POWERING AHEAD

SIA ENGINEERING COMPANY
ANNUAL REPORT 2010/11

SIA ENGINEERING 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 25 airworthiness authorities worldwide, including the Civil Aviation Authority of Singapore, the Federal Aviation Administration, the European Aviation Safety Agency and the Japan Civil Aviation Bureau.

CORPORATE CALENDAR

2010

14 May	Announcement of FY2009/10 full-year financial results
17 May	Analyst briefing on FY2009/10 full-year financial results
25 Jun	Despatch of Annual Report to shareholders
23 Jul	28th Annual General Meeting
23 Jul	Announcement of FY2010/11 first-quarter financial results
11 Aug	Payment of FY2009/10 final dividend
2 Nov	Announcement of FY2010/11 second-quarter financial results
3 Nov	Analyst briefing on FY2010/11 second-quarter financial results
1 Dec	Payment of FY2010/11 interim dividend

2011

10 May	Announcement of FY2010/11 full-year financial results
11 May	Analyst briefing on FY2010/11 full-year financial results
27 Jun	Despatch of Annual Report to shareholders
22 Jul	29th Annual General Meeting
26 Jul	Announcement of FY2011/12 first-quarter financial results
11 Aug	Payment of FY2010/11 final dividends
28 Oct	Announcement of FY2011/12 second-quarter financial results
31 Oct	Analyst briefing on FY2011/12 second-quarter financial results

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CHAIRMAN'S STATEMENT

"Through the focused and disciplined execution of our strategies, supported by a highly productive workforce that is ready to embrace change, I am confident we will power ahead and grow, particularly in the Asia-Pacific."

Dear Shareholders,

In my message to shareholders last year, I had addressed how the aviation industry had been impacted by the global economic downturn and financial crisis, and touched on the Company's focus to transform the work culture to meet the challenges of an increasingly competitive environment.

For FY2010/2011, the Group turned in a good set of results, registering a record-high revenue of $1,106.9 million despite the steady decline of the US dollar. This performance was in no small measure due to the unwavering support of our staff and unions, our joint venture partners, as well as the loyalty of our customers.

BUILDING A WORLD-CLASS WORKFORCE

Indeed, the core strength and competitive advantage of the Group are its people. To remain committed to becoming a global MRO leader, our workforce must continue to distinguish in the areas of productivity and service quality. We are making good progress with our *Cheaper Better Faster* initiatives, but more remains to be done.

In October 2010, the Company launched the Integrated Quality Programme, or IQP for short. IQP reaches out to the rank and file - it focuses on building a culture of work excellence, raising quality standards and instituting continuous improvement throughout the organisation. IQP will strengthen the passion and desire of our people to make quality a way of life, leading to a world-class workforce that is ready to innovate and adapt to changes and emerging opportunities in the global MRO arena.

FOCUS ON SUSTAINABLE GROWTH

We started life as the engineering arm of the national airline more than 60 years ago. With the wealth of experience and capabilities in airline engineering and MRO services gained from this linkage, we have grown our fleet management services beyond the SIA Group. Today, SIAEC is one of the largest fleet management service providers in the world, serving a fleet size of more than 140 aircraft for 11 airlines.

In November 2010, our Line Maintenance global network established a sixth point in Ho Chi Minh City. With operations covering major airports in Singapore, Sydney, Brisbane, Melbourne, Los Angeles, Hong Kong, Jakarta, Manila and now, Vietnam, the network spans across 20 airports in seven countries, handling more than 600 flights for 73 airlines daily - that is, one flight every two and a half minutes!

Notwithstanding a highly competitive operating environment, our Aircraft & Component Services business has extended its customer reach, and the order books for our six hangars in Singapore remain healthy. The ongoing restructuring of our workshops to form jointly-owned facilities with original equipment manufacturers (OEMs) is yielding positive results and leading to the rejuvenation of revenue streams for our component overhaul business.

LEVERAGING ON THE MRO/OEM SYNERGY

Our share of profits from our 25 joint ventures, spread across 9 countries, accounted for 48.8% of the Group's pre-tax profits in FY2010/11. In Singapore, our portfolio of 15 joint ventures, forged with leading OEMs, gives customers direct access to critical OEM support, spares and proprietary technology. These benefits, integrated seamlessly with our MRO services, give the Group a unique competitive edge. We are pleased that our collaborations have also spun off valuable downstream repair activities, adding to the vibrancy and attraction of Singapore as an aviation hub.

During the year, our joint venture with the SAFRAN Group opened a state-of-the-art avionics overhaul centre in Singapore. The facility is SAFRAN's first avionics Centre of Excellence in Asia. In November 2010, we announced our 25th joint venture, with Panasonic Avionics Corporation, to set up a facility for the repair and overhaul of in-flight entertainment and communications systems.

Another joint venture, Singapore JAMCO, our collaboration with JAMCO Corporation and Itochu Corporation of Japan, expanded its galley manufacturing capacity in Singapore by 85%. In October 2010, Singapore JAMCO received the coveted "Boeing Offerable Supplier" status for single-aisle aircraft. Together with its Airbus approved supplier status, Singapore JAMCO is well placed to tap the OEM market for cabin galleys, in tandem with the growing worldwide demand for single aisle aircraft.

We will stay the course of this winning strategy and continue to explore more tie-ups with OEMs in their latest products and technology.

DIVIDENDS

In view of the Company's current cash balance, your Directors are recommending a one-off special dividend of 10 cents per share. Together with the final ordinary dividend of 14 cents per share and the interim dividend of 6 cents per share, which has been paid, the total payout for FY2010/2011 will be 30 cents per share.

IN APPRECIATION

Mr Chew Choon Seng, who had served as Director and Deputy Chairman since May 2003, relinquished his appointments on 1 January 2011 upon his retirement as CEO of Singapore Airlines. Choon Seng was instrumental in steering the Group through the many challenges that buffeted the industry in the wake of the Sars contagion, terrorism and the conflicts in the Middle East. We are truly indebted to Choon Seng for his distinguished leadership and insights. Another stalwart, Mr Koh Kheng Siong, who has been a Director since September 2005 and served as Chairman of the Audit Committee for the past five years, is retiring from the Board at the close of the Annual General Meeting on 22 July 2011. We are thankful to Kheng Siong for his unstinting dedication and service. The Board extends a warm welcome to Mr Goh Choon Phong, CEO of Singapore Airlines, who joined the Board on 1 January 2011.

I am grateful to my fellow Directors for their commitment to SIAEC. Their active participation and support have strengthened Board decision-making and provided insightful leadership for the Group.

To our shareholders, I thank you for your confidence in the Group. Delivering high, sustainable shareholder value remains paramount to the development and execution of our strategies. My warm appreciation goes to all our customers and business partners for their unwavering support and encouragement. Last but not least, I thank our staff for their hard work and devoted service, and our unions for their constructive co-operation.

The way ahead remains uncertain and challenging; we must remain vigilant and proactive. Through the focused and disciplined execution of our strategies, supported by a highly productive workforce that is ready to embrace change, I am confident we will power ahead and grow, particularly in the Asia-Pacific.

Stephen Lee Ching Yen
Chairman

BOARD OF DIRECTORS

Stephen Lee Ching Yen
Chairman

Chew Choon Seng
Deputy Chairman (until 31 Dec 2010)

Goh Choon Phong
Director (from 1 Jan 2011)

Koh Kheng Siong
Chairman, Audit Committee

Paul Chan Kwai Wah
Chairman, Compensation & HR Committee

Oo Soon Hee
Chairman, Nominating Committee

Lim Joo Boon
Director

Andrew Lim Ming-Hui
Director

Ron Foo Siang Guan
Director

Ng Chin Hwee
Director

William Tan Seng Koon
Director / President & CEO

Tan Bian Ee
Director (until 23 July 2010)

EXECUTIVE MANAGEMENT

William Tan Seng Koon
President & Chief Executive Officer

Png Kim Chiang
Executive Vice President (Operations)

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

Zarina Piperdi
Senior Vice President
(Human Resources)

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

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

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

GROUP CORPORATE STRUCTURE

As at 31 March 2011

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%	Eagle Services Asia Private Limited
49%	Fuel Accessory Service Technologies Pte Ltd
49%	PWA International Limited
49%	PT Jas Aero-Engineering Services
49%	Safran Electronics Asia Pte Ltd
49%	Southern Airports Aircraft Maintenance Services Company Limited
47.1%	Pan Asia Pacific Aviation Services Ltd
45%	JAMCO Aero Design & Engineering Pte Ltd
40%	Goodrich Aerostructures Service Center - Asia Pte Ltd
40%	Messier Services Asia Private Limited
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

OPERATIONAL HIGHLIGHTS

Line Maintenance

A leading provider of line maintenance services at Singapore Changi Airport, SIAEC saw a 6.6% increase in the number of flights handled in FY2010/11, boosting its revenue by 6.3% to $400.6 million.

Flights handled at Changi Airport:

FY2010/11	110,217 flights
FY2009/10	103,360 flights

SIAEC is differentiated from the competition by its quick response time, strong international network and high dispatch reliability. Its specialised Quick-Action-Team is on standby 24/7 to respond swiftly to aircraft-on-ground (AOG) emergencies anywhere around the world.

Overseas Growth

In November 2010, SIAEC officially opened its first joint venture in Vietnam, providing line maintenance services at Ho Chi Minh's Tan Son Nhat International Airport. The joint venture with Saigon Ground Services, a division of Southern Airport Authorities in Vietnam, joins SIAEC's growing network of overseas line maintenance facilities at 20 airports in Singapore, Australia, Indonesia, Hong Kong, Philippines and the United States.

Aircraft & Component Services

SIAEC's Base Maintenance facilities at Singapore comprise six hangars with a combined total of nine bays and a floor area of 49,700 square metres. Strategically located within our hangar premises are more than 20 workshops which test, repair and overhaul a wide array of components. Equipped with the latest test facilities, SIAEC's workshops have extensive component overhaul capabilities for the Airbus and Boeing fleets.

With industry-leading facilities, the Group is able to provide TOTAL SUPPORT solutions to a growing portfolio of third-party customers.

During the year in review, revenue from Aircraft & Component Services rose 8.3% to $542.5 million.

No. of checks performed in Singapore and Bahrain hangar facilities:

	A	C	D
FY2010/11	457	113	21
FY2009/10	452	91	19

Fleet Management

SIAEC is one of the world's largest fleet management service providers, covering a fleet size of more than 230 aircraft, with 143 currently in service and the remaining awaiting delivery.

SIAEC's FMP offers comprehensive engineering and component support programmes, such as Fleet Technical Management (FTM) and Inventory Technical Management (ITM), which can be customised to suit the total needs of individual airlines. FTM covers the full range of engineering support activities, from maintenance planning and control to quality and reliability programmes, thereby ensuring that all aspects of safety and airworthiness are complied with. ITM include AOG support, rotable inventory pooling and supply, component repair and overhaul services, as well as logistics and supply chain management, ensuring high dispatch reliability and lower costs.

During the year in review, SIAEC added Royal Brunei Airlines to its FMP customer base, which includes Airbus, Air Pacific, Cebu Pacific Air, Euro Atlantic Airways, Great Wall Airlines, Gulf Air, SilkAir, Tiger Airways and V Australia. We also renewed our comprehensive services agreement with SilkAir for another five years, covering a broad spectrum of MRO and fleet management services.

In FY2010/11, Fleet Management's contribution to Group revenue surged 27.4% to reach $163.8 million.

Joint Ventures

Our joint ventures with leading original equipment manufacturers (OEMs) and strategic partners are a unique component of our business model. These integrate seamlessly with our core MRO services, providing customers with higher dispatch reliability as well as direct access to critical OEM support, spares and proprietary technology.

In the year ended 31 March 2011, the share of profits from our associated and joint venture companies grew by 11.3% to $144.4 million, accounting for 48.8% of the Group's pre-tax profits.

During the year, the Group embarked on its 25th joint venture, with Panasonic Avionics Corporation, to set up an MRO facility for in-flight entertainment and communications (IFEC) systems and components. The Singapore-based facility is Panasonic Avionics' Centre of Excellence in the Asia-Pacific. SIAEC holds a 42.5% share in the joint venture, with Panasonic Avionics owning the remaining 57.5%.

Two recent joint ventures marked major milestones in FY2010/11:

- Safran Electronics Asia, a joint venture between SIAEC and Sagem, a member of the global avionics systems manufacturer SAFRAN Group, opened its new facility in Singapore. The state-of-the-art repair facility is SAFRAN's first avionics Centre of Excellence in Asia.
- Southern Airports Aircraft Maintenance Services, SIAEC's 6th overseas line maintenance joint venture, commenced operations at Ho Chi Minh City's Tan Son Nhat International Airport with a strong base load of nine airline customers.

STATISTICAL HIGHLIGHTS

		2010-11	2009-10	% change
FINANCIAL STATISTICS R1				
Financial Results ($ million)				
Revenue		1,106.9	1,006.4	+10.0
Expenditure		971.2	896.0	+ 8.4
Operating profit		135.7	110.4	+22.9
Profit before taxation		296.1	262.6	+12.8
Profit attributable to owners of the parent		258.5	236.1	+ 9.5
Financial Position ($ million)				
Equity attributable to owners of the parent		1,302.7	1,264.8	+ 3.0
Total assets		1,621.5	1,561.0	+ 3.9
Return on equity holders' funds (%) R2		20.1	18.9	+ 1.2 pts
Value added		777.9	711.7	+ 9.3
Per Share Data (cents)				
Earnings after tax	- basic R3	23.8	21.9	+ 8.6
	- diluted R4	23.5	21.8	+ 8.0
Net asset value R5		119.4	117.0	+ 2.1
Dividends (cents per share)				
Interim dividend		6.0	5.0	+20.0
Proposed final dividend	- ordinary	14.0	13.0	+ 7.7
	- special	10.0	–	nm
PRODUCTIVITY AND EMPLOYEE DATA				
Average number of employees		6,152	6,174	- 0.4
Revenue per employee ($)		179,927	163,009	+10.4
Value added per employee ($)		126,450	115,273	+ 9.7

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

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

R3 Earnings after tax per share (basic) is computed by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue.

R4 Earnings after tax per share (diluted) is computed by dividing the profit attributable to owners of the parent 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.

R5 Net asset value per share is computed by dividing the equity attributable to owners of the parent by the number of ordinary shares in issue at 31 March.

CORPORATE GOVERNANCE

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 and transparency. 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, provides entrepreneurial stewardship to Management and confers with them regularly. There is an objective decision-making process, which allows each Director to engage in constructive debate and exercise independent judgment. The Board has adopted guidelines on matters requiring its approval, which include all matters of strategic importance, corporate governance practices, legal and regulatory compliances, risk management, financial performance and annual budgets, key operational initiatives, investment proposals and major transactions. The Board meets at least quarterly to review and approve, inter alia, the financial results of the Company. 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 by Management and discussed at subsequent Board Meetings.

In the discharge of its duties, 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 CEO, members of Senior Management, the Company Secretary and 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, including on directors' duties and responsibilities, corporate governance and financial reporting standards.

As part of the Company's ongoing efforts to familiarise Directors with their duties and responsibilities, the Company developed a Director's Handbook. Issued to Directors and Management in April 2011, the Handbook provides a ready reference on matters relating to the Companies Act, Securities & Futures Act, Corporate Governance Code and other relevant statutes, regulations, bylaws, codes and directives that are of significance to Directors. It will be updated from time to time as and when there are key changes to the relevant regulations, laws and guidelines. In compliance with Guideline 1.7 of the Code, the Company has also developed the terms of appointment for issue to incoming Board appointees.

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 on the next page.

CORPORATE GOVERNANCE

Board & Board Committees Composition & Attendance FY2010/11

	Main Board			Audit Committee		Nominating Committee		Compensation & HR Committee		Board Committee
Name	Status	Position	Att.	Position	Att.	Position	Att.	Position	Att.	Position
Stephen Lee Ching Yen (last re-appointed on 24 Jul 2009, first appointed on 1 Dec 2005)	Non-executive / Non-independent	Chairman	6/6							
Goh Choon Phong (first appointed on 1 Jan 2011)	Non-executive / Non-independent	Member	1/1					Member (appointed on 1 Jan 2011)	2/2	Member (appointed on 1 Jan 2011)
Koh Kheng Siong (last re-appointed on 23 Jul 2010, first appointed on 1 Sep 2005)	Non-executive / Independent	Member	6/6	Chairman	4/4			Member	5/5	
Paul Chan Kwai Wah (last re-appointed on 24 Jul 2009, first appointed on 1 Aug 2006)	Non-executive / Independent	Member	6/6			Member (appointed on 22 Oct 2010)	2/2	Chairman	5/5	Alternate
Andrew Lim Ming-Hui (last re-appointed on 23 Jul 2010, first appointed on 1 Aug 2006)	Non-executive / Independent	Member	5/6	Member	4/4					
Ron Foo Siang Guan (last re-appointed on 23 Jul 2010, first appointed on 1 Aug 2007)	Non-executive / Independent	Member	6/6	Member	4/4					Member
Lim Joo Boon (last re-appointed on 18 Jul 2008, first appointed on 1 Aug 2007)	Non-executive / Independent	Member	6/6					Member	5/5	
Oo Soon Hee (last re-appointed on 18 Jul 2008, first appointed on 1 Aug 2007)	Non-executive / Independent	Member	6/6	Member	4/4	Chairman (elected on 25 Oct 2010)	4/4			
Ng Chin Hwee (first appointed on 18 Jul 2008)	Non-executive / Non-Independent	Member	6/6			Member (appointed on 22 Oct 2010)	2/2			
William Tan Seng Koon (last re-appointed on 23 Jul 2010, first appointed on 1 Mar 2010)	Executive, Non-independent	Member	6/6							
Chew Choon Seng (retired on 1 Jan 2011, last re-appointed on 23 Jul 2010, first appointed on 22 May 2003)	Non-executive / Non-independent	Deputy Chairman	5/5			Member (retired on 22 Oct 2010)	2/2	Member (retired on 1 Jan 2011)	2/3	Member (retired on 1 Jan 2011)
Tan Bian Ee (retired on 23 Jul 2010, last re-appointed on 24 Jul 2009, first appointed on 15 Apr 2004)	Non-executive / Independent	Member	1/2	Member (retired on 23 Jul 2010)	2/2	Chairman (retired on 23 Jul 2010)	2/2			
Total Number of Meetings Held In FY2010/11			6		4		4		5	–

Note:

i) "Att." refers to the number of Board and Board Committee meetings attended by Directors in FY2010/11.

ii) The Board Committee does not hold physical meetings.

iii) William Tan Seng Koon is the President & CEO of the Company.

