



annual report 2012  
financial year ended  
31 March 2012



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Joseph Yuvaraj Pillay  
*Independent Director and Chairman*

Mr. Chin Yau Seng  
*Executive Director and CEO*

Ms. Rachel Eng Yaag Ngee  
*Independent Director*

Mr. Hsieh Fu Hua  
*Independent Director*

Mr. Lee Chong Kwee  
*Non-Independent Director*

Mr. Po'ad Bin Shaik Abu Bakar Mattar  
*Independent Director*

Mr. Yap Chee Keong  
*Independent Director*

Mr. Gerard Yeap Beng Hock  
*Non-Independent Director*

## AUDIT COMMITTEE

Mr. Po'ad Bin Shaik Abu Bakar Mattar (*Chairman*)  
Mr. Lee Chong Kwee  
Mr. Yap Chee Keong

## EXECUTIVE COMMITTEE

Mr. Joseph Yuvaraj Pillay (*Chairman*)  
Mr. Chin Yau Seng  
Mr. Hsieh Fu Hua  
Mr. Lee Chong Kwee

## NOMINATING COMMITTEE

Mr. Hsieh Fu Hua (*Chairman*)  
Ms. Rachel Eng Yaag Ngee  
Mr. Joseph Yuvaraj Pillay  
Mr. Yap Chee Keong

## REMUNERATION COMMITTEE

Mr. Hsieh Fu Hua (*Chairman*)  
Ms. Rachel Eng Yaag Ngee  
Mr. Joseph Yuvaraj Pillay  
Mr. Yap Chee Keong

## RISK MANAGEMENT COMMITTEE

Mr. Joseph Yuvaraj Pillay (*Chairman*)  
Mr. Hsieh Fu Hua  
Mr. Po'ad Bin Shaik Abu Bakar Mattar  
Mr. Gerard Yeap Beng Hock

## JOINT COMPANY SECRETARIES

Ms. Joyce Fong  
Ms. Tan San-Ju

## REGISTERED OFFICE

50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623  
Telephone number: +65 6536 5355  
Facsimile number: +65 6536 1360

## PRINCIPAL PLACE OF BUSINESS

17 Changi Business Park Central 1  
#04-06/09 Honeywell Building  
Singapore 486073  
Telephone number: +65 6422 2200  
Facsimile number: +65 6422 2310

## BANKERS

DBS Bank Ltd  
Standard Chartered Bank  
United Overseas Bank Limited  
Westpac Banking Corporation

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623  
Telephone number: +65 6536 5355  
Facsimile number: +65 6536 1360

## AUDITORS

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

Audit Partner-In-Charge: Low Bek Teng  
Date of appointment: Appointed since financial year  
ended 31 March 2011



# OPERATIONAL AND FINANCIAL HIGHLIGHTS

## OPERATIONAL HIGHLIGHTS

	FY11-12	FY10-11	% change
Passengers booked (thousands) <sup>(1)</sup>	5,465	5,968	-8.4
Revenue passenger-kilometres, RPK (millions) <sup>(2)</sup>	8,494	8,209	+3.5
Available seat-kilometres, ASK (millions) <sup>(3)</sup>	10,447	9,583	+9.0
Passenger load factor, RPK/ASK (%)	81.3	85.7	-4.4 points
Number of aircraft at financial year end <sup>(4)</sup>	34	26	+30.8
Average number of aircraft <sup>(5)</sup>	28	21	+36.2
Number of sectors flown	37,212	38,992	-4.6
Average sector length flown (km) <sup>(6)</sup>	1,558	1,377	+13.1

## FINANCIAL HIGHLIGHTS\*

### Income Statement (\$ million)

	FY11-12	FY10-11	% change
Total revenue	618.2	622.3	-0.7
Total expenses	701.6	575.0	+22.0
Operating (loss)/profit	(83.4)	47.2	NM
(Loss)/Profit before tax	(100.7)	57.0	NM
(Loss)/Profit after tax	(104.3)	39.9	NM

### (Loss)/Earnings per share (cents per share)

	FY11-12	FY10-11	% change
Basic <sup>(7)</sup>	(14.9)	7.0	NM
Diluted <sup>(8)</sup>	(14.9)	6.9	NM

### Profitability Ratios (%)

	FY11-12	FY10-11	% change
(Loss)/Profit before tax margin	(16.3)	9.2	NM
(Loss)/Profit after tax margin	(16.9)	6.4	NM
Return on average equity <sup>(9)</sup>	(47.1)	23.2	NM

### Statement of Financial Position (\$ million)

	As at 31-Mar-12	As at 31-Mar-11	% change
Cash	160.7	195.8	-17.9
Total assets	1,071.9	1,000.7	+7.1
Total debt	583.9	540.9	+8.0
Total equity	248.5	194.7	+27.6

NM : Not Meaningful

\* Tiger Airways' financial year is from 1 April to 31 March. Throughout this report, all figures are in Singapore Dollars, unless stated otherwise.

- (1) Number of paying passengers booked on Tiger Airways Singapore and Tiger Airways Australia.
- (2) Represents number of paying passengers carried on scheduled flights multiplied by the number of kilometres flown.
- (3) Represents number of seats on scheduled flights multiplied by the number of kilometres flown.
- (4) Represents total number of aircraft operated by Tiger Airways and its associated airlines.
- (5) Represents average number of aircraft operated by Tiger Airways Singapore and Tiger Airways Australia.
- (6) Represents average number of kilometres flown per sector.
- (7) Computed based on the weighted average number of ordinary shares outstanding during the year.
- (8) Computed based on the weighted average number of ordinary shares in issue, after adjusting for the effects of dilutive options and awards under the equity compensation plan.
- (9) Return on average equity is profit after tax expressed as a percentage of average total equity.

