singapore Pte Ltd	1,055,002	0.10
10	Royal Bank of Canada (Asia) Ltd	882,000	0.08
11	DBS Vickers Securities (Singapore) Pte Ltd	856,000	0.08
12	Merrill Lynch (Singapore) Pte Ltd	825,000	0.08
13	CIMB-GK Securities Pte. Ltd.	815,100	0.08
14	Gralf Max Hans Sieghold	800,000	0.07
15	Wong Ket Seong @ Wong Ket Yin	800,000	0.07
16	First Capital Insurance Limited - Insurance Fund A/C	735,000	0.07
17	Morgan Stanley Asia (Singapore) Securities Pte Ltd	624,000	0.06
18	BNP Paribas Securities Services Singapore	614,000	0.06
19	Lee Shiu	603,000	0.06
20	Yim Chee Chong	544,000	0.05
	Total	1,005,352,184	92.90

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	Indirect Interest	Total Interest	%
Temasek Holdings (Pte) Limited	Nil	874,241,976	874,241,976	80.78
Singapore Airlines Limited	870,000,000	Nil	870,000,000	80.39

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as of 26 May 2010, 19.20 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.



	FY2009-10	FY2008-09
Share Price (S$)		
Highest closing price	3.73	4.36
Lowest closing price	1.87	1.51
31 March closing price	3.55	1.87
Market Value Ratios*		
Price / Earnings	16.22	7.73
Price / Book Value	3.04	1.64
Price / Cash Earnings**	13.95	6.64

* *Based on closing price on 31 March 2010*

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

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the 28th 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, 23 July 2010 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 2010 and the Auditors' Report thereon.

2. To declare a final dividend of 13 cents per ordinary share for the financial year ended 31 March 2010.

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 Chew Choon Seng

   3.2 Mr Koh Kheng Siong

   3.3 Mr Andrew Lim Ming-Hui

   3.4 Mr Ron Foo Siang Guan

4. To re-elect Mr William Tan Seng Koon who is retiring pursuant to Article 90 of the Company's Articles of Association and who, being eligible, offers himself for re-election as Director.

5. To approve the Directors' fees of $819,000 for the financial year ended 31 March 2010 (FY2008/09: $789,150).

6. To approve the Director's fees of up to $946,000 for the financial year ending 31 March 2011.

7. 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

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

   8.1 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,

provided that:

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

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

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

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

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

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

8.2 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**"); and

(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 :-

  (i) 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; and

  (ii) the aggregate number of ordinary shares under awards to be granted pursuant to the Performance Share Plan and the Restricted Share Plan during the period commencing from the date of this Annual General Meeting of the Company and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 1.5 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

8.3 That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, 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 25 June 2010 (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.

ANY OTHER BUSINESS

9. 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 28th Annual General Meeting of the Company for the payment of the final dividend, the Share Transfer Books and the Register of Members of the Company will be closed on 30 July 2010 for the 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 29 July 2010 will be registered to determine shareholders' entitlement to the final dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 29 July 2010 will be entitled to the final dividend. The Company will pay the final dividend to CDP, which will, in turn, distribute the entitlements to the final dividend to CDP account-holders in accordance with its normal practice.

The final dividend, if approved by shareholders, will be paid on 11 August 2010 to members on the Register as at 29 July 2010.

By Order of the Board

DEVIKA RANI DAVAR
Company Secretary
25 June 2010
Singapore

EXPLANATORY NOTES:

1. In relation to Ordinary Resolution No. 3, Mr Chew Choon Seng, Mr Koh Kheng Siong, Mr Andrew Lim Ming-Hui and Mr Ron Foo Siang Guan 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 Chew will, upon re-election, continue to serve as a member of the Nominating Committee, the Compensation & HR Committee and the Board Committee. Mr Koh will, upon re-election, continue to serve as Chairman of the Audit Committee and as a member of the Compensation & HR Committee. Mr Lim will, upon re-election, continue to serve as a member of the Audit Committee. Mr Foo will, upon re-election, continue to serve as a member of the Audit Committee and the Board Committee. Mr Chew is considered a non-independent Director, while Mr Koh, Mr Lim and Mr Foo are considered independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the FY2009/10 Annual Report for information on Mr Chew, Mr Koh, Mr Lim and Mr Foo.