CORPORATE GOVERNANCE

The Board consists of nine non-executive Directors, six of whom are independent. The high representation of independent Directors denotes a strong independent element on the Board. The remaining three non-independent Directors, together with CEO, who is an Executive Director, 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. Profile of Directors are on pages 22 to 32.

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 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 to it 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 ninth year of implementation of the Board performance evaluation using a confidential questionnaire completed by each Director and submitted to the external consultants directly. Performance of individual Directors is 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 the economic value-add. The measures are also benchmarked against similar measures used in the assessment of 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 and 10)

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards, as prescribed by the Accounting Standards Council. Management accounts are prepared to present a balanced and accurate 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.

CORPORATE GOVERNANCE

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

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

AUDIT COMMITTEE (Principle 11)

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

Chairman	Koh Kheng Siong (Chairman)
Members	Andrew Lim Ming-Hui
	Ron Foo Siang Guan
	Oo Soon Hee
	Tan Bian Ee (retired on 23 July 2010)

Mr Tan Bian Ee retired from the Audit committee on 23 July 2010 following his retirement from the Board on the same day.

The Audit Committee met four 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 10 of the Annual Report. During the year, the Committee performed the following functions in accordance with its duties and responsibilities under its charter:

(a) Financial Reporting

The Audit Committee reviewed the interim and annual financial statements and financial announcements required by SGX-ST for recommendation to the Board for approval. The review focused on changes in accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with SGX-ST and other legal requirements.

(b) External Audit

The Audit Committee discussed with the external auditor the audit plan, and the report on the audit of the year-end financial statements; reviewed the external auditor's management letter and Management's responses thereto; and reviewed the external auditor's objectivity and independence from Management and the Company. In addition, the Audit Committee considered and recommended to the Board the re-appointment of the external auditor and the audit fee.

(c) Internal Audit

The Audit Committee reviewed the scope of internal audit work and its audit programmes; reviewed the major findings during the year and Management's responses thereto; and reviewed the adequacy and effectiveness of the internal audit function.

(d) Risk Management

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

(e) Interested Person Transactions

The Audit Committee reviewed interested person transactions in compliance with the SGX-ST Listing Manual and the Shareholders' Mandate obtained at the last Annual General Meeting.

(f) Whistle-Blowing

The Audit Committee reviewed and was satisfied with the adequacy of the whistle-blowing programme instituted by the Company through which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. All complaints are reviewed by the Audit Committee at its quarterly meetings to ensure independent investigation and adequate resolution.

(g) Others

The Audit Committee has full access to and co-operation of Management. The Committee also has full discretion to invite any Director or executive officer to attend its meetings, and has been given adequate resources to discharge its functions. The Committee meets with the internal and external auditors without the presence of Management every quarter.

CORPORATE GOVERNANCE

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 auditors' independence has not been compromised.

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

INTERNAL CONTROLS (Principle 12)

The Control Self Assessment (CSA) Programme established since FY2003/04 provides a framework for Management to obtain assurance on the state of internal controls. The CSA Programme, where Management of operating departments review and report on the adequacy of their respective units' control environment annually, was enhanced during the year to promote greater objectivity and accountability. Internal Audit performs independent and random reviews during the year to validate the results of these self-assessments.

It is the opinion of the Board that, in the absence of evidence to the contrary, the system of internal controls maintained by Management and in place throughout FY2010/11 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 all internal control systems contain inherent limitations and no system of internal controls 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 Committee are:

Chairman: Paul Chan Kwai Wah
Members: Chew Choon Seng (retired on 1 Jan 2011)
Goh Choon Phong (appointed on 1 Jan 2011)
Koh Kheng Siong
Lim Joo Boon

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

During FY2010/11, the Compensation & HR Committee held five meetings and performed, inter alia, the following main functions:

(a) conducted a review of the FY2008/09 and FY2009/10 SIAEC RSP performance to-date;
(b) conducted a review of the FY2007/08, FY2008/09 and FY2009/10 SIAEC PSP performance to-date;
(c) determined the allotment for the SIAEC RSP and PSP grants for FY2010/11;
(d) reviewed and approved the total compensation framework for Senior Management staff;
(e) conducted the annual performance and compensation review of Senior Management staff;
(f) reviewed and endorsed the 2011 Succession Development Plan for the Company;
(g) reviewed the fees payable to Directors for FY2009/10 and FY2010/11; and
(h) reviewed the Company's HR strategies in 2010, and the plan ahead for 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.

CORPORATE GOVERNANCE

Directors' remuneration for FY2010/11 was derived using the same rates as FY2009/10. Information on the rates and the actual fees paid are shown in the tables below:

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 were paid 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 paid to him were pro-rated accordingly.

The fees in respect of each Director for FY2010/11 are as shown:

Name of Director	Fees ($)
Stephen Lee Ching Yen	91,000
Goh Choon Phong [1, 2]	17,028
Koh Kheng Siong	91,000
Paul Chan Kwai Wah	75,411
Andrew Lim Ming-Hui	70,000
Ron Foo Siang Guan	81,000
Lim Joo Boon	61,000
Oo Soon Hee	85,329
Ng Chin Hwee [1]	55,411
William Tan Seng Koon [3]	Nil
Chew Choon Seng [1, 4]	82,164
Tan Bian Ee [5]	27,548

1 *Directors' fees in respect of Goh Choon Phong, Ng Chin Hwee and Chew Choon Seng were paid to and retained by SIA (the majority shareholder of the Company).*
2 *Goh Choon Phong was appointed as Director with effect from 1 Jan 2011.*
3 *No Directors' fees were paid to William Tan Seng Koon as he is the CEO of the Company. William Tan Seng Koon's remuneration as the CEO of the Company is set out under Key Executives' Remuneration.*
4 *Chew Choon Seng retired as Director on 1 January 2011.*
5 *Tan Bian Ee retired as Director on 23 July 2010.*

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 2010 to 31 March 2011.

CORPORATE GOVERNANCE

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 for FY2010/11 is shown below:

		Bonus				Base Awards under SIAEC RSP (granted on 1 Jul 2010)	Base Awards under SIAEC PSP (granted on 1 Jul 2010)
Remuneration Bands[1] & Senior Management Executives	Salary (%)	Fixed (%)	Variable[2] (%)	Benefits (%)	Total (%)	Number of Shares[3]	Number of Shares[3]
$1,000,001 - $1,250,000							
William Tan Seng Koon	41	3	51	5	100	63,000	41,000
$500,001 - $750,000							
Png Kim Chiang Executive Vice President (Operations)	50	4	41	5	100	25,000	25,000
$250,001 - $500,000							
Jack Koh Swee Lim Senior Vice President (Fleet Management/Marketing & Sales)	49	4	44	3	100	20,000	17,500
Zarina Piperdi Senior Vice President (Human Resources)	46	4	46	4	100	20,000	17,500
Ivan Neo Seok Kok Senior Vice President (Line Maintenance Singapore & International)	49	4	43	4	100	20,000	17,500
Anne Ang Lian Choo Senior Vice President (Finance) / Chief Financial Officer	53	4	40	3	100	20,000	17,500
Leck Chet Lam Senior Vice President (Partnership Management & Business Development)	48	4	44	4	100	20,000	17,500
Below $250,000							
Chan Seng Yong Senior Vice President (Services & Clark Project)[4]	42	6	49	3	100	20,000	17,500

Notes:

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

2 *Includes an EVA-based incentive plan and profit-sharing bonus determined on an accrual basis for the financial year ended 31 March 2011.*

3 *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.*

4 *Chan Seng Yong retired on 31 August 2010.*

Details of the SIAEC RSP and SIAEC PSP, and the awards granted can be found on pages 43 and 114 in this Annual Report.

CORPORATE GOVERNANCE

PROFILE OF SENIOR EXECUTIVES

Mr William Tan Seng Koon
President & Chief Executive Officer

Mr William Tan is the President & Chief Executive Officer of the Company. The SIAEC Group of companies, with its main operations in Singapore and 25 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 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 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 Ltd 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.

CORPORATE GOVERNANCE

Ms Piperdi is the Chairman of Fuel Accessory Services Technologies Pte Ltd and a Director of Combustor Airmotive Services Pte Ltd, 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. She 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 (Hong Kong), and a Director of Panasonic Avionics Services Singapore Pte Ltd and Southern Airports Aircraft Maintenance Services Company Ltd (Vietnam).

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

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 has 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 & 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, Mr Leck worked in 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.

CORPORATE GOVERNANCE

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 (retired on 23 July 2010)
	Oo Soon Hee (elected on 25 October 2010)
Members	Chew Choon Seng (retired on 22 October 2010)
	Paul Chan Kwai Wah (appointed on 22 October 2010)
	Ng Chin Hwee (appointed on 22 October 2010)

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 the Board to ensure overall effectiveness and informed decision-making. 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. Directors appointed subsequent to the last AGM also retire and are eligible for re-election at the next AGM in accordance with Article 90.

At the 29th AGM to be held on 22 July 2011:

(1) Stephen Lee Ching Yen, Lim Joo Boon, Oo Soon Hee and Ng Chin Hwee, will retire under Article 83; and
(2) Goh Choon Phong 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, Board size and the Skills Matrix;
(b) recommended the appointment of Paul Chan Kwai Wah and Ng Chin Hwee as members of the Nominating Committee with effect from 22 October 2010;
(c) recommended the appointment of Goh Choon Phong as Director and as a member of the Compensation & HR Committee and the Board Committee with effect from 1 Jan 2011;
(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. Approvals of values below the base level of $1.5 million are referred to the Senior Management Committee. The members of the Board Committee are:

Members	Chew Choon Seng (retired on 1 January 2011)
	Goh Choon Phong (appointed on 1 January 2011)
	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.

CORPORATE GOVERNANCE

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.

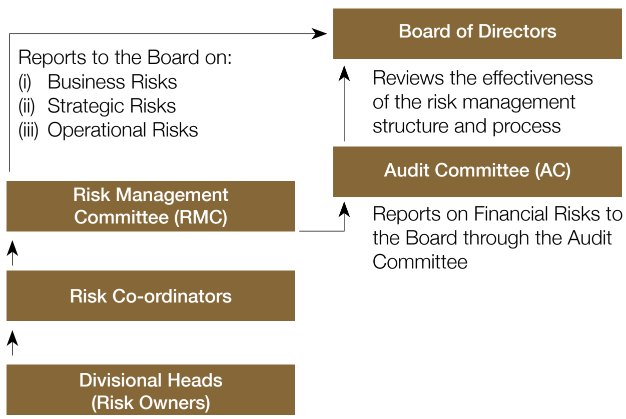
MANAGEMENT COMMITTEES

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 Senior Management Committee, the Management Committee, the Staff Committee, the Investments Committee, the Partnership Review Committee and the Risk Management Committee.

STATEMENT ON RISK MANAGEMENT (Principle 12)

Since its inception in 2001, the Risk Management Committee has been assisting the Audit Committee and the Board to drive risk management activities within the Company. It is chaired by the Chief Executive Officer and comprises members from the Management.

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



RISK PROCESSES AND ACTIVITIES

The following risk-related processes and activities were carried out by the Company in FY2010/11:-

a) **Risk Reviews**
The Company carried out its mid year and annual risk reviews in August 2010 and January 2011 respectively. 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.

b) **Review of Second-tier Risks**
To maintain 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**
To ensure that risk controls are effective and being complied with, the SIA Internal Audit department was engaged to carry out an independent audit on the Company's risk management processes. The auditor was satisfied with the effectiveness of the risk controls and that the Management is actively involved in the risk management process.

d) **Benchmarking of Risk Management System against International Standard**
The Risk Management Committee carried out a review of the Company's risk management system against ISO 31000, the International Standard on Risk Management. From the review, it was assessed that our risk management framework had substantially met the guidelines of the standard.

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.

CORPORATE GOVERNANCE

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 adequacy, effectiveness and efficiency of operational controls, reliability of financial information processes, 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.

COMMUNICATION WITH SHAREHOLDERS (Principle 14 and 15)

The Company is committed to the disclosure of material or price-sensitive information in a clear, detailed and timely manner. The Company holds analyst briefings for its mid-year 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 at www.siaec.com.sg. The Company's Annual Reports and other information of interest to investors are posted on its website.

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 Chairman of the Audit Committee, the Nominating Committee and the Compensation & HR Committee, and members of the respective Committees, as well as the external auditors, are in attendance at the Company's General Meeting to address questions from shareholders.

The Company's minutes of shareholders' meetings 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 Directors and 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.

The Policy and Guidelines also remind employees and Directors to avoid trading in the Company's securities for short-term considerations and to be mindful of the insider trading prohibitions under the Securities and Futures Act (Cap. 289) when trading in the Company's or any other corporation's securities.

CORPORATE SOCIAL RESPONSIBILITY

The Company is focused on balancing its goals of creating value for shareholders with a commitment towards social responsibility. An Environment Management System (EMS) closely monitors and manages the impact of the Company's business and activities on the environment. With EMS and ISO 14001 certification, a systematic approach to the management of environmental issues is put in place to benchmark with international best practice.

The Company takes a keen interest in contributing to the well-being of the community at large. It is committed to fulfilling its role as a responsible corporate citizen by actively contributing to the community, both in Singapore as well as in overseas locations where the Company operates. Additionally, the Company actively promotes and supports staff volunteerism in community work.

CORPORATE GOVERNANCE

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

Code Principle, 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.	9	✓
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.	9	✓
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.	11	✓
Principle 4: Board Membership There should be a formal and transparent process for the appointment of new Directors to the Board.	11, 18	✓
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.	11	✓
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.	11	✓
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.	13	✓
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.	13	✓
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.	13	✓
Principle 10: Accountability The Board should present a balanced and understandable assessment of the company's performance, position and prospects.	11	✓
Principle 11: Audit Committee The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.	12	✓
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.	13, 19	✓
Principle 13: Internal Audit The Company should establish an internal audit function that is independent of the activities it audits.	20	✓
Principle 14: Communication with Shareholders Companies should engage in regular, effective and fair communication with shareholders.	20	✓
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.	20	✓

CORPORATE GOVERNANCE

FURTHER INFORMATION ON BOARD OF DIRECTORS

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 the President of the Singapore National Employers Federation.

Amongst several other appointments, Mr Lee is a member of the Advisory Panel of Temasek Holdings (Private) Limited and an Alternate Member of the Council of Presidential Advisers. He was Chairman of the Singapore Business Federation from 2002 to 2008, PSA International from 2002 to 2006 and International Enterprise Singapore from 1995 to 2002. He was a Nominated Member of Parliament from 1994 to 1997. Mr Lee was awarded the Public Service Star in 1998 and the Distinguished Service Order in 2006 for his contributions to both the public and private sectors.

Age: 64

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

Current Directorships In Other Listed Companies

	Company	Title
1.	Singapore Airlines Ltd	Chairman

Career

	Organisation/Company	Title
1.	Shanghai Commercial & Savings Bank Ltd, Taiwan	Managing Director
2.	Great Malaysia Textile Investments Pte Ltd	Managing Director

Other Appointments/Directorships

	Organisation/Company	Title
1.	Singapore National Employers Federation	President
2.	Baosteel Group Corporation, China Shanghai	Director
3.	Singapore Labour Foundation	Director
4.	Kidney Dialysis Foundation	Director
5.	Shanghai Commercial Bank Ltd, Hong Kong	Director
6.	COFCO Corporation, China Beijing	Director
7.	Chinese Development Assistance Council	Board Member
8.	National Wages Council	Council Member
9.	SLF Strategic Advisers Pte Ltd	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Fraser & Neave Ltd	Director

CORPORATE GOVERNANCE

MR CHEW CHOON SENG
DEPUTY CHAIRMAN (retired on 1 January 2011)

Mr Chew was appointed Director and Deputy Chairman on 22 May 2003 and retired on 1 January 2011, following his retirement as Chief Executive Officer of Singapore Airlines Ltd. He is currently the Chairman of the Singapore Exchange Ltd and the Singapore Tourism Board. Mr Chew has been a Director of the Government of Singapore Investment Corporation Pte Ltd since January 2004.

Mr Chew was also a Director of Singapore Airlines Ltd and a past Chairman and member of the Board of Governors of the International Air Transport Association (IATA).

Mr Chew joined Singapore Airlines in 1972 and held senior assignments in Finance, Planning and Marketing, at head office and overseas before being appointed as the Chief Executive Officer in 2003. He was named Outstanding CEO for 2007 by the Singapore Business Awards panel.

Age: 64

Academic and Professional Qualifications:
- Bachelor of Engineering (1st Class Honours), University of Singapore, 1969
- Master of Science in Operations Research and Management Studies, Imperial College of Science and Technology, University of London, 1970

Current Directorships In Other Listed Companies

	Company	Title
1.	Singapore Exchange Ltd	Chairman

Other Major Appointments

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

Others

	Organisation/Company	Title
1.	Singapore Tourism Board	Chairman

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Singapore Airport Terminal Services Ltd	Deputy Chairman
2.	SIA Engineering Company Ltd	Deputy Chairman
3.	Singapore Airlines Ltd	Director and CEO
4.	International Air Transport Association	Member, Board of Governors

CORPORATE GOVERNANCE

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 and a Director of Singapore LNG Corporation Pte Ltd.