# CHAIRMAN'S STATEMENT

1. We have been through a tumultuous year. Not surprisingly, the financials do not look pretty. We apologise to shareholders – indeed to all our stakeholders – for that reversal of fortunes. Rather than scraping around for excuses, we need to examine with clarity what we believe were the root causes of the misadventures.

## Two Body-blows In Nine Months

2. Tiger's problems manifested themselves not long after the IPO in January 2010. By September, there were rumblings from pilots in Tiger Singapore over a year-earlier deal on compensation. A significant exodus resulted, leading to a troubling disruption of services, which dented our reputation. That was followed several months later, in early July, by the suspension of Tiger Australia's operations by the regulator because of violation of procedures. Two body-blows within a space of nine months: at which point, enter a new leadership charged with mending ways and striking out in new directions.

3. To assess the magnitude of the damage inflicted by those events, we resort to proxies. We compare the difference in profit between the previous year 2010-11 and the review year; it was an unfavourable change of \$144 million. Against the budget for the year, the reversal was even greater. Those are humongous financial blows. The lessons are being absorbed.

## The Salience of Governance

4. Without putting too fine a point on it, the root cause of our troubles was a weakening of governance, wherein, at its heart, lies the concept of accountability. Without accountability, the proper processes and structures for running any entity are bound to suffer. Reporting lines are blurred, and in their wake, monitoring and control hamstrung.

## A Culture of Service to the Customer and Respect for Employees

5. Besides inculcating the practice of robust governance, the task occupying the Board and management is to foster the right values in the organisation so that the culture of service to the customer is paramount. That is our "vision", if one has to be expressed. Foremost in that quest is our goal of treating employees with respect, so that they in turn will consistently place the interest of the customers first. There will be no more skimping of resources that deprive our people of the ability to perform their assigned functions well, a prerequisite for quality service to the customer. The level, or standard, of service will of course be commensurate with that of a low-cost carrier, which is precisely why Tiger is called a 'budget' carrier.

## The Right Side of the Industry

6. We are taking the necessary steps to achieve those goals. Our policy is bolstered by the belief that the low-cost space in the aviation industry is on a roll. Therein lies Tiger's destiny. It is the fastest growing segment of any in the aviation industry, and holds out rich promise if we succeed in our aim of offering honest, quality service to the customer. So we shall adhere to the low-cost model while not regarding any aspect of it as sacrosanct and immune to questioning. Flexibility and adaptability will characterise our actions.

## On The Mend

7. Turning now to our operations on the ground and in the air, we may claim with a degree of confidence that Tiger is on the mend. Tiger Singapore expanded capacity by 50% during the year in terms of available seat-kilometres. Traffic did not quite catch up to that torrid rate of expansion, and the passenger load factor fell to 81% from 86% in the previous year. The ensuing year will essentially be one of consolidation for Tiger Singapore.



# CHAIRMAN'S STATEMENT

8. Tiger Australia experienced a slow and steady growth from the partial resumption of services in mid-August, following a six-week hiatus. By the end of the financial year, it had worked up to about half its pre-suspension capacity. It is on track to recover all the lost ground by the middle of the ensuing year, partly through the opening of a new base in Sydney.

## Joint Ventures

9. Elsewhere, our joint venture in Indonesia, Mandala Airlines, inaugurated services a few days after the financial year ended. And in The Philippines, we were on course to take a significant stake in SEAir in the first half of 2012-13. Those new "cubs" will take time to consolidate and turn profitable.

## Rights Issue in November 2011

10. We succeeded in raising \$158 million through a rights issue in November. The money was largely needed to meet payments on incoming aircraft.

## CEO Search

11. At the time of drafting this report, the Board is in the throes of the search for a CEO. It is expected that well before the AGM, an announcement will be made.

12. In the meantime, Mr. Chin Yau Seng, on leave of absence from SIA since early July 2011, has been holding the fort as CEO. He has performed very creditably in the face of the manifold problems confronting the Group. On behalf of the Board, I record deep appreciation for his services, which will continue until the new CEO is in place.

13. I record as well the Board's appreciation for the conscientious effort of all our employees in the performance of their duties notwithstanding the turmoil that has afflicted the Group in the past 18 months. It is not their fault that the financial performance of the Group during the year was miserable. In any event, they deserve credit, collectively, for expanding the airline from its inception seven years ago to its present status of a multi-hub carrier.

14. Finally, I thank my colleagues on the Board for their valuable and unstinted assistance in trying to turn around this organisation. Five of them left during the year: Mr. Gerard Ee, the former Chairman, Mr. Teoh Tee Hooi, Mr. Chang Long Wee, Ms. Lim Siew Lay and Mr. Tony Davis, the former CEO. I am truly grateful for their services. In turn, we welcomed Mr. Gerard Yeap and Mr. Hsieh Fu Hua, as well as our CEO, Mr. Chin Yau Seng. I was elected at the last AGM.

## Conclusion – Our Resolve

15. We may have little influence over exogenous factors like the economic environment and fuel prices. We are resolved to avoid self-inflicted wounds, and determined to improve the muscle and tone of the organisation to fulfil our mandate to stakeholders. We look to the future with confidence.