2. In relation to Ordinary Resolution No. 4, Article 90 of the Company's Articles of Association permits the Directors to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election. Mr William Tan Seng Koon was appointed on 1 March 2010 and is therefore seeking re-election at the forthcoming 28th Annual General Meeting pursuant to Article 90. As an executive of the Company, Mr Tan is considered a non-independent Director. Please refer to the sections on Board of Directors and Corporate Governance in the FY2009/10 Annual Report for information on Mr Tan.

3. Ordinary Resolution No. 5 is to approve the payment of Directors' fees of $819,000 for the financial year ended 31 March 2010, 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 financial year ended 31 March 2010 is set out in the section on Corporate Governance in the FY2009/10 Annual Report. Commencing from FY2010/11, the Company proposes to pay Directors' fees during the financial year in which the fees are incurred. This is to ensure that Directors are paid on a continuing "as-earned" basis for services already rendered, rather than in arrears after the financial year ends.

4. Ordinary Resolution No. 6, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY2010/11. The amount of the Directors' fees is computed based on the anticipated number of Board meetings for FY2010/11, assuming full attendance by all Directors, at the fee rates shown in the Annual Report. The amount also includes an additional 10 per cent to cater to unforeseen circumstances, for example, the appointment of an additional Director, additional unscheduled Board meetings, additional appointments to Board Committees and/or the formation of additional Board Committees. In the event that the amount proposed is insufficient, approval will be sought at the next Annual General Meeting for payments to meet the shortfall.

5. As disclosed on page 26 of the Annual Report, Directors' fees due to Mr Chew Choon Seng and Mr Ng Chin Hwee will be paid to and retained by Singapore Airlines Ltd ("**SIA**") (the majority shareholder of the Company). Mr Chew and Mr Ng hold executive positions in SIA. No Directors' fees will be paid to Mr William Tan Seng Koon as he is the President & Chief Executive Officer of the Company.

6. Ordinary Resolution No. 8.1, 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 total number of 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. The Directors believe that the lower sub-limit of 10 per cent would sufficiently address the Company's present need to maintain flexibility while taking into account shareholders' concerns against dilution. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed; and (b) any subsequent bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

7. Ordinary Resolution No. 8.2, 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.

8. Ordinary Resolution No. 8.3, 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.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. 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 not less than 48 hours before the time appointed for holding the Annual General Meeting.

PROXY FROM

SIA ENGINEERING COMPANY LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 198201025C

1. For investors who have used their CPF monies to buy the Company's shares, the FY2009/10 Annual 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 28th 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).

*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, 23 July 2010 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 Articles 83 and 84 of the Articles of Association of the Company:		
	3.1 Mr Chew Choon Seng		
	3.2 Mr Koh Kheng Siong		
	3.3 Mr Andrew Lim Ming-Hui		
	3.4 Mr Ron Foo Siang Guan		
4.	Re-election of Mr William Tan Seng Koon as Director pursuant to Article 90 of the Articles of Association of the Company		
5.	Approval of Directors' fees for financial year ended 31 March 2010		
6.	Approval of Directors' fees for financial year ending 31 March 2011		
7.	Re-appointment and remuneration of Auditors		
	Special Business		
8.1	Authority for Directors to issue shares or make or grant offers, agreements or options requiring shares to be issued		
8.2	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 the SIAEC Restricted Share Plan		
8.3	To approve the proposed renewal of the Mandate for Interested Person Transactions		
	Any Other Business		
9.	To approve any other business		

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

Total number of Ordinary Shares held:

Dated this ____________ day of ____________________ 2010

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

IMPORTANT
Please read Notes on the reverse

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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 on his behalf. 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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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

3rd fold here

SIA Engineering Company
31 Airline Road Singapore 819831
Tel : (65) 6541 5151
Fax : (65) 6546 0679
Email : siaec@singaporeair.com.sg

Company Registration No. 198201025C

Contact Persons
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SIA ENGINEERING COMPANY