Age: 63

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

Current Directorships In Other Listed Companies

	Company	Title
1.	Venture Corporation Ltd	Director
2.	Singapore LNG Corporation Pte 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

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

Age: 57

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

Other Major Appointments

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

Others

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

Directorships/Appointments in the past 3 years

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

CORPORATE GOVERNANCE

MR OO SOON HEE
CHAIRMAN, NOMINATING COMMITTEE (elected on 25 October 2010)

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 on 1 June 2009. Mr Oo has more than 30 years of extensive experience in businesses operating locally and in Asia.

Mr Oo is presently an Executive Director of NSL Ltd and a Director on the Boards of ComfortDelGro Corporation Ltd, Bangkok Synthetics Co., Ltd, BST Elastomers Co., Ltd, Eastern Pretech Pte Ltd, NatSteel Asia Pte Ltd, Natsteel Holdings Pte Ltd, TRF Singapore Pte Ltd and York Transport Equipment (Asia) Pte Ltd.

Age: 67

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

Current Directorships In Other Listed Companies

	Company	Title
1.	ComfortDelGro Corporation Ltd	Director

Other Major Appointments

	Organisation/Company	Title
1.	NSL Ltd	Executive Director
2.	Bangkok Synthetics Co., Ltd	Director
3.	BST Elastomers Co., Ltd	Director
4.	Eastern Pretech Pte Ltd	Director
5.	NatSteel Asia Pte Ltd	Director
6.	NatSteel Holdings Pte Ltd	Director
7.	TRF Singapore Pte Ltd	Director
8.	York Transport Equipment (Asia) Pte Ltd	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	NSA Holdings Pte Ltd	Director
2.	Tata Steel Global Minerals Holdings Pte Ltd	Director
3.	Tata Steel (Thailand) Public Company Ltd	Director
4.	Southern Steel Berhad	Alternate Director

CORPORATE GOVERNANCE

MR GOH CHOON PHONG
DIRECTOR

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

Age: 47

Academic and Professional Qualifications:
- Bachelor of Science in Computer Science & Engineering
- Bachelor of Science in Management Science
- Bachelor of Science in Cognitive Science
- Master of Science in Computer Science & Electrical Engineering
  Massachusetts Institute of Technology

Current Directorships In Other Listed Companies

	Company	Title
1.	Singapore Airlines Limited	Director and CEO

Other Major Appointments

	Organisation/Company	Title
1.	Mount Alvernia Hospital	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	SilkAir (Singapore) Pte Ltd	Chairman
2.	Great Wall Airlines Company Ltd	Director
3.	Singapore Airlines Cargo Pte Ltd	Director

CORPORATE GOVERNANCE

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.

Age: 49

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

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 members' voluntary winding-up)	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

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 SembCorp Marine Ltd and NTUC Income Insurance Co-Operative Limited. He is also a member of the Competition Appeal Board. Mr Foo was previously a council member in the Institute of Certified Public Accountants of Singapore (ICPAS) and was awarded the ICPAS Gold Medal 2004 for his distinguished service to the accounting profession and the community.

Age: 63

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

Current Directorships In Other Listed Companies

	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

Others

	Organisation/Company	Title
1.	Competition Appeal Board	Board Member

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Singapore Deposit Insurance Corporation Ltd	Director

CORPORATE GOVERNANCE

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 the Chairman of Pteris Global Ltd and a Director of Phillip Ventures Enterprise Fund 3 Ltd, Singapore Pools Pte Ltd, Singapore Turf Club, the Inland Revenue Authority of Singapore, Star Softcomm Pte Ltd and Asia Philanthropic Ventures Private Limited. He is also an Adjunct Associate Professor at the National University of Singapore.

Age: 57

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

Current Directorships In Other Listed Companies

	Company	Title
1.	Pteris Global Ltd	Chairman

Other Major Appointments

	Organisation/Company	Title
1.	Asia Philanthropic Ventures Private Ltd	Director
2.	Phillip Ventures Enterprise Fund 3 Ltd	Director
3.	Singapore Pools Pte Ltd	Director
4.	Singapore Turf Club	Director
5.	Star Softcomm Pte Ltd	Director

Others

	Organisation/Company	Title
1.	Inland Revenue Authority of Singapore	Director
2.	National University of Singapore	Adjunct Associate Professor

Directorships/Appointments in the past 3 years
Nil

CORPORATE GOVERNANCE

MR NG CHIN HWEE
DIRECTOR

Mr Ng was appointed Director on 18 July 2008. He is the Executive Vice President for Human Resources and Operations 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 Executive Vice President for Human Resources and Planning on 1 January 2008.

Mr Ng is presently the Chairman of Singapore Airlines Cargo Pte Ltd and SIA Properties (Pte) Ltd and a Director of Virgin Atlantic Ltd, Virgin Atlantic Airways Ltd and Virgin Travel Group Ltd.

Age: 50

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

Other Major Appointments

	Organisation/Company	Title
1.	Singapore Airlines Cargo Pte Ltd	Chairman
2.	SIA Properties (Pte) Ltd	Chairman
3.	Virgin Atlantic Ltd	Director
4.	Virgin Atlantic Airways Ltd	Director
5.	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

Mr Tan was appointed Director on 1 March 2010. He is the President & Chief Executive Officer of SIA Engineering Company (SIAEC). The SIAEC Group of companies, with its main operations in Singapore and 25 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 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.

Age: 58

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

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

CORPORATE GOVERNANCE

MR TAN BIAN EE

CHAIRMAN, NOMINATING COMMITTEE (retired on 23 July 2010)

Mr Tan was appointed Director on 15 April 2004 and retired on 23 July 2010. 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 currently the Chief Executive Officer and Executive Director of MFS Technology Ltd. He is also 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.

Age: 64

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

Current Directorships In Other Listed Companies

	Company	Title
1.	AAC Acoustic Technologies Holdings Inc. (listed on the Stock Exchange of Hong Kong)	Director
2.	MFS Technology Ltd	Director & CEO

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.	SIA Engineering Company Ltd	Director

FINANCIALS

FINANCIAL REVIEW

EARNINGS

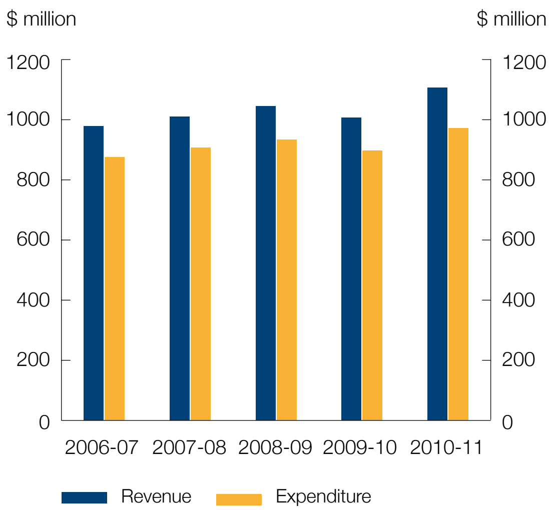
Group revenue grew by $100.5 million (+10.0%) to $1,106.9 million with all operating segments registering growth. Expenditure increased by a lower $75.2 million (+8.4%) to $971.2 million, with efforts to improve productivity and manage costs.

The Group achieved an operating profit of $135.7 million for the financial year ended 31 March 2011, an increase of $25.3 million (+22.9%) over the last financial year.

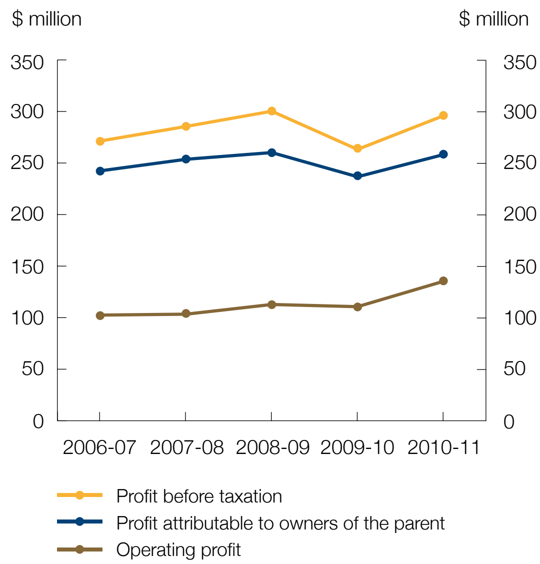
The Group's profit before taxation was $296.1 million in 2010-11, $33.5 million (+12.8%) higher than that in 2009-10. This was mainly due to a higher operating profit, and an increase in share of profits from our associated and joint venture companies of $14.7 million (+11.3%) to $144.4 million.

Profit attributable to owners of the parent of $258.5 million for 2010-11 was $22.4 million (+9.5%) higher than the previous financial year. Basic earnings per share for the Group increased by 1.9 cents (+8.6%) to 23.8 cents.

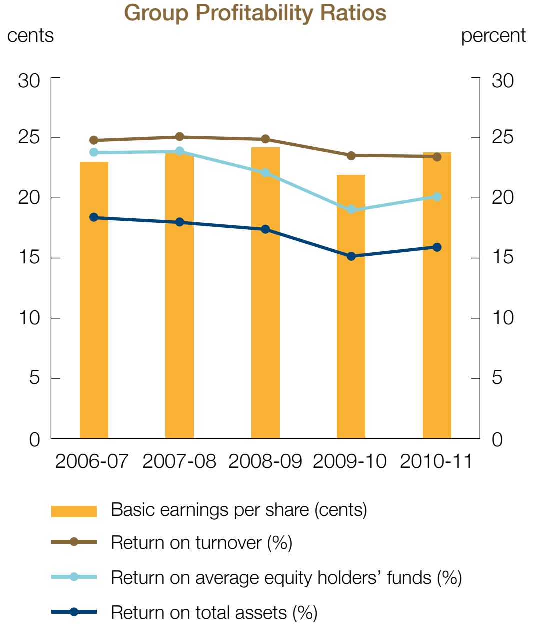
Group Revenue and Expenditure



Group Operating Profit, Profit Before Taxation and Profit Attributable to Owners of the Parent



Group Profitability Ratios



Profitability ratios of the Group are as follows:

	2010-11 %	2009-10 %	Change % points
Return on turnover	23.4	23.5	- 0.1
Return on average equity holders' funds	20.1	18.9	+ 1.2
Return on total assets	15.9	15.1	+ 0.8

FINANCIAL REVIEW

REVENUE

The Group's revenue composition is as follows:

	2010-11 $ million	2009-10 $ million	Change $ million	Change %
Airframe maintenance and component overhaul services	542.5	500.8	+ 41.7	+ 8.3
Fleet management programmes	163.8	128.6	+ 35.2	+ 27.4
Repair and overhaul	706.3	629.4	+ 76.9	+ 12.2
Line maintenance	400.6	377.0	+ 23.6	+ 6.3
Total	1,106.9	1,006.4	+ 100.5	+ 10.0

Revenue from repair and overhaul segment grew by $76.9 million (+12.2%) to $706.3 million with an increase in the number of aircraft checks, component overhaul work and fleet size of fleet management programme customers. Line maintenance revenue increased by $23.6 million (+6.3%) to $400.6 million with more flights handled, rectification and aircraft support work.

EXPENDITURE

The increase in the Group's expenditure came from:

	2010-11 $ million	2009-10 $ million	Change $ million	Change %
Staff costs	452.9	413.5	+ 39.4	+ 9.5
Material costs	223.9	220.4	+ 3.5	+ 1.6
Overheads	294.4	262.1	+ 32.3	+ 12.3
Total	971.2	896.0	+ 75.2	+ 8.4

Staff costs increased by $39.4 million (+9.5%) mainly due to lower jobs credit, service increments and higher provision for profit-sharing bonus. The increase in profit-sharing bonus was in line with the improved performance. Material costs rose by $3.5 million (+1.6%) to $223.9 million, in tandem with higher material revenue. Overheads increased by $32.3 million (+12.3%) mainly to support the revenue growth in 2010-11.

SHARE OF PROFITS OF ASSOCIATED AND JOINT VENTURE COMPANIES

Share of profits of associated and joint venture companies grew by $14.7 million (+11.3%) to $144.4 million. This represents 48.8% of the Group's pre-tax profits.

During the year 2010-11, the Company invested $1.1 million for a 49% equity stake in a line maintenance associated company in Vietnam, Southern Airports Aircraft Maintenance Services Company Limited. With this addition, the total number of joint venture and associated companies stands at 17 as at 31 March 2011.

TAXATION

The Group's tax expense was $34.9 million in 2010-11, an increase of $10.4 million (+42.4%) compared to that in 2009-10. Tax expense in the last financial year included write-back of tax provisions by associated companies.

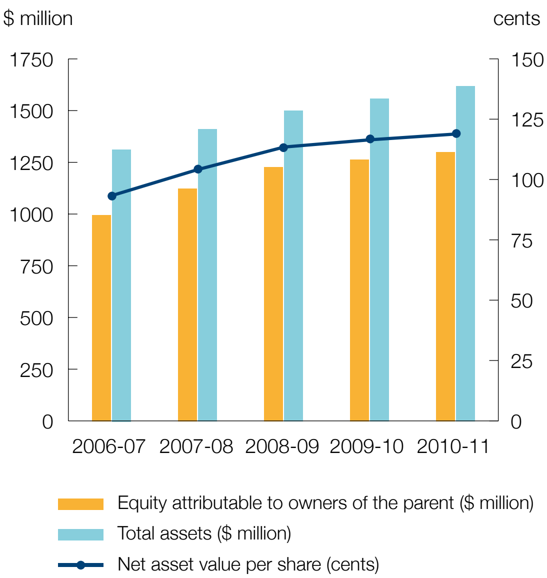
FINANCIAL REVIEW

FINANCIAL POSITION

Equity attributable to owners of the parent stood at $1,302.7 million as at 31 March 2011, an increase of $37.9 million (+3.0%) 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 13 cents per share in respect of financial year 2009-10 and interim dividend of 6 cents per share in respect of financial year 2010-11. Correspondingly, the net asset value per share of the Group rose 2.4 cents (+2.1%) to 119.4 cents as at 31 March 2011.

Total assets of the Group grew by $60.5 million (+3.9%) to $1,621.5 million at the end of the financial year under review. The Company had no borrowings and the cash balance of the Group as at 31 March 2011 amounted to $581.4 million.

Equity Attributable to Owners of the Parent, Total Assets and Net Asset Value Per Share



DIVIDENDS

An interim dividend of 6.0 cents per share, amounting to $65.4 million, was paid on 1 December 2010. The Board recommends a final ordinary dividend of 14.0 cents per share for 2010-11. Together with the interim dividend of 6.0 cents per share paid earlier, the ordinary dividend payment for FY2010-11 will be 20.0 cents per share. In addition, the Board recommends a special dividend of 10.0 cents per share, bringing the total dividend for FY 2010-11 to 30 cents per share.

Both dividends (amounting to approximately $261.9 million), if approved by shareholders during the Annual General Meeting to be held on 22 July 2011, will be paid on 11 August 2011.

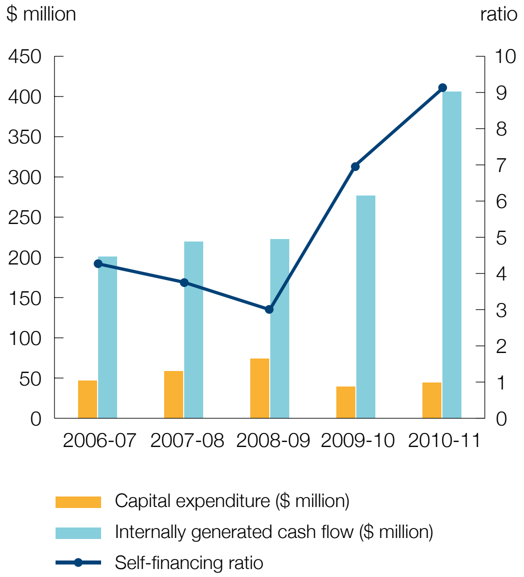
FINANCIAL REVIEW

CAPITAL EXPENDITURE AND CASH FLOW

In 2010-11, capital expenditure by the Group was $44.6 million, $5.0 million (+12.6%) higher than in the previous year. Approximately 48 per cent of the expenditure was spent on aircraft rotable spares, while 47 per cent was on plant, equipment and tooling and building projects. The purchase of aircraft rotable spares was required to support the increase in fleet size of customers for fleet management programmes.

Internally generated cash flow increased $128.8 million (+46.5%) to $405.9 million. The self-financing ratio of cash flow to capital expenditure rose to 9.1 times from 7.0 times last year.

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



STAFF STRENGTH AND INDICES

The Group's average staff strength in 2010-11 was 6,152, a 0.4% decrease from the previous financial year.

	2010-11	2009-10	% change
Revenue per employee ($)	179,927	163,009	+ 10.4
Value added per employee ($)	126,450	115,273	+ 9.7
Staff costs per employee ($)	73,609	66,972	+ 9.9
Average number of employees	6,152	6,174	- 0.4

FINANCIAL REVIEW

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

	2010-11	2009-10
Revenue	1,106.9	1,006.4
Less:		
Purchase of goods and services	(479.0)	(444.0)
Value added on operations	627.9	562.4
Add:		
Dividend income from long-term investment	12.5	15.5
Net interest income	1.4	1.0
Other income	1.6	–
Surplus on sale of property, plant and equipment	0.5	6.0
Share of profits of associated and joint venture companies	134.0	126.8
Total value added available for distribution	777.9	711.7
Applied as follows:		
To employees		
- Salaries and other staff costs	452.9	413.5
To government		
- Corporate taxes	24.5	21.5
To suppliers of capital		
- Ordinary dividends	218.1	194.6
- Special dividend	109.1	–
- Non-controlling interests	2.7	2.0
Retained for future capital requirements / (applied from the business)		
- Depreciation	37.7	34.4
- Amortisation of intangibles	1.6	4.2
- Retained profit	(68.7)	41.5
Total value added	777.9	711.7
Value added per $ revenue ($)	0.70	0.71
Value added per $ employment cost ($)	1.72	1.72
Value added per $ investment in property, plant and equipment ($)	1.18	1.21

REPORT BY THE BOARD OF DIRECTORS

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2011.