Yours sincerely

**J Y Pillay**  
Chairman



# REVIEW OF OPERATING AND FINANCIAL PERFORMANCE

## OPERATING REVIEW

### Year in Review

1. FY11-12 was a difficult year with major events adversely affecting the operations of Tiger Airways and its group of companies ("Group"). The first quarter of the financial year was marred by the ash cloud from Chile's Puyehue-Cordon Caulle volcano which disrupted Australian domestic air travel. This was followed by the six-week suspension of Tiger Airways Australia's ("Tiger Australia") operations by the Civil Aviation Safety Authority of Australia ("CASA") between 2 July 2011 and 11 August 2011. Tiger Australia returned to the skies on 12 August 2011 after obtaining clearance from CASA, with operations consolidated in a single base at Melbourne's Tullamarine Airport.
2. These events, coupled with high fuel prices, severely impacted the Group's financial performance. The Group reported a loss after tax of \$104 million. Group passenger numbers decreased 8.4% to 5.5 million, and passenger load factor fell 4.4 percentage points to 81.3%.

### Tiger Airways Singapore

3. Tiger Airways Singapore ("Tiger Singapore") was impacted by higher fuel prices and excess capacity. Its fleet expanded from 14 to 20 aircraft during the year. In addition to receiving three aircraft as originally planned, it took delivery of four new aircraft diverted from Tiger Australia following the suspension and the measured recovery thereafter. Capacity (measured in available seat-kilometres) thus increased a hefty 49.9%, an ambitious target for traffic to match. Nonetheless, traffic rose a credible 41.3% (measured in revenue passenger-kilometres), albeit with some erosion in yield. Passenger load factor consequently fell 5.0 percentage points to 80.9%.
4. During the year, Tiger Singapore introduced new services from Singapore to Cebu, Bangalore (re-entry following a 11-month absence), and Dhaka. Frequencies were added to several destinations including Bangkok, Hat Yai, Tiruchirappalli, Hanoi and Chennai.
5. In FY11-12, Tiger Singapore had a flight completion rate of almost 100%, with only four flights cancelled due to inclement weather and operational restrictions. Its efforts to improve flight punctuality have shown encouraging results with on-time departures of 84.0% in the fourth quarter compared to 78.2% for the full year.

### Tiger Airways Australia

6. It was a traumatic year for Tiger Australia with flight disruptions caused by the volcanic ash cloud in the first quarter, the six-week suspension in the second quarter, and reduced operations post-suspension as it built up services at a measured pace. With the consolidation of operations into a single base at Tullamarine Airport, the bases at Avalon Airport and Adelaide Airport were closed.
7. By 31 March 2012, the airline had progressively increased services from the initial 18 sectors a day to 34 sectors. It will ramp up operations to 64 sectors by the third quarter of the new financial year.
8. In light of infrastructure constraints at Tullamarine Airport and to develop its network, Tiger Australia will open a base in Sydney in July 2012. It is also working with Tullamarine Airport on airport expansion plans to cater for growth out of Melbourne.
9. Destinations to be served from Sydney in FY12-13 include Gold Coast (Coolangatta) in July 2012 and Brisbane in August 2012, besides Melbourne itself.



# REVIEW OF OPERATING AND FINANCIAL PERFORMANCE

10. Tiger Australia has been rebuilding the business with a strong focus on safety, operational excellence, customer service and profitability. Post-suspension, it has regularly been the most punctual airline Down Under. In April 2012, official figures from the Australia Bureau of Infrastructure, Transport and Regional Economics showed that Tiger Australia achieved the highest on-time performance among Australian domestic carriers with 90.7% for arrivals and 91.5% for departures.

## Regional Expansion

11. Despite the tribulations during the year, the Group held fast to its strategy of expanding its network in the Asia-Pacific region, and continued to seek growth opportunities.

### *Mandala Airlines of Indonesia*

12. On 27 January 2012, Tiger Airways Holdings, through its wholly-owned subsidiary, Roar Aviation Pte. Ltd., purchased a 33% equity stake in PT Mandala Airlines of Indonesia, a fast-expanding arena for aviation. Mandala launched operations on 5 April 2012 following the reactivation of its Air Operator's Certificate in February 2012. It has three A320 aircraft flying from its base in Jakarta to Medan, Kuala Lumpur, Bangkok (from August 2012), and through Medan to Singapore. New aircraft will be added progressively as the network expands.

### *South East Asian Airlines of the Philippines*

13. On 4 June 2012, Tiger Airways Holdings acquired a 40% stake in Philippine carrier, South East Asian Airlines ("SEAir"). The investment will be held through Tiger's wholly-owned subsidiary, Roar Aviation II Pte. Ltd. The completion of the investment is subject to the required regulatory approvals being obtained.
14. As at 31 March 2012, SEAir operated two A319 aircraft leased from Tiger. The fleet will grow to five aircraft in the new financial year with the addition of three new A320 aircraft.

## Aircraft Fleet Summary

15. The Group took delivery of nine new A320 aircraft in FY11-12. Two of the nine aircraft were the subject of finance leases with support from the European Export Credit Agencies. The remaining seven aircraft were financed through sale and leaseback arrangements. Seven aircraft went to Tiger Singapore and two to Mandala. One A320 aircraft from Tiger Singapore was returned to the lessor upon expiry of the lease.
16. As at 31 March 2012, the Group and its associated airlines had a fleet of 34 aircraft. In FY12-13, it will take delivery of 11 new aircraft, with two older aircraft to be returned to the lessor.