1. DIRECTORS OF THE COMPANY

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

Stephen Lee Ching Yen –	Chairman
Goh Choon Phong	(Non-independent, appointed on 1 January 2011)
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

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end, nor at any time during the financial year, did there subsist any arrangement 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"), interests in the following ordinary shares and share options of the Company, and of related companies:

	Direct interest		Deemed interest	
Name of Director	1.4.2010/ date of appointment	31.3.2011	1.4.2010/ date of appointment	31.3.2011
Interest in Singapore Airlines Limited				
Ordinary shares				
Stephen Lee Ching Yen	9,400	9,400	–	–
Goh Choon Phong	52,569	52,569	–	–
Koh Kheng Siong	14,000	14,000	–	–
Paul Chan Kwai Wah	–	–	18,800	18,800
Ron Foo Siang Guan	–	–	22,200	22,200
Ng Chin Hwee	–	6,855	–	–
William Tan Seng Koon	3,800	3,800	–	–
Options to subscribe for ordinary shares				
Goh Choon Phong	319,275	319,275	–	–
Ng Chin Hwee	130,525	130,525	–	–
William Tan Seng Koon	57,750	–	–	–

REPORT BY THE BOARD OF DIRECTORS

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

	Direct interest		Deemed interest	
Name of Director	1.4.2010/ date of appointment	31.3.2011	1.4.2010/ date of appointment	31.3.2011
Interest in Singapore Airlines Limited				
Conditional award of Restricted Share Plan (RSP) shares (Note 1)				
Goh Choon Phong				
- Base Awards	131,560	131,560	–	–
- Final Awards (Pending Release)	11,188	11,188	–	–
Ng Chin Hwee				
- Base Awards	38,080	136,040	–	–
- Final Awards (Pending Release)	–	6,855	–	–
Conditional award of Performance Share Plan (PSP) shares (Note 2)				
Goh Choon Phong – Base Awards	34,712	34,712	–	–
Ng Chin Hwee – Base Awards	33,600	48,600	–	–
Interest in SIA Engineering Company Limited				
Ordinary shares				
Ron Foo Siang Guan	15,000	15,000	25,000	25,000
Oo Soon Hee	–	–	2,000	2,000
Ng Chin Hwee	10,000	10,000	–	–
William Tan Seng Koon	55,780	98,876	–	–
Options to subscribe for ordinary shares				
William Tan Seng Koon	1,002,200	892,200	–	–
Conditional award of Restricted Share Plan (RSP) shares (Note 1)				
William Tan Seng Koon				
- Base Awards	68,000	91,000	–	–
- Final Awards (Pending Release)	14,912	29,316	–	–
Conditional award of Performance Share Plan (PSP) shares (Note 2)				
William Tan Seng Koon – Base Awards	96,600	114,800	–	–
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Stephen Lee Ching Yen	190	190	190	190
Goh Choon Phong	1,610	1,610	–	–
Koh Kheng Siong	10,500	10,500	2,900	2,900
Paul Chan Kwai Wah	122,600	122,600	1,550	1,550
Andrew Lim Ming-Hui	3,566	3,566	1,550	1,550
Ron Foo Siang Guan	–	20,000	–	–
Lim Joo Boon	8,140	8,140	1,120	1,120
Oo Soon Hee	9,010	9,010	5,480	5,480
Ng Chin Hwee	2,840	2,840	1,360	1,360
William Tan Seng Koon	3,431	3,431	2,420	2,420

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.*

REPORT BY THE BOARD OF DIRECTORS

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

	Direct interest		Deemed interest	
Name of Director	1.4.2010/ date of appointment	31.3.2011	1.4.2010/ date of appointment	31.3.2011
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Goh Choon Phong	6,000	6,000	–	–
Koh Kheng Siong	34,361	34,361	–	–
Paul Chan Kwai Wah	81,000	81,000	–	–
Ron Foo Siang Guan	45,000	45,000	3,000	–
Oo Soon Hee	–	–	5,000	5,000
Interest in Neptune Orient Lines Limited				
Ordinary shares				
Stephen Lee Ching Yen	30,000	30,000	–	–
Paul Chan Kwai Wah	1,000	1,000	1,000	1,000
Interest in Mapletree Logistics Trust				
Units				
Paul Chan Kwai Wah	296,796	296,796	–	–
Oo Soon Hee	20,000	23,000	77,302	83,486
Ng Chin Hwee	2,000	2,000	–	–
Interest in Mapletree Industrial Trust				
Units				
Paul Chan Kwai Wah	–	11,000	–	–
Interest in SP AusNet				
Ordinary shares				
Oo Soon Hee	100,000	100,000	10,000	10,000
Ng Chin Hwee	2,000	2,000	–	–
Interest in StarHub Ltd				
Ordinary shares				
Ron Foo Siang Guan	100,000	–	–	–

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

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2011.

4. DIRECTORS' CONTRACTUAL BENEFITS

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

REPORT BY THE BOARD OF DIRECTORS

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
Goh Choon Phong (appointed on 1 January 2011)
Koh Kheng Siong
Lim Joo Boon

(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 46,921,350 unissued shares in the Company were outstanding:

	Number of options to subscribe for unissued ordinary shares					
Date of grant	Balance at 1.4.2010	Cancelled	Exercised	Balance at 31.3.2011	Exercise price *	Exercisable period
03.07.2000	659,113	(48,800)	(610,313)	–	$1.55	03.07.2001 - 02.07.2010
02.07.2001	308,600	(3,600)	(85,000)	220,000	$1.01	02.07.2002 - 01.07.2011
01.07.2002	3,244,000	(11,600)	(833,800)	2,398,600	$1.98	01.07.2003 - 30.06.2012
01.07.2003	744,400	(4,000)	(158,475)	581,925	$1.35	01.07.2004 - 30.06.2013
01.07.2004	3,347,025	(17,600)	(829,500)	2,499,925	$1.69	01.07.2005 - 30.06.2014
01.07.2005	6,957,925	(35,600)	(1,682,800)	5,239,525	$2.25	01.07.2006 - 30.06.2015
03.07.2006	13,383,650	(60,400)	(3,120,125)	10,203,125	$3.44	03.07.2007 - 02.07.2016
02.07.2007	14,783,650	(180,800)	(15,600)	14,587,250	$4.67	02.07.2008 - 01.07.2017
01.07.2008	13,238,000	(91,600)	(1,955,400)	11,191,000	$3.74	01.07.2010 - 30.06.2018
	56,666,363	(454,000)	(9,291,013)	46,921,350		

* *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 directors of the Company are as follows:

Name of participant	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding at end of financial year under review
William Tan Seng Koon	1,511,200	619,000	892,200

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

REPORT BY THE BOARD OF DIRECTORS

5. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

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

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

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

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

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

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

Under the RSP and PSP, a base number of conditional share awards **("Base Award")** is granted to eligible participants annually. Depending on the achievement of pre-determined targets over a two-year performance period for the RSP and a three-year performance period for the PSP, the 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 directors of the Company are as follows:

RSP Base Awards

Name of Participant	Balance as at 1 April 2010 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2011 = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
William Tan Seng Koon	68,000	63,000	40,000	91,000	171,200

RSP Final Awards (Pending Release) (Note 1)

Name of Participant	Balance as at 1 April 2010 (a)	Final Awards granted during the financial year* (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2011 = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
William Tan Seng Koon	14,912	50,400	35,996	29,316	64,296

* 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.

REPORT BY THE BOARD OF DIRECTORS

5. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

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

PSP Base Awards (Note 2)

Name of Participant	Balance as at 1 April 2010 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year* (c)	Balance as at 31 March 2011 = (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	96,600	41,000	22,800	114,800	151,300	22,580

* 17,100 PSP Final Awards of SIAEC ordinary shares were released to Mr Tan pursuant to the vesting of 22,800 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 as auditors.

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

WILLIAM TAN SENG KOON
Chief Executive Officer

Dated this 10th day of May 2011

STATEMENT BY THE DIRECTORS Pursuant to Section 201(15) of The Singapore Companies Act, Cap 50

We, Stephen Lee Ching Yen and William Tan Seng Koon, 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 2011 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(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

WILLIAM TAN SENG KOON
Chief Executive Officer

Dated this 10th day of May 2011

INDEPENDENT AUDITORS' REPORT

To the Members of SIA Engineering Company Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of SIA Engineering Company Limited (the "Company") and its subsidiary companies (collectively, the Group) set out on pages 47 to 115, which comprise the balance sheets of the Group and the Company as at 31 March 2011, 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 information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group, and the 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 2011 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

REPORT OF OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those 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 10th day of May 2011

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2011 (in thousands of $)

		The Group	
	Notes	2010-11	2009-10
REVENUE	3	1,106,911	1,006,416
EXPENDITURE			
Staff costs	4	452,846	413,484
Material costs		223,925	220,413
Depreciation	14	37,715	34,367
Amortisation of intangibles	15	1,619	4,168
Company accommodation		47,402	44,458
Subcontract costs		126,769	93,344
Other operating expenses		80,930	85,769
		971,206	896,003
OPERATING PROFIT	5	135,705	110,413
Interest income	6	1,389	1,005
Interest on external borrowings		(33)	(18)
Surplus on disposal of property, plant and equipment		510	5,991
Other income		1,651	–
Dividend from long-term investment		12,497	15,476
Share of profits of associated companies		69,765	73,610
Share of profits of joint venture companies		74,599	56,128
PROFIT BEFORE TAXATION		296,083	262,605
Taxation expense	7	(34,853)	(24,477)
PROFIT FOR THE FINANCIAL YEAR		261,230	238,128
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		258,520	236,130
Non-controlling interests		2,710	1,998
		261,230	238,128
BASIC EARNINGS PER SHARE (CENTS)	8	23.8	21.9
DILUTED EARNINGS PER SHARE (CENTS)	8	23.5	21.8

The accompanying accounting policies and explanatory notes on pages 53 to 115 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2011 (in thousands of $)

		The Group	
	Notes	2010-11	2009-10
PROFIT FOR THE FINANCIAL YEAR		261,230	238,128
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR			
Foreign currency translation		(50,828)	(45,000)
Net fair value adjustment on cash flow hedges		3,642	2,044
Share of other comprehensive income of a joint venture company	18	568	–
Other comprehensive income, net of tax		(46,618)	(42,956)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		214,612	195,172
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		213,885	194,785
Non-controlling interests		727	387
		214,612	195,172

The accompanying accounting policies and explanatory notes on pages 53 to 115 form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2011 (in thousands of $)

		The Group		The Company	
	Notes	2011	2010	2011	2010
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	10	297,830	262,898	297,830	262,898
Share-based compensation reserve	11	40,680	45,393	40,680	45,393
Foreign currency translation reserve		(128,611)	(79,766)	–	–
Fair value reserve	11	4,395	185	3,827	185
General reserve		1,088,396	1,036,085	804,509	721,988
		1,302,690	1,264,795	1,146,846	1,030,464
NON-CONTROLLING INTERESTS		25,492	26,908	–	–
TOTAL EQUITY		1,328,182	1,291,703	1,146,846	1,030,464
DEFERRED TAXATION	12	31,150	28,073	26,394	24,042
LONG-TERM LIABILITY					
Finance lease commitments – repayable after one year	13	–	5	–	–
		1,359,332	1,319,781	1,173,240	1,054,506
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	14	318,685	315,499	283,770	278,216
INTANGIBLES	15	25,099	16,757	2,160	2,342
SUBSIDIARY COMPANIES	16	–	–	67,462	52,047
ASSOCIATED COMPANIES	17	296,026	362,614	179,268	178,151
JOINT VENTURE COMPANIES	18	102,774	108,249	56,599	56,599
LONG-TERM INVESTMENT	19	14,606	14,606	14,606	14,606
CURRENT ASSETS					
Trade debtors	20	91,224	72,093	77,806	58,817
Prepayments and other debtors	21	14,325	13,737	11,399	10,163
Immediate holding company	22	44,317	109,847	43,121	108,309
Related parties	23	26,138	28,459	17,833	23,216
Inventories	24	53,002	49,464	41,782	39,435
Work-in-progress		53,950	43,855	52,672	42,549
Short-term deposits	25	529,847	374,414	528,102	367,582
Cash and bank balances	26	51,561	51,428	40,410	42,640
		864,364	743,297	813,125	692,711
Less:					
CURRENT LIABILITIES					
Trade and other creditors	27	235,445	217,228	219,415	197,069
Bank loans	28	1,701	–	–	–
Finance lease commitments – repayable within one year	13	5	33	–	–
Tax payable		25,071	23,980	24,335	23,097
		262,222	241,241	243,750	220,166
NET CURRENT ASSETS		602,142	502,056	569,375	472,545
		1,359,332	1,319,781	1,173,240	1,054,506

The accompanying accounting policies and explanatory notes on pages 53 to 115 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2011 (in thousands of $)

	Notes	Attributable to Owners of the Parent							
		Share Capital	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
The Group									
Balance at 1 April 2010		262,898	45,393	(79,766)	185	1,036,085	1,264,795	26,908	1,291,703
Total comprehensive income for the financial year		–	–	(48,845)	4,210	258,520	213,885	727	214,612
Share-based compensation expense	11	–	4,351	–	–	–	4,351	–	4,351
Share awards released	10	2,252	(2,252)	–	–	–	–	–	–
Share options exercised	10	32,680	(6,477)	–	–	–	26,203	–	26,203
Share options lapsed	11	–	(335)	–	–	335	–	–	–
Dividends	9	–	–	–	–	(206,544)	(206,544)	(2,143)	(208,687)
Balance at 31 March 2011		297,830	40,680	(128,611)	4,395	1,088,396	1,302,690	25,492	1,328,182
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 income for the financial year		–	–	(43,389)	2,044	236,130	194,785	387	195,172
Capital contribution		–	–	–	–	–	–	1,018	1,018
Share-based compensation expense	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	11	–	(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

The accompanying accounting policies and explanatory notes on pages 53 to 115 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2011 (in thousands of $)

	Notes	Share Capital	Share-based compensation reserve	Fair value reserve	General reserve	Total
The Company						
Balance at 1 April 2010		262,898	45,393	185	721,988	1,030,464
Total comprehensive income for the financial year		–	–	3,642	288,730	292,372
Share-based compensation expense	11	–	4,351	–	–	4,351
Share awards released	10	2,252	(2,252)	–	–	–
Share options exercised	10	32,680	(6,477)	–	–	26,203
Share options lapsed	11	–	(335)	–	335	–
Dividends	9	–	–	–	(206,544)	(206,544)
Balance at 31 March 2011		297,830	40,680	3,827	804,509	1,146,846
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 compensation expense	11	–	8,038	–	–	8,038
Share awards released	10	898	(898)	–	–	–
Share options exercised	10	6,387	(691)	–	–	5,696
Share options lapsed	11	–	(668)	–	668	–
Dividends	9	–	–	–	(172,661)	(172,661)
Balance at 31 March 2010		262,898	45,393	185	721,988	1,030,464

The accompanying accounting policies and explanatory notes on pages 53 to 115 form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2011 (in thousands of $)

	Notes	The Group 2010-11	The Group 2009-10
NET CASH PROVIDED BY OPERATING ACTIVITIES	29	218,979	110,061
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(44,603)	(39,617)
Purchase of intangible assets		(12,363)	(14,248)
Proceeds from disposal of property, plant and equipment		576	360
Investment in an associated company		(1,117)	(980)
Dividend received from long-term investment		12,497	15,476
Dividends received from associated companies		97,910	89,682
Dividends received from joint venture companies		67,383	63,697
Interest received from deposits		1,162	1,103
NET CASH PROVIDED BY INVESTING ACTIVITIES		121,445	115,473
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(206,544)	(172,661)
Dividends paid by subsidiary companies to non-controlling interests		(2,143)	(962)
Proceeds from exercise of share options		26,203	5,696
Proceeds from issuance of share capital by a subsidiary company to non-controlling interests		–	1,018
Interest paid		(33)	(18)
Repayment of finance lease obligations		(33)	(46)
Net proceeds from / (repayment of) bank loan		1,701	(760)
NET CASH USED IN FINANCING ACTIVITIES		(180,849)	(167,733)
NET CASH INFLOW		159,575	57,801
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		425,842	372,473
Effect of exchange rate changes		(4,009)	(4,432)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		581,408	425,842
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	25	529,847	374,414
Cash and bank balances	26	51,561	51,428
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		581,408	425,842

The accompanying accounting policies and explanatory notes on pages 53 to 115 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

1. GENERAL

SIA Engineering Company Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). 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 at 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 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 10 May 2011.

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, except as mentioned under Note 2(b).

(a) Basis of accounting

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

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

The financial statements are presented in Singapore Dollars ($) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

(b) New and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as disclosed below:

FRS 103 Business Combinations (revised) and FRS 27 *Consolidated and Separate Financial Statements* (revised)

The revised FRS 103 Business Combinations and FRS 27 Consolidated and Separate Financial Statements are applicable for annual periods beginning on or after 1 July 2009. As of 1 April 2010, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

<u>FRS 103 *Business Combinations (revised)*</u>

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(b) New and revised standards (continued)

FRS 103 *Business Combinations (revised)* (continued)

Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interests at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

FRS 27 *Consolidated and Separate Financial Statements* (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 January 2010. The changes will affect future transactions with non-controlling interests.

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

Description	Effective for annual periods beginning on or after
INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
Revised FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 *Prepayments of a Minimum Funding Requirement*	1 January 2011
INT FRS 115 *Agreements for the Construction of Real Estate*	1 January 2011
Amendments to FRS 101 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.	1 July 2011
Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax – Recovery of Underlying Assets	1 January 2012
Improvements to FRS 2010	1 January 2011 unless otherwise stated

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(b) New and revised standards (continued)

Except for the revised FRS 24, the management expects that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

Revised FRS 24 *Related Party Disclosures*

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party on the disclosure of related party transaction. 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.

(c) Significant accounting estimates

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an 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 end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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. The carrying amount of the Group's and Company's plant, equipment and tooling, and aircraft rotable spares as at 31 March 2011 was $136,662,000 (2010: $124,423,000) and $126,323,000 (2010: $112,954,000) respectively. 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 2011 was $25,071,000 (2010: $23,980,000) and $31,150,000 (2010: $28,073,000) respectively.

The carrying amount of the Company's current tax payable and deferred tax liabilities as at 31 March 2011 was $24,335,000 (2010: $23,097,000) and $26,394,000 (2010: $24,042,000) 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 and Company's work-in-progress as at 31 March 2011 was $53,950,000 (2010: $43,855,000) and $52,672,000 (2010: $42,549,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

Business combinations from 1 January 2010

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

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

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

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

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

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2(f). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as revaluation and recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(d) Basis of consolidation (continued)

Business combinations before 1 January 2010 (continued)

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

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

(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 so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to the majority of the voting rights.

An associated company is defined as an entity, not being a subsidiary company or joint venture company, in which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to not less than 20% of the voting rights. 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 companies 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 and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associated company in the period in which the investment is acquired.

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

The Group's share of the profit or loss of its associates is shown in profit or loss before tax.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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 the end of each reporting period whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount in 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.

Upon loss of significant influence over the associate / joint control, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the former associate / joint venture entity upon loss of significant influence / joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(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.

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 acquiree 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. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(f) Intangible assets (continued)

Other intangible assets (continued)

The useful lives of intangible assets are assessed as either finite or indefinite.

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 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.

Gains 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 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 the end of each reporting period.

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.

(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. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(g) Functional and foreign currencies (continued)

Transaction and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Non-monetary items 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 items measured at fair value in a foreign currency are translated using exchange rates that existed when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations.

Group Companies

For the purposes of the consolidated financial statements, the assets and liabilities of the foreign operations are translated into Singapore dollars at the exchange rates ruling at the end of the reporting period and their profit or loss are translated into Singapore dollars at the prevailing exchange rates at the date of the transactions. The resulting gains or losses on exchange are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve.

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

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.

On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(h) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. 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.

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 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 profit or loss as incurred. The borrowing costs that is directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment is also capitalised. The accounting policy for borrowing costs is set out in Note 2 (ab).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

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 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 profit or loss in the year the asset is derecognised.

(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 the end of each reporting period.

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.

Engine overhaul tooling

These are depreciated over 5 or 7 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 to 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(j) Leased assets – as lessee (continued)

Operating lease

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

(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.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

(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

Initial recognition and measurement

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

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from change 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 differences, 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 realised within 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(m) Financial assets (continued)

Subsequent measurement (continued)

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. Receivables are included in trade debtors on the balance sheet. The accounting policy for trade debtors is stated in Note 2(q).

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investment classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously reported in other comprehensive income is reclassified from equity to profit or loss when the financial asset is derecognised.

Investments in equity investments whose fair value cannot be reliably measured are stated at cost less impairment losses.

(n) Financial liabilities

Initial recognition and measurement

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. The Group determines the classification of its financial liabilities at initial recognition.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value though profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated hedging instruments in hedge relationships.

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

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(n) Financial liabilities (continued)

Subsequent measurement (continued)

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(o) Derecognition of financial assets and liabilities

Financial assets

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

On derecognition of a financial asset 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 recognised in profit or loss.

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

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 financial asset. 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).

(r) Cash and bank balances

Cash and bank balances are defined as cash at bank and on hand, demand deposits and short-term, highly liquid investments readily convertible to cash and which are subject to an 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).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(s) Taxation

Current tax

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 end of the reporting period, in the countries where the Group operates and generate taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of 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 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.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiary, associated and joint venture companies, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(s) Taxation (continued)

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the applicable expense; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(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

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

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.

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 or awards are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(u) Employee benefits (continued)

Equity compensation plans (continued)

Equity-settled transactions (continued)

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 plans

As required by law, the companies in Singapore make contributions to the Central Provident Fund scheme ("CPF") in Singapore, a defined contribution scheme. Certain of the Group's subsidiary companies outside Singapore makes contributions to its respective country's pension schemes. Such contributions are recognised as expenses in the period in which the related services are performed.

Defined benefit plan

The Group contributes to an unfunded, non-contributory, defined benefit pension plan for most of the regular employees 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 profit or loss when the liabilities are derecognised as well as through the amortisation process.

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

Provision for warranty claims is made for 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(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. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

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 method.

(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.

(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.

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(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 or group of assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

For assets excluding goodwill and those with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

(ad) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

The carrying amount of the asset is reduced either directly or through the use of an allowance account. The impairment loss is recognised in 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.

Financial assets carried at cost

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(ad) Impairment of financial assets (continued)

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value had been below its original cost.

If an available-for-sale asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increases in their fair values after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed 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.

The Group applies hedge accounting for hedging relationships which qualify for hedge accounting. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedged item or transaction, the hedging instrument, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's (or transaction's) cash flows attributable or fair values of 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 or loss unless they qualify for hedge accounting. Hedges which meet the criteria for hedge accounting are accounted for as cash flow hedges.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. ACCOUNTING POLICIES (continued)

(ae) Derivative financial instruments and hedging (continued)

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised initially in other comprehensive income and accumulated under the fair value reserve (Note 11), while the ineffective portion is recognised immediately in profit or loss.

Amounts taken to the fair value reserve are transferred to profit or loss 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

For management purposes, the Group is organised into operating segments based on the nature of the services provided which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

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. Additional disclosures on each of these segments are shown in Note 33 including the factors used to identify the reportable segments and the measurement basis of segment information.

(ag) Contingencies

A contingent liability is:

- a possible obligation that arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

3. REVENUE (in thousands of $)

	The Group	
	2010-11	2009-10
Airframe maintenance and component overhaul services	542,501	500,843
Line maintenance and technical ground handling	400,611	376,963
Fleet management programmes	163,799	128,610
	1,106,911	1,006,416

4. STAFF COSTS (in thousands of $)

	The Group	
	2010-11	2009-10
Salary, bonuses and other costs	418,243	386,378
CPF and other defined contributions	30,289	19,112
Share-based compensation expense	4,314	7,994
	452,846	413,484

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 for another 6 months with payment in March 2010 and June 2010 at stepped down rates, where the Group received 6% and 3% cash grant respectively on the first $2,500 of each month’s wages for each employee on their CPF payroll. The total grant received was $1,196,000 (2009-10: $14,832,000) 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 in two of its overseas subsidiaries. Defined benefit expenses for the Group were approximately $192,000 (2009-10: $34,000). As these amounts are not material to the total staff costs of the Group for 2010-11 and 2009-10, 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	
	2010-11	2009-10
Exchange loss *	3,551	6,733
Operating lease expenses	5,295	4,012
Provision for obsolete stocks, net	2,479	2,354
Provision for warranty claims, net	(324)	–
Professional fee paid to a firm in which a director is a member	126	16
Remuneration for auditors of the Company		
- Audit fees	276	207
- Non-audit fees	148	177

* Amount includes a net fair value gain on forward currency contracts used for hedging purposes of $4,832,000 (2009-10: $863,000), which are realised in current financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

6. INTEREST INCOME (in thousands of $)

	The Group	
	2010-11	2009-10
Deposits placed with immediate holding company	1,345	952
Deposits placed with banks	43	44
Staff loans	1	9
	1,389	1,005

7. TAXATION EXPENSE (in thousands of $)

The major components of income tax expense for the years ended 31 March 2011 and 2010 are as follows:

	The Group	
	2010-11	2009-10
Current tax		
Provision for the financial year	(23,526)	(18,394)
Over / (Under) provision in respect of prior years	1,348	(60)
Share of associated companies' tax	(7,390)	(2,342)
Share of joint venture companies' tax	(2,954)	(585)
	(32,522)	(21,381)
Deferred tax		
Movement in temporary differences	331	(3,096)
Underprovision in respect of prior years	(2,662)	–
	(2,331)	(3,096)
Income tax expense recognised in profit or loss	(34,853)	(24,477)
Deferred tax related to other comprehensive income:		
Net change in the fair value of derivative financial instruments designated as cash flow hedges	(784)	(38)

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) was terminated on 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

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

	The Group	
	2010-11	2009-10
Profit before taxation	296,083	262,605
Taxation at statutory tax rate of 17.0% (2010: 17.0%)	(50,334)	(44,643)
Adjustments		
Income not subject to tax	16,632	22,726
Income subject to concessionary tax rate	4,632	–
Deferred tax assets not recognised	(496)	(642)
Expenses not deductible for tax purposes	(2,080)	(2,060)
Effects of difference in tax rates of other countries	(836)	(195)
Underprovision in relation to prior years	(1,314)	(60)
Effects of additional tax payable on repatriation of profits of certain associated companies	(1,286)	115
Others	229	282
Taxation	(34,853)	(24,477)

8. EARNINGS PER SHARE

	The Group	
	2010-11	2009-10
Profit attributable to owners of the parent (in thousands of $)	258,520	236,130
Weighted average number of ordinary shares in issue used for computing basic earnings per share	1,087,597,715	1,079,353,879
Adjustment for dilutive potential ordinary shares	12,007,354	5,658,882
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	1,099,605,069	1,085,012,761
Basic earnings per share (cents)	23.8	21.9
Diluted earnings per share (cents)	23.5	21.8

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

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

14,587,250 (2010: 41,405,300) of share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous years presented.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

	The Group and Company	
	2010-11	2009-10
Dividends Paid:		
Final dividend of 13.0 cents per share in respect of 2009-10 (2009-10: 11.0 cents per share in respect of 2008-09)	141,136	118,698
Interim dividend of 6.0 cents per share in respect of 2010-11 (2009-10: 5.0 cents per share in respect of 2009-10)	65,408	53,963
	206,544	172,661

The directors propose a final dividend of 24.0 cents per share, comprising an ordinary dividend of 14.0 cents per share and a special dividend of 10.0 cents per share (2009-10: final ordinary dividend of 13.0 cents per share), amounting to approximately $152,800,000 and $109,143,000 respectively (2009-10: $141,136,000) to be paid for the financial year ended 31 March 2011.

10. SHARE CAPITAL (in thousands of $)

	The Group and Company 31 March	
	2011	2010
Issued and fully paid		
Balance at 1 April		
1,081,468,197 shares (2010: 1,078,016,583 shares)	262,898	255,613
9,291,013 share options exercised during the year (2009-10: 3,237,400)	32,680	6,387
670,107 share awards released during the year (2009-10: 214,214)	2,252	898
Balance at 31 March		
1,091,429,317 shares (2010: 1,081,468,197 shares)	297,830	262,898

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. The ordinary shares have no par value.

During the financial year, the Company issued 9,291,013 shares (2010: 3,237,400) upon the exercise of options granted under the Employee Share Option Plan. In addition, the Company issued 670,107 shares (2010: 214,214) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(a) Share Option Plan (continued)

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

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

(i) one year after the date of grant for 25% of the ordinary shares subject to the options;
(ii) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;
(iii) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and
(iv) four years after the date of grant for the remaining 25% of the ordinary shares subject to the options.

There are no cash settlement alternatives.

The following table illustrates the number and weighted average exercise prices of, and movements in, the ESOP during the financial year:

	2010-11		2009-10	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 April	56,666,363	$3.44	61,260,663	$3.34
Exercised	(9,291,013)	$2.82	(3,237,400)	$1.76
Cancelled	(454,000)	$3.55	(1,356,900)	$3.19
Outstanding at 31 March	46,921,350	$3.56	56,666,363	$3.44
Exercisable at 31 March	46,619,125	$3.55	42,413,688	$3.32

The range of exercise prices for options outstanding at the end of the year was $1.01 - $4.67 (2009-10: $1.01 - $4.67). The weighted average remaining contractual life for these options is 5.56 years (2009-10: 6.38 years).

The weighted average share price for options exercised during the year was $4.14 (2009-10: $2.87).

Following the expiry of the share option plans in March 2009, the Company ceased to grant options under ESOP.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(a) Share Option Plan (continued)

Terms of share options outstanding as at 31 March 2011:

Exercisable period	Exercise price ($)	Number outstanding	Number exercisable
02.07.2002 - 01.07.2011	1.01	11,300	11,300
02.07.2003 - 01.07.2011	1.01	186,100	186,100
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	169,825	169,825
01.07.2004 - 30.06.2012	1.98	1,548,425	1,548,425
01.07.2005 - 30.06.2012	1.98	339,800	339,800
01.07.2006 - 30.06.2012	1.98	340,550	340,550
01.07.2004 - 30.06.2013	1.35	49,875	49,875
01.07.2005 - 30.06.2013	1.35	418,675	418,675
01.07.2006 - 30.06.2013	1.35	52,750	52,750
01.07.2007 - 30.06.2013	1.35	60,625	60,625
01.07.2005 - 30.06.2014	1.69	190,500	190,500
01.07.2006 - 30.06.2014	1.69	1,732,550	1,732,550
01.07.2007 - 30.06.2014	1.69	256,250	256,250
01.07.2008 - 30.06.2014	1.69	320,625	320,625
01.07.2006 - 30.06.2015	2.25	307,000	307,000
01.07.2007 - 30.06.2015	2.25	4,075,275	4,075,275
01.07.2008 - 30.06.2015	2.25	386,500	386,500
01.07.2009 - 30.06.2015	2.25	470,750	470,750
03.07.2007 - 02.07.2016	3.44	323,350	323,350
03.07.2008 - 02.07.2016	3.44	9,134,925	9,134,925
03.07.2009 - 02.07.2016	3.44	372,425	372,425
03.07.2010 - 02.07.2016	3.44	372,425	372,425
02.07.2008 – 01.07.2017	4.67	300,975	300,975
02.07.2009 – 01.07.2017	4.67	13,681,825	13,681,825
02.07.2010 – 01.07.2017	4.67	302,225	302,225
02.07.2011 – 01.07.2017	4.67	302,225	–
01.07.2010 – 30.06.2018	3.74	11,191,000	11,191,000
Total number of options outstanding / exercisable		46,921,350@	46,619,125

@ *The total number of options outstanding includes 6,140,950 (2009-10: 6,451,100) 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.*

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(b) Share-based incentive plans

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

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

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

The movement of the shares awarded during the financial year is as follows:

RSP

	Number of Restricted shares				
Date of grant	Balance at 1.4.2010/ date of grant	Adjustment *	Cancelled	Released	Balance at 31.3.2011
03.07.2006	50,733	–	(3,084)	(47,649)	–
02.07.2007	144,504	–	(6,800)	(71,632)	66,072
01.07.2008	833,100	216,606	(75,590)	(504,926)	469,190
01.07.2009	708,800	–	(6,000)	–	702,800
13.07.2009	98,000	–	–	–	98,000
01.07.2010	710,400	–	(8,400)	–	702,000
	2,545,537	216,606	(99,874)	(624,207)	2,038,062

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(b) Share-based incentive plans (continued)

PSP

	Number of Performance shares				
Date of grant	Balance at 1.4.2010/ date of grant	Adjustment *	Cancelled	Released	Balance at 31.3.2011
02.07.2007	61,200	(15,300)	–	(45,900)	–
01.07.2008	128,500	–	–	–	128,500
13.07.2009	102,800	–	–	–	102,800
01.07.2010	171,000	–	–	–	171,000
	463,500	(15,300)	–	(45,900)	402,300

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

Fair value of RSP and PSP awards

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 key inputs to the model used for the July 2010 and July 2009 award:

	July 2010 Award		July 2009 Award	
	RSP	PSP	RSP	PSP
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	31.61	31.61	28.82 – 35.30	31.55
Risk-free interest rate (%)	0.48 – 0.67	0.54	0.55 – 1.16	0.55
Expected term (years)	2.00 – 4.00	3.00	2.00 – 4.00	3.00
Share price at date of grant ($)	3.92	3.92	2.58 – 2.79	2.58

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.

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from $3.19 to $3.53 (2009-10: $2.12 to $2.55) and the estimated fair value at date of grant for each share granted under the PSP is $3.50 (2009-10: $2.87).

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 profit or loss 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 profit or loss and share-based compensation reserve.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(b) Share-based incentive plans (continued)

Under the RSP and PSP, 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 2011, were 2,038,062 (2010: 1,835,137) and 402,300 (2010: 292,500) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,789,462 (2010: 2,683,988) and 804,600 (2010: 554,400) fully-paid ordinary shares for RSP and PSP respectively.