### **Fleet size on 31 March 2012**

Tiger Singapore	20 (A320)
Tiger Australia	10 (A320)
Mandala (Indonesia)	2 (A320)
SEAir (the Philippines)	2 (A319)
Total	<hr/> 34 <hr/>



## FINANCIAL REVIEW

17. The following table summarises the Group Financial Performance.

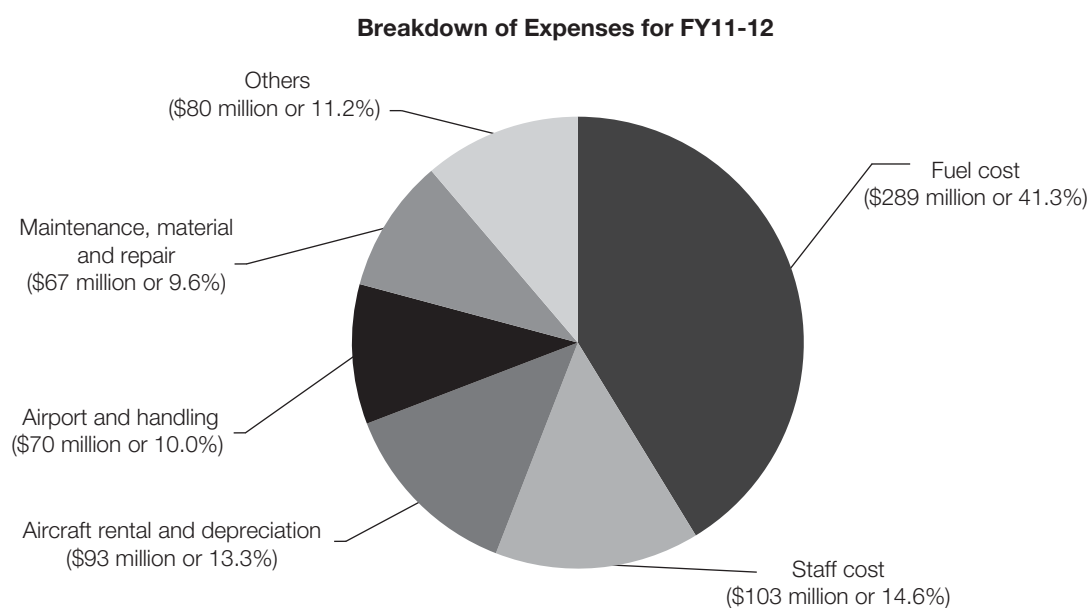
Group Financial Performance	FY11-12 (\$ million)	FY10-11 (\$ million)
Total Revenue	618	622
Total Expenses	702	575
Operating (Loss)/Profit	(83)	47
(Loss)/Profit After Tax	(104)	40
(Loss)/Earnings Per Share	(14.9) cents per share	7.0 cents per share

### Group Revenue

18. In FY11-12, the Group recorded total revenue of \$618 million, a decrease of 0.7% compared to the previous year. The revenue improvement from Tiger Singapore (+34.8% to \$461 million) was offset by lower revenue from Tiger Australia (-44.8% to \$154 million).

### Group Expenses

19. Total expenses rose 22.0% to \$702 million, due to higher fuel cost (+\$63 million), staff cost (+\$22 million), aircraft rental and depreciation (+\$18 million), airport and handling costs (+\$8 million), maintenance, material and repair costs (+\$4 million), and other costs (+\$12 million).





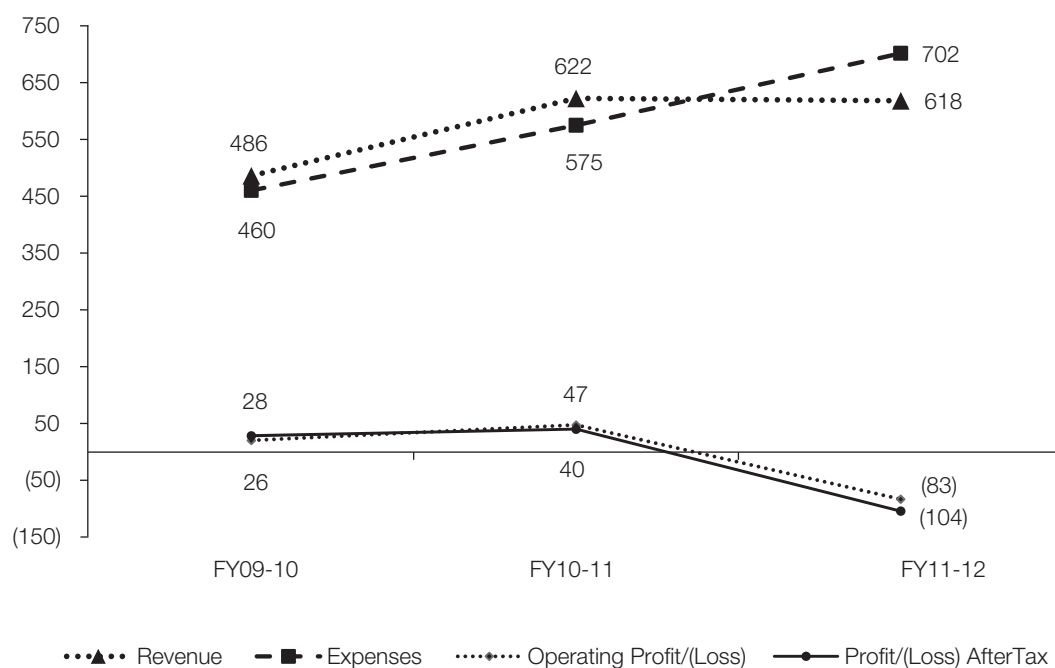
# REVIEW OF OPERATING AND FINANCIAL PERFORMANCE

20. Fuel cost, the largest cost component, accounted for 41.3% of total expenses. A hedging gain of \$7 million mitigated the increase, resulting in a net cost of \$289 million; an increase of \$63 million or 27.9% from the previous year. The average price of fuel was US\$128 per barrel against US\$95 per barrel the previous year, a rise of 34%.
21. Staff cost rose \$22 million or 26.7%, largely driven by Tiger Singapore's capacity growth and the need to improve organisational effectiveness in selected departments. Staff cost as a percentage of revenue was 16.6% (+3.6 percentage points) while staff cost per available seat-kilometre was 0.98 cents (+16.2%). The rise was largely the consequence of the hiatus in Australia and the measured pace of recovery thereafter.