For the current financial year, the Group has provided approximately $3,107,000 (2009-10: $2,126,000) 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 profit or loss for share-based compensation transactions with employees are as follows:

	The Group and Company	
	2010-11	2009-10
Share-based compensation expense		
- Employee share option plan	1,207	5,868
- Restricted share plan	2,846	1,963
- Performance share plan	261	163
	4,314	7,994

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	
	2011	2010
Balance at 1 April	45,393	39,612
Grant of equity-settled share options and awards	4,351	8,038
Release of share awards	(2,252)	(898)
Exercise of share options	(6,477)	(691)
Share options lapsed	(335)	(668)
Balance at 31 March	40,680	45,393

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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 31 March	
	2011	2010
Balance at 1 April	185	(1,859)
Net gain on fair value changes	8,474	2,907
Recognised in "other operating expenses" in profit or loss on occurrence of the foreign currency contracts	(4,832)	(863)
Share of other comprehensive income of a joint venture company	568	–
Balance at 31 March	4,395	185

	The Company 31 March	
	2011	2010
Balance at 1 April	185	(1,859)
Net gain on fair value changes	8,474	2,907
Recognised in "other operating expenses" in profit or loss on occurrence of the foreign currency contracts	(4,832)	(863)
Balance at 31 March	3,827	185

12. DEFERRED TAXATION (in thousands of $)

Deferred tax relates to the following items:

	Group				Company	
	Consolidated balance sheet 31 March		Consolidated income statement		Balance sheet 31 March	
	2011	2010	2010-11	2009-10	2011	2010
Deferred tax liability						
Differences in depreciation	26,590	24,950	1,640	3,123	26,120	24,630
Revaluation of forward currency contracts to fair value	784	38	–	316	784	38
Undistributed profits of a subsidiary company	192	–	192	–	–	–
Undistributed profits of overseas associated companies	4,286	3,923	363	(115)	–	–
Deferred tax asset						
Other items	(702)	(838)	136	(228)	(510)	(626)
	31,150	28,073			26,394	24,042
Deferred income tax expense			2,331	3,096		

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAXATION (in thousands of $) (continued)

The Group has tax losses of approximately $1,444,000 (2009-10: $3,771,000) that are available for offset against future taxable profits of the companies in which the losses arose, for 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 end of the reporting period, deferred tax liability of $192,000 (2010: nil) has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiaries. For the other subsidiaries of the Group, no deferred tax liability has been recognised as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $1,631,000 (2010: $822,000). The deferred tax liability is estimated to be $489,000 (2010: $123,000).

13. FINANCE LEASE COMMITMENTS (in thousands of $)

The Group has finance leases for certain equipment and vehicles which will mature between 2011 and 2012. 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			
	2011		2010	
	Minimum payments	Repayment of Principal	Minimum payments	Repayment of Principal
Not later than one year	5	5	35	33
Later than one year but not later than five years	–	–	5	5
Total future lease payments	5	5	40	38
Amounts representing interest	–	–	(2)	–
Principal value of long-term commitments under finance leases	5	5	38	38

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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 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
Additions	192	8,157	162	21,625	734	709	13,024	44,603
Transfers	45,361	9,953	–	–	1,492	–	(56,806)	–
Disposals	(482)	(9,565)	(56)	(646)	(1,050)	(418)	–	(12,217)
Exchange differences	(2,091)	(1,072)	(66)	(385)	(97)	(38)	–	(3,749)
At 31 March 2011	261,410	232,694	5,166	128,313	26,280	7,555	2,087	663,505
Accumulated depreciation								
At 1 April 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
Depreciation	8,897	18,093	97	8,029	2,132	467	–	37,715
Disposals	(287)	(9,507)	(54)	(209)	(1,049)	(333)	–	(11,439)
Exchange differences	(141)	(425)	(33)	(153)	(62)	(11)	–	(825)
At 31 March 2011	87,294	186,865	4,754	37,480	22,909	5,518	–	344,820
Net book value								
At 31 March 2010	139,605	46,517	382	77,906	3,313	1,907	45,869	315,499
At 31 March 2011	174,116	45,829	412	90,833	3,371	2,037	2,087	318,685

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

	The Group 31 March 2011	The Group 31 March 2010
Net book value of property, plant & equipment acquired under finance leases:		
- Plant, equipment and tooling	64	68
- Motor vehicles	44	53

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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 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
Additions	–	6,182	–	20,880	562	251	11,385	39,260
Transfers	42,226	9,953	–	–	1,431	–	(53,610)	–
Disposals	–	(9,242)	(54)	(313)	(972)	(291)	–	(10,872)
At 31 March 2011	233,896	217,455	4,410	124,442	24,280	6,357	2,087	612,927
Accumulated depreciation								
At 1 April 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
Depreciation	7,931	15,944	–	7,454	1,782	347	–	33,458
Disposals	–	(9,217)	(54)	(90)	(972)	(291)	–	(10,624)
At 31 March 2011	82,611	179,642	4,410	35,932	21,475	5,087	–	329,157
Net book value								
At 31 March 2010	116,990	37,647	–	75,307	2,594	1,366	44,312	278,216
At 31 March 2011	151,285	37,813	–	88,510	2,805	1,270	2,087	283,770

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

15. INTANGIBLES (in thousands of $)

The Group	Computer software	Deferred engine development cost	Other intangibles	Advance and progress payments	Total
Cost					
At 1 April 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
Additions	556	11,563	–	244	12,363
Transfers	252	–	–	(252)	–
Disposals	(38)	–	–	–	(38)
Exchange differences	(100)	(2,363)	–	–	(2,463)
At 31 March 2011	40,713	21,356	4,213	14	66,296
Accumulated amortisation					
At 1 April 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
Amortisation	1,172	–	447	–	1,619
Disposals	(38)	–	–	–	(38)
Exchange differences	(61)	–	–	–	(61)
At 31 March 2011	37,879	–	3,318	–	41,197
Net book value					
At 31 March 2010	3,237	12,156	1,342	22	16,757
At 31 March 2011	2,834	21,356	895	14	25,099

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

The Company	Computer software	Other intangibles	Advance and progress payments	Total
Cost				
At 1 April 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
Additions	393	–	244	637
Transfers	252	–	(252)	–
At 31 March 2011	38,734	2,871	14	41,619
Accumulated amortisation				
At 1 April 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
Amortisation	819	–	–	819
At 31 March 2011	36,588	2,871	–	39,459
Net book value				
At 31 March 2010	2,320	–	22	2,342
At 31 March 2011	2,146	–	14	2,160

16. SUBSIDIARY COMPANIES (in thousands of $)

	The Company 31 March 2011	The Company 31 March 2010
Unquoted shares, at cost	66,128	52,047
Loan to a subsidiary company	1,334	–
	67,462	52,047

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

The subsidiary companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2011	Cost 2010	Percentage equity held by the Group 2011	Percentage equity held by the Group 2010
Aircraft Maintenance Services Australia Pty Ltd ^	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	4,229	3,702	100.0	100.0
NexGen Network (1) Holding Pte Ltd *	Investment holding	Singapore	5,709	3,790	100.0	100.0
NexGen Network (2) Holding Pte Ltd *	Investment holding	Singapore	20,024	8,389	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
SIAEC Global Pte Ltd *	Investment holding	Singapore	@	@	100.0	100.0
SIA Engineering (Philippines) Corporation ^	Provide airframe maintenance and component overhaul services	Philippines	17,296	17,296	65.0	65.0
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

* *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*

During the financial year:

1. The Company approved an extension to the repayment of the outstanding loan amount to 31 March 2015, instead of 31 March 2011. The unsecured loan amount payable by a subsidiary company bears interest at Australia LIBOR plus 2.25% per annum and is to be settled in cash.

2. The Company invested additional $1,919,000 and $11,635,000 in NexGen Network (1) Holding Pte Ltd ("NGN1") and NexGen Network (2) Holding Pte Ltd ("NGN2") respectively, in accordance to the agreement.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

17. ASSOCIATED COMPANIES (in thousands of $)

	The Group 31 March 2011	The Group 31 March 2010	The Company 31 March 2011	The Company 31 March 2010
Unquoted shares, at cost	179,268	178,151	179,268	178,151
Share of post-acquisition reserves	239,896	274,698	–	–
Goodwill written-off to reserves	(25,237)	(25,237)	–	–
Translation adjustment	(97,901)	(64,998)	–	–
	296,026	362,614	179,268	178,151

The associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2011	Cost 2010	Percentage equity held by the Group 2011	Percentage equity held by the Group 2010
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
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
Safran Electronics Asia Pte Ltd ^ ++	Provide avionics maintenance, repair and overhaul services	Singapore	13,479	13,479	49.0	49.0
Southern Airports Aircraft Maintenance Services Company Limited *** ++	Provide defect rectification, AOG support, non-destructive testing, cabin cleaning and aircraft polishing	Vietnam	1,117	–	49.0	–

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

The associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2011	Cost 2010	Percentage equity held by the Group 2011	Percentage equity held by the Group 2010
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
JAMCO Aero Design & Engineering Pte Ltd ** +++	Provide turnkey solutions for aircraft interior modifications	Singapore	767	767	45.0	45.0
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
Messier Services Asia Private Limited @ ++	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	13,971	13,971	40.0	40.0
Asian Surface Technologies Pte Ltd ^ ++	Repair and overhaul of aircraft engine fan blades	Singapore	2,718	2,718	39.2	39.2
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
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
Turbine Coating Services Private Limited ## +	Repair and overhaul of aircraft engine turbine airfoils	Singapore	5,671	5,671	24.5	24.5

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

During the financial year, the Company and Southern Airports Corporation incorporated a company, Southern Airports Aircraft Maintenance Services Company Limited ("SAAM"), in Vietnam. The Company injected $1,117,000 for its 49.0% equity in SAAM.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

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

	The Group	
	31 March	
	2011	2010
Funds employed:		
Non-current assets	316,502	78,691
Current assets	78,211	391,329
	394,713	470,020
Current liabilities	(95,595)	(104,401)
Non-current liabilities	(6,103)	(6,016)
	293,015	359,603
Financed by:		
Shareholders' equity and loans	293,015	359,603

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

	The Group	
	2010-11	2009-10
Results		
Revenue	676,374	598,274
Profit before taxation	69,765	73,610
Profit for the year	62,375	71,268

18. JOINT VENTURE COMPANIES (in thousands of $)

	The Group		The Company	
	31 March		31 March	
	2011	2010	2011	2010
Unquoted shares, at cost	56,599	56,599	56,599	56,599
Share of post acquisition reserves	70,649	66,224	–	–
Share of other comprehensive income	568	–	–	–
Translation adjustment	(25,042)	(14,574)	–	–
	102,774	108,249	56,599	56,599

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

The joint venture companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2011	Cost 2010	Percentage equity held by the Group 2011	Percentage equity held by the Group 2010
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 2011	The Group 31 March 2010
Funds employed:		
Non-current assets	138,499	74,783
Current assets	61,880	139,360
	200,379	214,143
Current liabilities	(52,947)	(63,296)
Non-current liabilities	(44,658)	(42,598)
	102,774	108,249
Financed by:		
Shareholders' equity and loans	102,774	108,249

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

	The Group 2010-11	The Group 2009-10
Results		
Revenue	728,106	595,621
Profit before taxation	74,599	56,128
Profit for the year	71,645	55,544

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19. LONG-TERM INVESTMENT (In thousands of $)

	The Group and the Company 31 March 2011	The Group and the Company 31 March 2010
Unquoted equity investment, at cost	14,606	14,606

The Company holds a 10.0% (2010: 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	
	2011	2010	2011	2010
Not past due and not impaired	44,291	38,544	37,825	31,008
Past due but not impaired*	46,933	33,549	39,981	27,809
	91,224	72,093	77,806	58,817
Impaired trade debtors – collectively assessed	7,905	11,767	7,868	11,727
Less: Accumulated impairment losses	(7,905)	(11,767)	(7,868)	(11,727)
	–	–	–	–
Impaired trade debtors – individually assessed:				
Customers in bankruptcy or other financial reorganisation	2,526	–	2,486	–
Customers who default in payment within stipulated framework	29	17	–	–
Less: Accumulated impairment losses	(2,555)	(17)	(2,486)	–
	–	–	–	–
Total trade debtors, net	91,224	72,093	77,806	58,817
* Aging of trade debtors that are past due but not impaired				
Less than 30 days	25,947	18,840	23,407	16,548
30 days to 60 days	12,884	6,877	11,372	5,967
61 days to 90 days	4,642	3,545	3,558	3,328
More than 90 days	3,460	4,287	1,644	1,966
	46,933	33,549	39,981	27,809

Trade debtors are non-interest bearing. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless 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.

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

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

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Balance at 1 April	11,784	11,800	11,727	11,554
(Writeback) / Charge to profit or loss, net	(1,324)	(16)	(1,373)	173
Balance at 31 March	10,460	11,784	10,354	11,727
Bad debts written-off directly to profit or loss, net of debts recovered	82	–	82	–

As at 31 March 2011, 83% of trade debtors (2010: 95%) were held in United States dollars by the Group.

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

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Prepayments	6,485	1,839	6,150	943
Other debtors	7,840	11,898	5,249	9,220
	14,325	13,737	11,399	10,163

Included in other debtors are deposits of $845,000 (2010: $824,000) and forward contracts of $4,611,000 (2010: $223,000) for the Group and deposits of $99,000 (2010: $104,000) and forward contracts of $4,611,000 (2010: $223,000) for the Company.

The contract / notional amounts of the forward currency contracts as at 31 March 2011 are $131,820,000 (2010: $50,663,000) for the Group and the Company.

22. IMMEDIATE HOLDING COMPANY

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

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24. INVENTORIES (in thousands of $)

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Aircraft and component spares	48,400	44,947	41,766	39,096
Consumable stores and stocks	1,880	1,867	16	339
Raw materials	2,722	2,650	–	–
Total stocks at lower of cost and net realisable value	53,002	49,464	41,782	39,435

During the financial year, the Group wrote down $40,000 (2010: nil) of stocks, which are recognised as expense in profit or loss.

Inventories are stated after deducting provision for stock obsolescence. An analysis of the provision for stock obsolescence is as follows:

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Balance at 1 April	9,308	7,005	9,207	6,911
Charge to profit or loss, net	2,479	2,354	2,438	2,296
Provision utilised during the year	(37)	(51)	–	–
Balance at 31 March	11,750	9,308	11,645	9,207

Stocks are stated at:

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Cost	11,285	10,424	65	395
Net realisable value	41,717	39,040	41,717	39,040
	53,002	49,464	41,782	39,435

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

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Deposits placed with the immediate holding company	526,601	365,524	526,601	365,524
Fixed deposits placed with banks	3,246	8,890	1,501	2,058
	529,847	374,414	528,102	367,582

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 4% (2010: 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 (2010: 1-12 months).

As at 31 March 2011, 1% of short-term deposits (2010: 3%) were held in United States dollars by the Group.

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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% (2010: 0.0% to 5.2%) per annum.

As at 31 March 2011, 25% of cash and bank balances (2010: 53%) were held in United States dollars by the Group.

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

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Trade	87,995	77,968	83,256	68,685
Accruals	145,824	135,492	136,004	127,864
Provision for warranty claims	155	520	155	520
Sundry	1,471	3,248	–	–
	235,445	217,228	219,415	197,069

These amounts are non-interest bearing.

As at 31 March 2011, 28% of trade creditors (2010: 64%) were held in United States dollars by the Group.

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

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Balance at 1 April	520	522	520	522
Writeback to profit or loss, net	(324)	–	(324)	–
Provision utilised during the year	(41)	(2)	(41)	(2)
Balance at 31 March	155	520	155	520

28. BANK LOANS (in thousands of $)

	The Group 31 March	
	2011	2010
Revolving credit facility	1,701	–

The revolving credit facility denominated in United States dollars taken by a subsidiary company in 2010-11, is unsecured and bears a fixed interest at 2.5% per annum.

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

	The Group	
	2010-11	2009-10
Profit before taxation	296,083	262,605
Adjustments for:		
Interest income	(1,389)	(1,005)
Interest on external borrowings	33	18
Depreciation	37,715	34,367
Amortisation of intangibles	1,619	4,168
Share of profits of associated and joint venture companies	(144,364)	(129,738)
Dividend income from long-term investment	(12,497)	(15,476)
Surplus on disposal of property, plant and equipment	(510)	(5,991)
Exchange differences	3,551	6,733
Share-based compensation expense	4,314	7,994
Operating profit before working capital changes	184,555	163,675
Increase in debtors	(18,319)	(9,235)
Increase in inventories and work-in-progress	(13,633)	(9,157)
Increase in creditors	19,348	18,025
Decrease / (Increase) in amounts owing by related companies	68,115	(39,902)
Cash generated from operations	240,066	123,406
Income taxes paid	(21,087)	(13,345)
Net cash provided by operating activities	218,979	110,061

30. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated approximately $71,080,000 (2010: $81,756,000) for the Group and approximately $18,619,000 (2010: $11,177,000) for the Company.

In addition, the Group's share of a joint venture company's purchase commitments for capital expenditure totalled approximately $1,036,000 (2010: $2,375,000).

(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	
	2011	2010
Within one year	13,451	15,822
After one year but less than 5 years	17,575	20,640
More than 5 years	64,699	65,655
	95,725	102,117

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31. FINANCIAL INSTRUMENTS (in thousands of $)

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
2011					
The Group					
Assets					
Unquoted equity investment	–	14,606	–	–	14,606
Trade debtors	91,224	–	–	–	91,224
Other debtors	3,229	–	4,611	–	7,840
Immediate holding company	44,317	–	–	–	44,317
Related parties	26,138	–	–	–	26,138
Short-term deposits	529,847	–	–	–	529,847
Cash and bank balances	51,561	–	–	–	51,561
Total financial assets	746,316	14,606	4,611	–	765,533
Total non-financial assets					856,021
Total assets					1,621,554
Liabilities					
Finance lease commitments	–	–	–	5	5
Trade and other creditors	–	–	–	235,290	235,290
Bank loans	–	–	–	1,701	1,701
Total financial liabilities	–	–	–	236,996	236,996
Total non-financial liabilities					56,376
Total liabilities					293,372

NOTES TO THE FINANCIAL STATEMENTS

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31. 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
2011					
The Company					
Assets					
Unquoted equity investment	–	14,606	–	–	14,606
Loan to a subsidiary company	1,334	–	–	–	1,334
Trade debtors	77,806	–	–	–	77,806
Other debtors	638	–	4,611	–	5,249
Immediate holding company	43,121	–	–	–	43,121
Related parties	17,833	–	–	–	17,833
Short-term deposits	528,102	–	–	–	528,102
Cash and bank balances	40,410	–	–	–	40,410
Total financial assets	709,244	14,606	4,611	–	728,461
Total non-financial assets					688,529
Total assets					1,416,990
Liabilities					
Trade and other creditors	–	–	–	219,260	219,260
Total financial liabilities	–	–	–	219,260	219,260
Total non-financial liabilities					50,884
Total liabilities					270,144
2010					
The Group					
Assets					
Unquoted equity investment	–	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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

31. 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 Company					
Assets					
Unquoted equity investment	–	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

(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 classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

(b) Fair values (continued)

Fair value hierarchy (continued)

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 2011			
	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	–	4,611	–	4,611
	–	4,611	–	4,611
	31 March 2010			
Financial assets:				
Derivative financial instruments				
Currency hedging contracts	–	223	–	223
	–	223	–	223

Financial instruments whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the following financial assets and liabilities are reasonable approximation of 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 value of the long-term lease commitments approximates their fair values as they are repriced to market rates on or near the end of the reporting period.

Financial instruments carried at other than fair value

	The Group and the Company			
	31 March			
	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Long-term investment	14,606	#	14,606	#
	The Company			
Financial assets				
Loan to a subsidiary company	1,334	1,546 *	–	–

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 Group and the Company have no intention to dispose of their interests in the above investment in the foreseeable future.

* The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

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32. 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 nine 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 2011, these accounted for 31% of total revenue (2009-10: 25%) and 14% of total operating expenses (2009-10: 12%). 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 end of the reporting period, such USD balances amounted to $19,036,000 (2010: $36,864,000) and $11,346,000 (2010: $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 2011, a net fair value gain before tax of $4,611,000 (2010: net fair value gain before tax of $223,000) with a related deferred tax credit of $784,000 (2009-10: $38,000), were included in the other comprehensive income in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and enter into the determination of profit or loss in the next financial year.

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's and Company's profit before taxation and equity.

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

(a) Foreign currency risk (continued)

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Effect of strengthening of SGD				
Profit before taxation	(260)	(330)	(162)	(196)
Equity	1,272	504	1,272	504
Effect of weakening of SGD				
Profit before taxation	260	330	162	196
Equity	(1,272)	(504)	(1,272)	(504)

(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 2011 in relation to each class of recognised financial assets are as follows:

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Unquoted equity investment	14,606	14,606	14,606	14,606
Loan to a subsidiary company	–	–	1,334	–
Trade debtors	91,224	72,093	77,806	58,817
Other debtors	7,840	11,898	5,249	9,220
Immediate holding company	44,317	109,847	43,121	108,309
Related parties	26,138	28,459	17,833	23,216
Short-term deposits	529,847	374,414	528,102	367,582
Cash and bank balances	51,561	51,428	40,410	42,640
	765,533	662,745	728,461	624,390

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 2011, the only trade debtor exceeding 10% of the Group's trade debtors was an amount of approximately $44,317,000 (2010: $109,847,000) due from its immediate holding company, Singapore Airlines Limited.

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31 March 2011

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

(c) Credit and Counterparty risk (continued)

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

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2011	2010	2011	2010	2011	2010	2011	2010
Counterparty profiles								
By industry:								
Airlines	642,729	535,745	84%	81%	628,222	520,990	86%	83%
Financial institutions	54,790	60,303	7%	9%	41,909	44,695	6%	7%
Others	19,430	11,734	3%	2%	19,308	11,663	3%	2%
	716,949	607,782	94%	92%	689,439	577,348	95%	92%
By region:								
East Asia	664,283	560,241	87%	84%	642,062	534,239	88%	85%
Europe	19,076	5,616	2%	1%	19,072	5,608	3%	1%
South West Pacific	12,486	12,578	2%	2%	9,469	11,390	1%	2%
Americas	7,123	3,809	1%	1%	5,037	1,854	1%	0%
West Asia and Africa	13,981	25,538	2%	4%	13,799	24,257	2%	4%
	716,949	607,782	94%	92%	689,439	577,348	95%	92%
By Moody's credit ratings:								
Investment grade (A to Aaa)	52,160	58,342	7%	9%	41,909	44,695	6%	7%
Non-rated	664,789	549,440	87%	83%	647,530	532,653	89%	85%
	716,949	607,782	94%	92%	689,439	577,348	95%	92%

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

32. 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 2011, the Group had at its disposal, cash and short-term deposits amounting to $581,408,000 (2010: $425,842,000). In addition, the Group had available short-term credit facilities of approximately $15,500,000 (2010: $7,800,000).

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
2011							
The Group							
Financial assets							
Unquoted equity investment	–	–	–	–	–	14,606	14,606
Trade and other debtors	94,453	–	–	–	–	–	94,453
Immediate holding company	44,317	–	–	–	–	–	44,317
Related parties	26,138	–	–	–	–	–	26,138
Short-term deposits	529,847	–	–	–	–	–	529,847
Cash and cash balances	51,561	–	–	–	–	–	51,561
Derivative financial instruments:							
Forward currency contracts – gross receipts	131,820	–	–	–	–	–	131,820
Forward currency contracts – gross payments	(127,209)	–	–	–	–	–	(127,209)
Total undiscounted financial assets	750,927	–	–	–	–	14,606	765,533
Financial liabilities							
Finance lease commitments	5	–	–	–	–	–	5
Trade and other creditors	235,290	–	–	–	–	–	235,290
Bank loans	1,714						1,714
Total undiscounted financial liabilities	237,009	–	–	–	–	–	237,009
Net total undiscounted financial assets	513,918	–	–	–	–	14,606	528,524

NOTES TO THE FINANCIAL STATEMENTS

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32. 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
2011							
The Company							
Financial assets							
Unquoted equity investment	–	–	–	–	–	14,606	14,606
Loan to a subsidiary company	135	135	135	1,469	–	–	1,874
Trade and other debtors	78,444	–	–	–	–	–	78,444
Immediate holding company	43,121	–	–	–	–	–	43,121
Related parties	17,833	–	–	–	–	–	17,833
Short-term deposits	528,102	–	–	–	–	–	528,102
Cash and cash balances	40,410	–	–	–	–	–	40,410
Derivative financial instruments:							
Forward currency contracts – gross receipts	131,820	–	–	–	–	–	131,820
Forward currency contracts – gross payments	(127,209)	–	–	–	–	–	(127,209)
Total undiscounted financial assets	712,656	135	135	1,469	–	14,606	729,001
Financial liabilities							
Trade and other creditors	219,260	–	–	–	–	–	219,260
Total undiscounted financial liabilities	219,260	–	–	–	–	–	219,260
Net total undiscounted financial assets	493,396	135	135	1,469	–	14,606	509,741

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

32. 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 Group							
Financial assets							
Unquoted equity investment	–	–	–	–	–	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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

32. 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 investment	–	–	–	–	–	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	413,235	–	–	–	–	14,606	427,841

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

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.

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 2011 and 31 March 2010 and certain assets information of the operating segments as at those dates.

Operating segments

2010-11	Notes	Repair and overhaul	Line maintenance	Total segments	Consolidation eliminations & adjustments	Per consolidated financial statements
TOTAL REVENUE						
External revenue		706,300	400,611	1,106,911	–	1,106,911
Inter-segment revenue	(a)	19,003	851	19,854	(19,854)	–
		725,303	401,462	1,126,765	(19,854)	1,106,911
RESULTS						
Segment results		41,198	94,507	135,705		135,705
Interest income						1,389
Dividend income from long-term investment						12,497
Share of results of associated companies		68,982	783	69,765		69,765
Share of results of joint venture companies		74,599	–	74,599		74,599
Other unallocated expense / income	(b)					2,128
Profit before taxation						296,083
Taxation						(34,853)
Profit for the financial year						261,230
Other segment items						
Depreciation		31,137	6,578	37,715		37,715
Amortisation of intangibles		936	683	1,619		1,619
Segment assets						
Property, plant and equipment		284,807	33,878	318,685		318,685
Intangibles		23,620	1,479	25,099		25,099
Investment in associated / joint venture companies		389,820	8,980	398,800		398,800
Other unallocated assets	(c)					878,970
Total assets		698,247	44,337	742,584		1,621,554

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

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

Notes:

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

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

	The Group 2010-11	The Group 2009-10
Interest on external borrowings	(33)	(18)
Surplus on disposal of property, plant and equipment	510	5,991
Other income	1,651	-
	2,128	5,973

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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	
	2011	2010
Long-term investment	14,606	14,606
Current assets	864,364	743,297
	878,970	757,903

Geographical segments

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

	Revenue		Non current assets	
	2010-11	2009-10	2011	2010
East Asia	827,195	785,151	703,433	773,032
Europe	71,423	34,677	15,396	15,653
South West Pacific	38,394	27,632	2,061	2,129
Americas	42,242	34,200	21,694	12,305
West Asia and Africa	127,657	124,756	–	–
Total	1,106,911	1,006,416	742,584	803,119

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

Major customers

Revenue from one major customer amounted to approximately $515,400,000 (2009-10: $522,472,000), arising from sales by repair & overhaul and line maintenance segments.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

34. CAPITAL MANAGEMENT (in thousands of $)

The primary objective of the management of the Company's capital structure is to maintain an appropriate 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 2011, the Company made a total dividend payment to shareholders of $206,544,000.

No significant changes were made in the objective, policies or processes relating to the management of the Company's capital structure during the years ended 31 March 2011 and 31 March 2010.

Capital for the Group and Company is tabulated below:

	The Group 31 March		The Company 31 March	
	2011	2010	2011	2010
Bank loans	1,701	–	–	–
Finance lease commitments	5	38	–	–
Total debt	1,706	38	–	–
Share capital	297,830	262,898	297,830	262,898
Reserves	1,004,860	1,001,897	849,016	767,566
Total capital	1,302,690	1,264,795	1,146,846	1,030,464
Capital and total debt	1,304,396	1,264,833	1,146,846	1,030,464

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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 between the Group and related parties that took place at terms agreed between the parties during the financial year:

	The Group		The Company	
	2010-11	2009-10	2010-11	2009-10
Income				
Sales of services and related materials to:				
- the immediate holding and related companies	640,333	636,362	629,726	623,814
- associated companies	8,198	2,273	8,198	2,273
- joint venture companies	11,896	10,282	11,896	10,282
Interest income from the immediate holding company	1,345	952	1,345	952
Equipment fee charged to the immediate holding company	3,608	4,523	3,608	4,523
Rental of office space charged to the immediate holding company	964	1,452	964	1,452
Expense				
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	9,462	11,116	9,462	11,116
Rental of hangars, workshops and office space charged by the immediate holding company	20,466	20,745	20,466	20,745
Purchases of materials from the immediate holding company	140,732	142,134	140,732	142,134
Purchases of goods from:				
- associated companies	21,129	13,610	21,129	13,610
- joint venture companies	31	*	31	*
Services rendered by:				
- the immediate holding company	12,289	10,728	12,289	10,728
- a related company	–	1,027	–	1,027

* less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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

Directors' and key executives' remuneration of the Company

	The Company	
	2010-11	2009-10
Directors		
Directors' fees	737	819
Key executives		
Salary, bonuses and other costs	4,226	3,218
CPF and other defined contributions	45	53
Share based compensation expense	854	547

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

Name of participant	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding at end of financial year under review
William Tan	1,511,200	619,000	892,200
Chan Seng Yong#	776,925	748,225	28,700
Png Kim Chiang	738,900	655,700	83,200
Jack Koh Swee Lim	71,700	–	71,700
Ivan Neo Seok Kok	454,900	260,600	194,300
Zarina Piperdi	106,700	–	106,700
Anne Ang Lian Choo	–	–	–
Leck Chet Lam	293,900	–	293,900

Chan Seng Yong retired on 31 August 2010.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

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 2010 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2011 = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
William Tan Seng Koon	68,000	63,000	40,000	91,000	171,200
Chan Seng Yong#	34,000	20,000	20,000	34,000	71,200
Png Kim Chiang	34,000	25,000	20,000	39,000	76,200
Jack Koh Swee Lim	34,000	20,000	20,000	34,000	71,200
Zarina Piperdi	34,000	20,000	20,000	34,000	73,100
Ivan Neo Seok Kok	34,000	20,000	20,000	34,000	71,200
Anne Ang Lian Choo	45,600	20,000	22,800	42,800	65,600
Leck Chet Lam	49,100	20,000	26,300	42,800	86,300

(b) RSP Final Awards (Pending Release)

Name of Participant	Balance as at 1 April 2010 (a)	Final Awards granted during the financial year* (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2011 = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
William Tan Seng Koon	14,912	50,400	35,996	29,316	64,296
Chan Seng Yong#	7,012	25,200	17,040	15,172	27,840
Png Kim Chiang	7,012	25,200	17,040	15,172	27,840
Jack Koh Swee Lim	7,012	25,200	17,040	15,172	27,840
Zarina Piperdi	7,616	25,200	17,644	15,172	30,044
Ivan Neo Seok Kok	7,012	25,200	17,040	15,172	27,840
Anne Ang Lian Choo	–	28,728	14,400	14,328	14,400
Leck Chet Lam	7,012	33,138	21,040	19,110	31,840

Chan Seng Yong retired on 31 August 2010.

* 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(b) PSP Base Awards

Name of Participant	Balance as at 1 April 2010 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2011 = (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	96,600	41,000	22,800	114,800	151,300	22,580
Chan Seng Yong#	41,100	17,500	9,600	49,000	64,400	9,520
Png Kim Chiang	41,100	25,000	9,600	56,500	71,900	9,520
Jack Koh Swee Lim	41,100	17,500	9,600	49,000	64,400	9,520
Zarina Piperdi	41,100	17,500	9,600	49,000	58,600	7,200
Ivan Neo Seok Kok	31,500	17,500	–	49,000	49,000	–
Anne Ang Lian Choo	–	17,500	–	17,500	17,500	–
Leck Chet Lam	–	17,500	–	17,500	17,500	–

Chan Seng Yong retired on 31 August 2010.

36. SUBSEQUENT EVENT

On 6 April 2011, the Company and Panasonic Avionics Corporation (“PAC”) together formed a joint venture in Singapore – Panasonic Avionics Services Singapore (“PACSS”). The Company injected a paid-up capital of US$2.125M, equivalent to a shareholding of 42.5%.

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 2010/11 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)
SilkAir (Singapore) Pte Ltd	–	300,000
Singapore Airlines Ltd	–	110,069
Singapore Technologies Kinetics Ltd	–	4,214
Virgin Atlantic Airways Ltd	–	833
SMRT Taxis Pte Ltd	–	552
AETOS Security Training & Consultancy Pte Ltd	–	206
Total	–	415,874

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:						
2010-11	($ million)	288.3	277.1	269.5	272.0	1,106.9
	(%)	26.0	25.0	24.4	24.6	100.0
2009-10	($ million)	244.2	248.1	241.5	272.6	1,006.4
	(%)	24.3	24.6	24.0	27.1	100.0
Expenditure:						
2010-11	($ million)	252.1	242.7	235.0	241.4	971.2
	(%)	26.0	25.0	24.2	24.8	100.0
2009-10	($ million)	231.9	213.0	219.7	231.4	896.0
	(%)	25.9	23.8	24.5	25.8	100.0
Operating Profit:						
2010-11	($ million)	36.2	34.4	34.5	30.6	135.7
	(%)	26.7	25.4	25.4	22.5	100.0
2009-10	($ million)	12.3	35.1	21.8	41.2	110.4
	(%)	11.1	31.8	19.8	37.3	100.0
Profit before taxation:						
2010-11	($ million)	82.5	76.0	69.7	67.9	296.1
	(%)	27.9	25.7	23.5	22.9	100.0
2009-10	($ million)	52.0	71.3	60.6	78.7	262.6
	(%)	19.8	27.1	23.1	30.0	100.0
Profit attributable to owners of the parent						
2010-11	($ million)	70.8	66.5	60.3	60.9	258.5
	(%)	27.4	25.7	23.3	23.6	100.0
2009-10	($ million)	45.1	61.1	56.0	73.9	236.1
	(%)	19.1	25.9	23.7	31.3	100.0
Earnings (after tax) per share - basic:						
2010-11	(cents)	6.6	6.1	5.5	5.6	23.8
	(%)	27.8	25.6	23.1	23.5	100.0
2009-10	(cents)	4.2	5.7	5.2	6.8	21.9
	(%)	19.2	26.0	23.7	31.1	100.0

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2010-11	2009-10	2008-09	2007-08	2006-07
Income statement ($ million)					
Revenue	1,106.9	1,006.4	1,045.3	1,009.6	977.4
Expenditure	971.2	896.0	932.7	906.7	875.4
Operating profit	135.7	110.4	112.6	102.9	102.0
Other income	16.0	22.5	15.1	24.8	29.5
Share of profits of associated and joint venture companies	144.4	129.7	173.0	157.8	139.5
Profit before tax	296.1	262.6	300.7	285.5	271.0
Profit attributable to owners of the parent	258.5	236.1	260.6	253.8	242.1
Balance sheet ($ million)					
Share Capital	297.8	262.9	255.6	245.0	214.5
Share-based compensation reserve	40.7	45.4	39.6	28.5	18.0
Foreign currency translation reserve	(128.6)	(79.8)	(36.4)	(88.4)	(47.1)
Fair value reserve	4.4	0.2	(1.8)	2.7	-
General reserve	1,088.4	1,036.1	971.9	937.5	811.7
Equity attributable to owners of the parent	1,302.7	1,264.8	1,228.9	1,125.3	997.1
Non-controlling interests	25.5	26.9	26.5	14.8	13.2
Deferred taxation	31.1	28.1	24.9	21.8	13.2
Property, plant and equipement	318.7	315.5	313.2	275.7	250.3
Intangibles	25.1	16.8	6.7	11.6	15.3
Associated companies	296.0	362.6	403.7	343.6	339.6
Joint venture companies	102.8	108.2	126.7	94.4	85.8
Long-term investment	14.6	14.6	14.6	14.6	14.6
Current assets	864.3	743.3	637.3	673.6	609.4
Total assets	1,621.5	1,561.0	1,502.2	1,413.5	1,315.0
Long-term Liability	–	*	*	0.1	–
Current liabilities	262.2	241.2	221.9	251.5	291.5
Total liabilities	262.2	241.2	221.9	251.6	291.5
Cash flow statement ($ million)					
Cash flow from operations	240.1	123.4	107.1	129.9	155.0
Internally generated cash flow [R1]	405.9	277.1	222.7	220.0	200.9
Capital expenditure	44.6	39.6	74.1	58.5	47.1

** less than $0.1 million*

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2010-11	2009-10	2008-09	2007-08	2006-07
Profitability ratios (%)					
Return on equity holders' funds R2	20.1	18.9	22.1	23.9	23.8
Return on total assets	15.9	15.1	17.4	18.0	18.4
Return on turnover	23.4	23.5	24.9	25.1	24.8
Productivity and employee data					
Value added ($ million)	777.9	711.7	757.3	755.5	717.0
Value added per employee ($)	126,450	115,273	120,999	123,528	126,651
Revenue per employee ($)	179,927	163,009	167,013	165,071	172,651
Average number of employees	6,152	6,174	6,259	6,116	5,661
Per share data (cents)					
Earnings after tax - basic R3	23.8	21.9	24.2	23.7	23.0
- diluted R4	23.5	21.8	24.1	23.3	22.5
Net asset value R5	119.4	117.0	114.0	104.7	93.9
Gross dividends (cents per share)					
Interim dividend	6.0	5.0	5.0	4.0	4.0
Final dividend - ordinary	14.0 #	13.0	11.0	16.0	8.0
- special	10.0 #	–	–	–	–
Total dividends	30.0	18.0	16.0	20.0	12.0

proposed

Notes:

R1 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.