## Group Earnings

22. The Group reported an operating loss of \$83 million compared to an operating profit of \$47 million the preceding year.
23. The increase in Tiger Singapore's capacity led to improved revenue of 34.8% to \$461 million. However, as a result of the combined effects of a larger aircraft fleet and higher jet fuel prices, Tiger Singapore sustained an operating loss of \$16 million compared with an operating profit of \$54 million the previous year. The operating loss at Tiger Australia widened from \$9 million in FY10-11 to \$77 million in FY11-12.
24. The Group's loss after tax amounted to \$104 million compared to a profit after tax of \$40 million the previous year.

Group Financial Performance (\$ million)



## Highlights of Operating Statistics

25. The following table shows the Operating Statistics for the year.

Operating Statistics	FY11-12	FY10-11	% change
Passengers booked (thousands)	5,465	5,968	-8.4
Revenue passenger-kilometres, RPK (millions)	8,494	8,209	+3.5
Available seat-kilometres, ASK (millions)	10,447	9,583	+9.0
Passenger load factor, RPK/ASK (%)	81.3	85.7	-4.4 points
Revenue per RPK (cents)	7.19	7.56	-4.9
Cost per ASK (cents)	6.72	6.00	+12.0
Breakeven load factor (%)	93.4	79.4	+14.0 points
Aircraft utilisation (block hours per aircraft per day)	9.0	11.2	-19.6
Average sector length flown (km)	1,558	1,377	+13.1

26. At the Group level, the 9.0% increase in ASK outpaced the 3.5% improvement in RPK, resulting in a 4.4 percentage point decrease in passenger load factor to 81.3%.
27. The capacity overhang contributed to a decline in overall aircraft utilisation (in block hours) to 9.0 hours from 11.2 hours the previous year. Coupled with the 34% rise in fuel prices, cost per ASK ("CASK") jumped 12.0%.
28. The 4.9% drop in yield and the rise in CASK resulted in a significantly higher breakeven load factor of 93.4%, 12.1 percentage points above the passenger load factor of 81.3%.

## Cash Flow

29. For the financial year ended 31 March 2012, capital expenditure was \$468 million (+\$41 million). The increase was primarily due to capital spending on aircraft.
30. Cash outflow from operations was \$93 million, largely due to the year's losses. In the previous year, the Group generated \$82 million from operations.
31. Cash and cash equivalents as at 31 March 2012 was \$161 million, mainly sourced from a rights issue. On 3 November 2011, Tiger completed a rights issue at an issue price of \$0.58 in the ratio of one rights share for every two existing ordinary shares. The issue yielded \$158 million. The Group thanks its shareholders for their support.

## Equity

32. Group equity as at 31 March 2012 was \$248 million, an increase of 27.6% from a year ago. This was mainly due to an increase in the share capital following the completion of the rights issue, partially offset by losses incurred by the Group.

## The Future

33. The Board of Directors and Management remain committed to making Tiger Airways the leading budget carrier in the region.



# BOARD OF DIRECTORS

## JOSEPH YUVARAJ PILLAY, 78

**Chairman<sup>1</sup>**

**Independent Director, Chairman**

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Date of first appointment as a director:	29 July 2011
Date of last re-election as a director:	29 July 2011
Length of service as a director: (on 15 June 2012)	10 months

### **Board committee(s) served on:**

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Executive Committee	(Chairman)
Risk Management Committee	(Chairman)
Nominating Committee	(Member)
Remuneration Committee	(Member)

### **Academic & Professional Qualification(s):**

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Bachelor of Science (Hons), Imperial College of Science & Technology, University of London

### **Present Directorships:**

---

<i>Listed companies</i>	Nil
<i>Others</i>	Nil

### **Principal Commitments/Major Appointments (other than Directorships)**

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Council of Presidential Advisers of the Republic of Singapore	(Chairman)
Securities Industry Council	(Chairman)
Presidential Council for Minority Rights	(Member)
Rector of Residential College 3 in the University Town of the National University of Singapore	(Member)
SINDA Board of Trustees	(Member)

### **Past Directorships held over the preceding three years**

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Singapore Exchange Limited

<sup>1</sup> Appointed on 29 July 2011

**CHIN YAU SENG, 40**

**Chief Executive Officer**

**Executive Director (Non-Independent)**

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Date of first appointment as a director:	4 July 2011
Date of last re-election as a director:	29 July 2011
Length of service as a director: (on 15 June 2012)	11 months

**Board committee(s) served on:**

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Executive Committee	(Member)
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**Academic & Professional Qualification(s):**

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Master of Science in Operational Research from The London School of Economics & Political Science  
Bachelor of Science (Hons) in Economics (specializing in Accounting and Finance) from The London School of Economics & Political Science

**Present Directorships:**

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<i>Listed companies</i>	Nil
<i>Others</i>	
Tiger Airways Singapore Pte. Ltd.	(Chairman)
Tiger Airways Australia Pty Limited	(Chairman)
Roar Aviation Pte. Ltd.	(Director)
Roar Aviation II Pte. Ltd.	(Director)
PT Mandala Airlines	(Commissioner)

**Principal Commitments/Major Appointments (other than Directorships)**

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Republic Polytechnic's School of Hospitality	(School Advisory Committee Member)
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**Past Directorships held over the preceding three years**