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

R3 Earnings after tax per share (basic) is computed by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue.

R4 Earnings after tax per share (diluted) is computed by dividing the profit attributable to owners of the parent 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.

R5 Net asset value per share is computed by dividing the equity attributable to owners of the parent by the number of ordinary shares in issue at 31 March.

SHAREHOLDING STATISTICS

As at 30 May 2011

NUMBER OF SHARES IN ISSUE	:	1,092,737,717
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE FOR 1 SHARE
NO. OF TREASURY SHARES	:	NIL

Range of Shareholdings	Number of Shareholders	%	Amount of Shareholdings	%
1 – 999	196	1.51	88,951	0.01
1,000 – 10,000	11,343	87.24	28,581,737	2.62
10,001 – 1,000,000	1,454	11.18	53,348,026	4.88
1,000,001 and above	9	0.07	1,010,719,003	92.49
Total	13,002	100.00	1,092,737,717	100.00

MAJOR SHAREHOLDERS

No.	Name	Number of shares held	%
1	SINGAPORE AIRLINES LIMITED	870,000,000	79.62
2	CITIBANK NOMINEES SINGAPORE PTE LTD	51,592,263	4.72
3	DBS NOMINEES PTE LTD	47,398,960	4.34
4	DBSN SERVICES PTE LTD	19,774,981	1.81
5	HSBC (SINGAPORE) NOMINEES PTE LTD	9,797,452	0.90
6	RAFFLES NOMINEES (PTE) LTD	4,939,553	0.45
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	4,555,882	0.42
8	DB NOMINEES (S) PTE LTD	1,458,912	0.13
9	LEE SHIU	1,201,000	0.11
10	OCBC NOMINEES SINGAPORE PTE LTD	985,602	0.09
11	DBS VICKERS SECURITIES (S) PTE LTD	865,000	0.08
12	CIMB SECURITIES (SINGAPORE) PTE LTD	833,100	0.08
13	ROYAL BANK OF CANADA (ASIA) LTD	832,000	0.08
14	MERRILL LYNCH (SINGAPORE) PTE LTD	826,752	0.07
15	GRALF MAX HANS SIEGHOLD	800,000	0.07
16	FIRST CAPITAL INSURANCE LIMITED - INSURANCE FUND A/C	735,000	0.07
17	WONG KET SEONG @ WONG KET YIN	700,000	0.06
18	YIM CHEE CHONG	565,000	0.05
19	PHILLIP SECURITIES PTE LTD	552,253	0.05
20	PNG KIM CHIANG	543,060	0.05
	Total	1,018,956,770	93.25

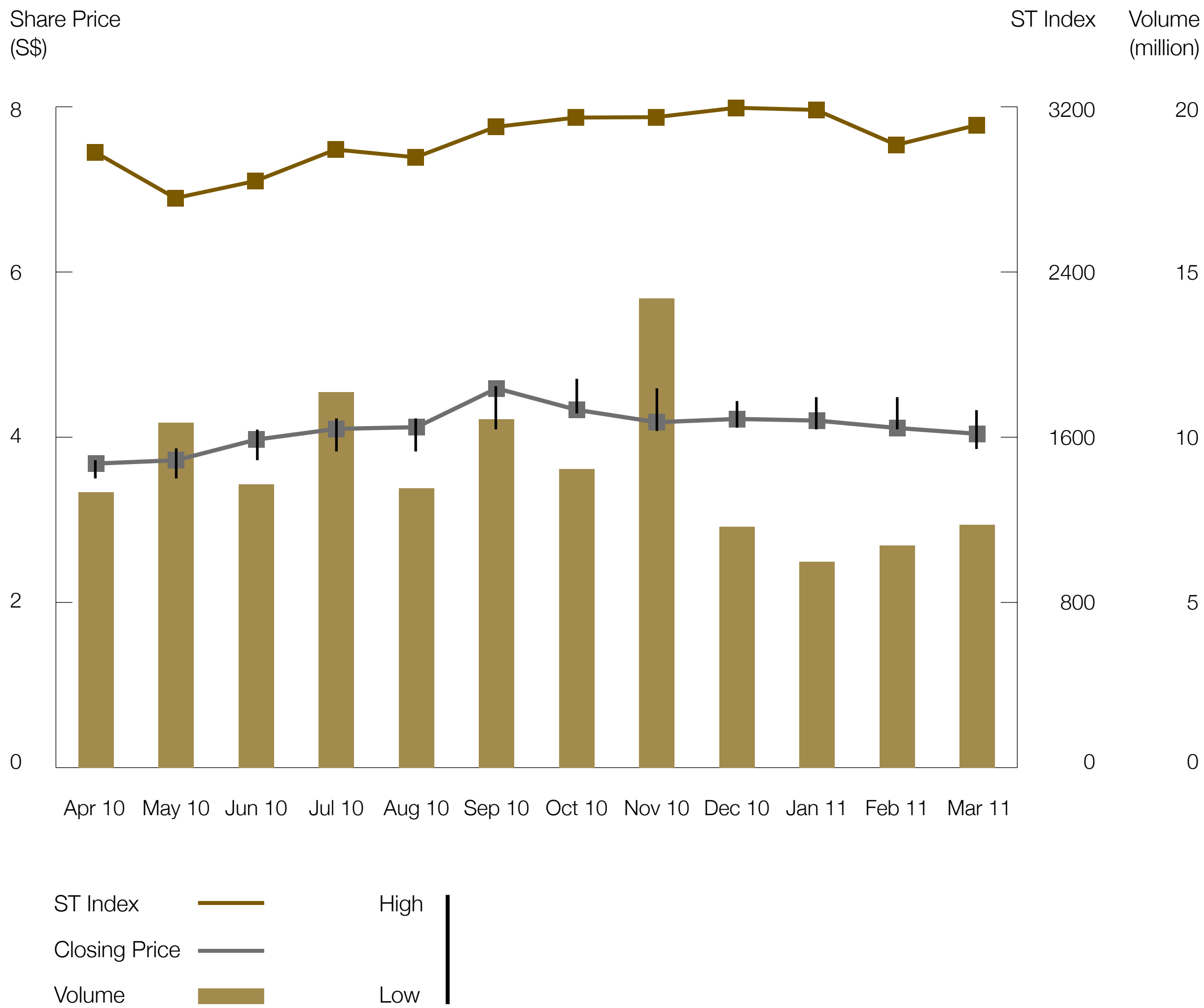
SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	Indirect Interest	Total Interest	%
TEMASEK HOLDINGS (PTE) LIMITED	Nil	872,084,976	872,084,976	79.81
SINGAPORE AIRLINES LIMITED	870,000,000	Nil	870,000,000	79.62

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as of 30 May 2011, 20.18 per cent of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

SHARE PRICE AND TURNOVER



	FY 2010-11	FY 2009-10
Share Price (S$)		
Highest closing price	4.63	3.73
Lowest closing price	3.53	1.87
31 March closing price	4.05	3.55
Market Value Ratios*		
Price / Earnings	17.04	16.22
Price / Book Value	3.39	3.04
Price / Cash Earnings**	14.79	13.95

* Based on closing price on 31 March 2011
** Cash earnings is defined as profit attributable to owners of the parent

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 29th 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, 22 July 2011 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 2011 and the Auditors' Report thereon.

2. To declare a final ordinary dividend of 14 cents per ordinary share and a special dividend of 10 cents per ordinary share for the financial year ended 31 March 2011.

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

    3.1 Mr Stephen Lee Ching Yen

    3.2 Mr Ng Chin Hwee

    3.3 Mr Lim Joo Boon

    3.4 Mr Oo Soon Hee

4. To re-elect Mr Goh Choon Phong 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 up to $946,000 for the financial year ending 31 March 2012 (FY2010/11: up to $946,000).

6. 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

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

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the 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.

7.2 That the Directors be and are hereby authorised to:

(a) grant awards in accordance with the provisions of the SIAEC Performance Share Plan and/or the SIAEC Restricted Share Plan; and

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

provided that the maximum number of new ordinary shares under awards to be granted pursuant to the SIAEC Performance Share Plan and the SIAEC 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, (excluding new ordinary shares arising from any adjustments made from time to time pursuant to the SIAEC Performance Share Plan and the SIAEC Restricted Share Plan) shall not exceed 8,185,720 ordinary shares, which represents 0.75 per cent of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company as at 31 March 2011.

7.3 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 27 June 2011 (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

NOTICE OF ANNUAL GENERAL MEETING

(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

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

By Order of the Board

DEVIKA RANI DAVAR
Company Secretary
27 June 2011
Singapore

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders being obtained at the 29th Annual General Meeting of the Company for the payment of the final ordinary and special dividends, the Share Transfer Books and the Register of Members of the Company will be closed on 29 July 2011 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 28 July 2011 will be registered to determine shareholders' entitlement to the proposed dividends. 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 28 July 2011 will be entitled to the proposed dividends. The Company will pay the proposed dividends to CDP, which will, in turn, distribute the entitlements to the proposed dividends to CDP account-holders in accordance with its normal practice.

The proposed dividends, if approved by shareholders, will be paid on 11 August 2011.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. In relation to Ordinary Resolution Nos. 3.1, 3.2, 3.3 and 3.4, Mr Stephen Lee Ching Yen, Mr Ng Chin Hwee, Mr Lim Joo Boon and Mr Oo Soon Hee will be retiring from office at the Annual General Meeting pursuant to Article 83 of the Company's Articles of Association and will be standing for re-election at the Annual General Meeting. Mr Lee will, upon re-election, continue to serve as Chairman of the Board. Mr Ng will, upon re-election, continue to serve as a member of the Nominating Committee. Mr Lim will, upon re-election, continue to serve as a member of the Compensation & HR Committee. Mr Oo will, upon re-election, continue to serve as Chairman of the Nominating Committee and as a member of the Audit Committee. Mr Lee and Mr Ng are considered non-independent Directors, while Mr Lim and Mr Oo are considered independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the FY2010/11 Annual Report for information on Mr Lee, Mr Ng, Mr Lim and Mr Oo.

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 Goh Choon Phong was appointed on 1 January 2011 and is therefore seeking re-election at the forthcoming 29th Annual General Meeting pursuant to Article 90. Mr Goh is considered a non-independent Director. Please refer to the sections on Board of Directors and Corporate Governance in the FY2010/11 Annual Report for information on Mr Goh.

3. Ordinary Resolution No. 5, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY2011/12. The amount of the Directors' fees is computed based on the anticipated number of Board meetings for FY2011/12, assuming full attendance by all Directors, at the fee rates shown in the Annual Report on page 14. 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.

4. As disclosed on page 14 of the Annual Report, Directors' fees due to Mr Goh Choon Phong and Mr Ng Chin Hwee will be paid to and retained by Singapore Airlines Limited ("**SIA**") (the majority shareholder of the Company). Mr Goh 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.

5. Ordinary Resolution No. 7.1, if passed, will empower Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments. 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.

6. Ordinary Resolution No. 7.2, if passed, will empower the Directors to grant awards pursuant to the SIAEC Performance Share Plan and the SIAEC Restricted Share Plan, and to allot and issue ordinary shares in the capital of the Company ("**Shares**") pursuant to the SIAEC Performance Share Plan and the SIAEC Restricted Share Plan provided that the maximum number of new Shares under awards which may be granted pursuant to the SIAEC Performance Share Plan and the SIAEC Restricted Share Plan from this Annual General Meeting to the next Annual General Meeting (excluding new ordinary shares arising from any adjustments made from time to time pursuant to the SIAEC Performance Share Plan and the SIAEC Restricted Share Plan) shall not exceed 8,185,720 Shares, which represents 0.75 per cent of the total number of issued Shares (excluding treasury shares) as at 31 March 2011.

   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. The SIAEC Employee Share Option Plan was approved at the Extraordinary General Meeting of the Company held on 24 March 2000 and was modified and restated at the Extraordinary General Meeting of the Company held on 7 July 2001 and further modified at the Extraordinary General Meetings of the Company held on 12 July 2003 and 26 July 2004 respectively. The last grant of options made under the SIAEC Employee Share Option Plan was on 1 July 2008, and these options are exercisable up to 30 June 2018.

NOTICE OF ANNUAL GENERAL MEETING

As at 30 May 2011, the latest practicable date prior to the printing of this Notice (the "**Latest Practicable Date**"):

(a) 92,737,717 Shares, representing approximately 8.5 per cent of the issued Shares (excluding treasury shares) as at the Latest Practicable Date, have been allotted and issued pursuant to the exercise of options under the SIAEC Employee Share Option Plan and the vesting of awards under the SIAEC Performance Share Plan and the SIAEC Restricted Share Plan since the inception of the above-mentioned share plans;

(b) 45,609,350 Shares, representing approximately 4.2 per cent of the issued Shares (excluding treasury shares) as at the Latest Practicable Date, are comprised in outstanding and unexercised options granted under the SIAEC Employee Share Option Plan; and

(c) 2,440,362 Shares, representing approximately 0.2 per cent of the issued Shares (excluding treasury shares) as at the Latest Practicable Date, are comprised in outstanding awards granted under the SIAEC Performance Share Plan and the SIAEC Restricted Share Plan.

The maximum number of new Shares which may be issued under the SIAEC Employee Share Option Plan, the SIAEC Performance Share Plan and the SIAEC Restricted Share Plan is limited to 15 per cent of the total number of issued Shares (excluding treasury shares), as determined in accordance with the respective plans.

7. Ordinary Resolution No. 7.3, 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 FORM

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

IMPORTANT:
1. For investors who have used their Central Provident Fund ("CPF") monies to buy the Company's shares, the FY2010/11 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 29th 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, 22 July 2011 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 and special 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 Stephen Lee Ching Yen		
	3.2 Mr Ng Chin Hwee		
	3.3 Mr Lim Joo Boon		
	3.4 Mr Oo Soon Hee		
4.	Re-election of Mr Goh Choon Phong as Director pursuant to Article 90 of the Articles of Association of the Company		
5.	Approval of Directors' fees for financial year ending 31 March 2012		
6.	Re-appointment and remuneration of Auditors		
	Special Business		
7.1	Authority for Directors to issue shares or make or grant offers, agreements or options requiring shares to be issued		
7.2	Authority for Directors to grant awards and issue shares in accordance with the provisions of the SIAEC Performance Share Plan and the SIAEC Restricted Share Plan		
7.3	To approve the proposed renewal of the Mandate for Interested Person Transactions		
	Any Other Business		
8.	To approve any other business		

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

Dated this _______ day of ______________________ 2011

Total number of Ordinary Shares held:

____
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, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. The instrument appointing a proxy or proxies 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 authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.
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 Shares held. If the member has Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act. Cap. 50 of Singapore, he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Ordinary Shares. If the member has Shares entered against his name in the Depository Register as well as Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by the member.
7. The Company shall be entitled to reject this instrument of proxy or proxies 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 Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy or proxies which has been lodged if such member is not shown to have Shares entered against his name in the Depository Register as at 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 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

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CORPORATE DATA

BOARD OF DIRECTORS

Chairman
Stephen Lee Ching Yen

Deputy Chairman
Chew Choon Seng (until 31 December 2010)

Directors
Goh Choon Phong
Paul Chan Kwai Wah
Ron Foo Siang Guan
Koh Kheng Siong
Andrew Lim Ming-Hui
Lim Joo Boon
Oo Soon Hee
Ng Chin Hwee
William Tan Seng Koon
Tan Bian Ee (until 23 July 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 (until 23 July 2010)

NOMINATING COMMITTEE

Chairman
Oo Soon Hee (from 25 October 2010)
Tan Bian Ee (until 23 July 2010)

Members
Paul Chan Kwai Wah (from 22 October 2010)
Ng Chin Hwee (from 22 October 2010)
Chew Choon Seng (until 21 October 2010)

COMPENSATION & HR COMMITTEE

Chairman
Paul Chan Kwai Wah

Members
Koh Kheng Siong
Lim Joo Boon
Goh Choon Phong (from 1 January 2011)
Chew Choon Seng (until 31 December 2010)

BOARD COMMITTEE

Members
Ron Foo Siang Guan
Goh Choon Phong (from 1 January 2011)
Chew Choon Seng (until 31 December 2010)

Alternate
Paul Chan Kwai Wah

REGISTRAR

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

AUDITORS

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

AUDIT PARTNER

Winston Ngan Wan-Sing
(appointed in FY2010/11)

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

Contact Persons:
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Tel: (65) 6541 5151
Fax: (65) 6546 0679

Chia Peck Yong
Senior Manager Public Affairs
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Company Registration No. 198201025C

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