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Tradewinds Tours & Travel Private Limited



# BOARD OF DIRECTORS

## **RACHEL ENG YAAG NGEE, 43**

### **Independent Director**

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Date of first appointment as a director:	1 Dec 2009
Date of last re-election as a director:	29 July 2011
Length of service as a director: (on 15 June 2012)	2 years 6 months

### **Board committee(s) served on:**

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Nominating Committee	(Member)
Remuneration Committee	(Member)

### **Academic & Professional Qualification(s):**

---

LLB (Hons) 2nd Class Upper, National University of Singapore

### **Present Directorships:**

---

<i>Listed companies</i>	Nil
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#### *Others*

89 Holdings Pte Ltd	(Director)
Wopa Services Pte Ltd	(Director)

### **Principal Commitments/Major Appointments (other than Directorships)**

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WongPartnership LLP	(Managing Partner)
Singapore Management University, School of Law	(Member, Advisory Board)
Singapore Institute of Technology	(Member, Board of Trustees)
Law Society of Singapore	(Council Member)
International Bar Association, Capital Markets Forum	(Co-Chair)

### **Past Directorships held over the preceding three years**

---

Clifford Chance Pte Ltd. (formerly known as Clifford Chance Wong Pte Ltd)  
SP Chemicals Pte. Ltd. (formerly known as SP Chemicals Ltd.)



## HSIEH FU HUA, 61

### Independent Director

Date of first appointment as a director:	4 Nov 2011
Date of last re-election as a director:	Nil
Length of service as a director: (on 15 June 2012)	7 months

### Board committee(s) served on:

Nominating Committee	(Chairman)
Remuneration Committee	(Chairman)
Risk Management Committee	(Member)
Executive Committee	(Member)

### Academic & Professional Qualification(s):

Bachelor of Business Admin (Hons), University of Singapore

### Present Directorships:

#### Listed companies

United Overseas Bank Limited	(Non-Executive Director)
ICAP plc, United Kingdom	(Non-Executive Director)

#### Others

Binjaitree	(Non-Executive Director/Chairman)
Fullerton Fund Management Company Ltd.	(Non-Executive Director/Chairman)
Shared Services for Charities Limited	(Non-Executive Director/Chairman)
The National Art Gallery	(Non-Executive Director/Deputy Chairman)
Hogarth Limited	(Director)
Far Eastern Bank Limited	(Non-Executive Director)
Stewardship and Corporate Governance Centre Pte. Ltd.	(Non-Executive Director/Chairman)
ST Asset Management Ltd	(Non-Executive Director/Chairman)

### Principal Commitments/Major Appointments (other than Directorships)

Lien Foundation	(Governor)
National Arts Council	(Council Member)
Singapore Indian Development Association	(Term Trustee)

### Past Directorships held over the preceding three years

National University of Singapore  
Singapore Exchange Ltd  
Temasek Holdings (Private) Limited



# BOARD OF DIRECTORS

## **LEE CHONG KWEE, 55**

### **Non-Executive Director**

---

Date of first appointment as a director:	1 Dec 2009
Date of last re-election as a director:	30 July 2010
Length of service as a director: (on 15 June 2012)	2 years 6 months

### **Board committee(s) served on:**

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Audit Committee	(Member)
Executive Committee	(Member)

### **Academic & Professional Qualification(s):**

---

Bachelor of Science (Hons), University of Malaya  
Certified Diploma in Accounting & Finance, The Chartered Association of Certified Accountants

### **Present Directorships:**

---

<i>Listed companies</i>	Nil
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#### *Others*

Jurong Port Pte Ltd	(Chairman)
First Flight Couriers Pvt Limited	(Director)
Great Wall Airlines Company Pte Ltd	(Director)
Jurong Port Rizhao Holding Pte. Ltd.	(Director)
Mapletree Investments Pte Ltd	(Director)
Rizhao Jurong Port Terminals Co Ltd	(Director)
Singapore Storage & Warehouse Pte Ltd	(Director)
Tiger Airways Singapore Pte. Ltd.	(Director)

### **Principal Commitments/Major Appointments (other than Directorships)**

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Jurong Country Club	(Chairman)
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### **Past Directorships held over the preceding three years**

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Singapore Post Limited
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**PO'AD BIN SHAIK ABU BAKAR MATTAR, 64**

**Independent Director**

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Date of first appointment as a director:	1 Dec 2009
Date of last re-election as a director:	14 Dec 2009
Length of service as a director: (on 15 June 2012)	2 years 6 months

**Board committee(s) served on:**

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Audit Committee	(Chairman)
Risk Management Committee	(Member)

**Academic & Professional Qualification(s):**

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Bachelor of Accountancy, University of Singapore  
Master in Management, Asian Institute of Management  
Certified Public Accountant, Institute of Certified Public Accountants of Singapore

**Present Directorships:**

*Listed Companies*

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Hong Leong Finance Limited	(Director)
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*Others*

Keppel Offshore & Marine Ltd	(Director)
NIE International Private Limited	(Director)

**Principal Commitments/Major Appointments (other than Directorships)**

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Council of Presidential Advisers	(Member)
Public Service Commission	(Member)
Rahmatan Lil Alamin Foundation	(Trustee)

**Past Directorships held over the preceding three years**

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PUB Consultants Private Limited



# BOARD OF DIRECTORS

## **YAP CHEE KEONG, 51**

### **Lead Independent Director**

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Date of first appointment as a director:	1 Dec 2009
Date of last re-election as a director:	29 Jul 2011
Length of service as a director: (on 15 June 2012)	2 years 6 months

### **Board committee(s) served on:**

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Audit Committee	(Member)
Nominating Committee	(Member)
Remuneration Committee	(Member)

### **Academic & Professional Qualification(s):**

---

Bachelor of Accountancy, National University of Singapore  
Fellow of the Institute of Certified Public Accountants of Singapore  
Fellow of CPA Australia

### **Present Directorships:**

#### *Listed companies*

CapitaMalls Asia Limited	(Non-Executive Independent Director)
Hup Soon Global Corporation Limited	(Non-Executive Independent Director)
The Straits Trading Company Limited	(Lead Independent Director)

#### *Others*

Citibank Singapore Limited	(Non-Executive Independent Director)
CityNet Infrastructure Management Pte. Ltd.	(Non-Executive Independent Chairman)
UTAC Holdings Ltd	(Non-Executive Independent Director)
SPI (Australia) Assets Pty Ltd	(Non-Executive Director)
The Assembly of Christians of Singapore Ltd	(Director)
Tiger Airways Australia Pty Limited	(Director)

### **Principal Commitments/Major Appointments (other than Directorships)**

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Accounting & Corporate Regulatory Authority	(Board Member)
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### **Past Directorships held over the preceding three years**

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Singapore District Cooling Pte Ltd

**GERARD YEAP BENG HOCK, 58**

**Non-Executive Director**

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Date of first appointment as a director:	3 August 2011
Date of last re-election as a director:	NA
Length of service as a director: (on 15 June 2012)	10 months

**Board committee(s) served on:**

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Risk Management Committee	(Member)
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**Academic & Professional Qualification(s):**

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Airline Pilot

**Present Directorships:**

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<i>Listed companies</i>	Nil
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*Others*

Tiger Airways Australia Pty Limited	(Director)
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**Principal Commitments/Major Appointments (other than Directorships)**

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Singapore Airlines Limited	(Senior Vice President Flight Operations)
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**Past Directorships held over the preceding three years**

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SilkAir (Singapore) Private Limited



# BOARD OF DIRECTORS

## **ARTHUR LANG TAO YIH, 40**

### **Proposed Director**

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Date of first appointment as a director:	NA
Date of last re-election as a director:	NA
Length of service as a director:	NA

### **Board committee(s) served on:**

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NA

### **Academic & Professional Qualification(s):**

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Master of Business Administration, Harvard Business School, Boston, Massachusetts  
Bachelor of Arts (magna cum laude), Majored in Economics, Harvard University, Cambridge, Massachusetts

### **Present Directorships:**

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<i>Listed companies</i>	Nil
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#### *Others*

The Ascott Limited	(Director)
Land Transport Authority	(Director)

### **Principal Commitments/Major Appointments (other than Directorships)**

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CapitaLand Limited	(Group Chief Financial Officer)
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### **Past Directorships held over the preceding three years**

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Nil

Mr. Arthur Lang is the Group Chief Financial Officer of CapitaLand Limited. Prior to joining CapitaLand, he was co-head of the Southeast Asia Investment Banking Division for Morgan Stanley. In that capacity, he spearheaded the client coverage and transaction execution efforts across corporate finance, and mergers and acquisitions transactions for Southeast Asian companies. Other roles Mr. Lang held at Morgan Stanley included the Chief Operating Officer for the Asia Pacific Investment Banking Division where he was based in Hong Kong. Mr. Lang is also currently a board member of the Land Transport Authority of Singapore and the Ascott Limited. Mr. Lang has an MBA from Harvard Business School and a BA in Economics (magna cum laude) from Harvard University.



**MAURICE DE VAZ, 71**

**Proposed Director**

Date of first appointment as a director:	NA
Date of last re-election as a director:	NA
Length of service as a director:	NA

**Board committee(s) served on:**

NA

**Academic & Professional Qualification(s):**

Airline Pilot (licence now lapsed)

**Present Directorships:**

*Listed companies* Nil

*Others*

Mount Alvernia Hospital	(Director)
Tiger Airways Singapore Pte. Ltd.	(Director)

**Principal Commitments/Major Appointments (other than Directorships)**

Nil

**Past Directorships held over the preceding three years**

Nil

Mr. Maurice de Vaz joined Singapore Airlines Limited (then Malayan Airways), in 1963. He rose through the ranks to become SIA's senior vice president of flight operations in 1981. During his term, he was also Chairman of SATS Apron Services and the Singapore Flying College, which he started, member of the IATA Operations Committee, and board member of the SIA Engineering Company. Mr. de Vaz retired in 2002 and went on to serve as advisor to the CEO/Chairman of Qatar Airways, Pakistan Airways and Jet Airways. He is currently a board member of Tiger Airways Singapore Pte. Ltd. and Mount Alvernia Hospital in Singapore.



# SENIOR MANAGEMENT

We set out below certain information regarding our Senior Management as at the date of this Annual Report:



**CHIN SAK HIN**  
**CHIEF FINANCIAL OFFICER**

Mr. Chin Sak Hin is the Chief Financial Officer of the Company and is responsible for financial management, control and reporting, risk and treasury management, procurement, financing and leasing, revenue management, investor relations, and strategic planning of the Company. He joined Tiger Airways Holdings in June 2008. Prior to joining the Company, he was the chief financial officer at SIA Engineering Company. Mr. Chin began his career with Ernst & Young LLP before joining Singapore Airlines ("SIA") in 1983. He held various senior management positions at the airline including that of general manager of New Zealand and group vice president of treasury. Mr. Chin graduated from National University of Singapore with a Bachelor of Accountancy (Hons.) and is a certified public accountant of the Institute of Certified Public Accountants of Singapore.



**JOYCE FONG FOONG CHAO**  
**GENERAL COUNSEL & COMPANY SECRETARY**

Ms. Joyce Fong joined Tiger Airways Holdings as Company Secretary on 3 January 2012. As Company Secretary, she assists the Chairman and the Board of Directors in the conduct of Board proceedings and shareholder meetings. As of 1 June 2012, Ms. Fong was appointed General Counsel for the Company. She was previously head of compliance and company secretary of the Singapore Exchange Limited ("SGX"). During her time with SGX, she also held other senior positions with distinction namely, company secretary and staff assistant to the CEO, and general counsel. She was involved in many milestones achieved by SGX. In 2008 she was named as one of Asia's top 25 in-house lawyers by Asian Legal Business. Ms. Fong holds an LL.M from National University of Singapore and is an Advocate and Solicitor of the Supreme Court of Singapore.



**STEWART ANDREW ADAMS**  
**MANAGING DIRECTOR TIGER AIRWAYS SINGAPORE**

Mr. Stewart Adams joined Tiger Airways Singapore as Managing Director on 10 January 2011. Mr. Adams is also a Director of Tiger Airways Singapore since 28 January 2011 and is responsible for the performance of Tiger Airways Singapore. He has extensive aviation experience having held various senior management positions throughout his 34 years spent within the airline industry. Prior to joining Tiger Airways Singapore, Mr. Adams spent 11 years with bmi, a UK-based aviation group, where he was a member of the group operating board. He also held the position of managing director and was the accountable manager of bmi Regional from 2006 until he joined Tiger Airways Singapore.



**ANDREW PAUL DAVID**  
**CHIEF EXECUTIVE OFFICER TIGER AIRWAYS AUSTRALIA**

Mr. Andrew Paul David joined Tiger Airways Australia as Chief Executive Officer on 17 October 2011. He is also a Director of Tiger Airways Australia since 20 October 2011 and is responsible for the performance of Tiger Airways Australia. Mr. David was previously chief operating officer at Virgin Blue, a position he held from February 2005 to November 2010. At Virgin Blue, he oversaw flight operations, ground services, engineering, safety systems, revenue management, network planning and guest services. Prior to this, he held a number of senior management roles at Air New Zealand including chief information officer and general manager of domestic, Tasman and Pacific Island business. He has also worked in strategic and consulting roles with Shell Oil, British Airways, IBM and NatWest Bank. Mr. David holds an Executive MBA from Auckland University.



**CHRISTOPHER JOHN WARD**  
**DIRECTOR PHILIPPINES**

Mr. Christopher Ward joined Tiger Airways Singapore in April 2005 as Director of Operations. He was responsible for overseeing all operational areas whilst ensuring compliance with CAAS regulations. He was subsequently appointed Managing Director of Tiger Airways Singapore and, shortly after, became the first Managing Director of Tiger Airways Australia. He transferred to Tiger Airways Holdings in 2008 and has been involved with business development, the most recent being the investment in SEAir in the Philippines. Mr. Ward has over 29 years of aviation experience and has held various management and training roles, including Chief Pilot of British Airways' franchise partner, Maersk Air. He holds Joint Airworthiness Authorities (JAA) and Singapore Air Line Transport Pilot Licence with Authorised Flight Examiner endorsement, and has amassed in excess of 12,000 flying hours in various types of fixed wing and rotary aircraft.

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# CORPORATE GOVERNANCE

The Board of Directors and management of Tiger Airways Holdings Limited (the “Company”) are committed to continually enhancing shareholder value by maintaining high standards of corporate governance, professionalism, integrity and commitment at all levels, underpinned by strong internal controls and risk management systems.

This Report sets out the Company’s corporate governance processes, with specific reference to the guidelines of the Code of Corporate Governance 2005 (the “Code”).

## BOARD’S CONDUCT OF AFFAIRS

### Principle 1: Effective Board to lead and control the Company

The principal functions of the Board of Directors of the Company (the “Board”) are, inter alia, to make decisions on strategic directions and guidelines for implementation by management, approve periodic plans and major investments and divestments, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, monitor management’s performance, and ensure that a framework of prudent and effective controls is in place to enable risks to be assessed and managed.

All Directors are required to exercise independent judgment in the best interests of the Company.

To assist the Board in the discharge of its oversight function, certain functions have been delegated by the Board to various board committees (“Board Committees”). The Board Committees constituted by the Board are the Audit Committee (“AC”), the Nominating Committee (“NC”), the Remuneration Committee (“RC”), the Risk Management Committee (“RMC”), and the Executive Committee (“ExCo”). The last two committees, the RMC and the ExCo, were set up during the course of the financial year under review. The ExCo was set up in order to review the Company’s strategic partnerships and selected proposals from management before eventual submission to the Board. The RMC was set up in order to take over the existing function of reviewing risks and controls in the Company from the AC, with an expanded scope to oversee reputational and enterprise risks. Pending the RMC being fully operational, enterprise and business risks were reviewed by the ExCo, and financial risks were reviewed by the AC. Meetings of the RMC have been scheduled for FY12-13.

As the NC and the RC share common membership, meetings of the NC and the RC are jointly convened.

Each of these Board Committees, except the RMC, has been set up with clear written terms of reference (“TOR”). The RMC will set out its TOR during its first meeting and present it to the Board for approval. The TORs of the AC, NC and RC were reviewed during the financial year and revised to set out the duties, authority and accountabilities of each committee.

The Board meets at least once every quarter, and more as warranted by particular circumstances. For FY11-12, a total of 12 Board meetings were convened. Ad-hoc Board meetings were convened, inter alia, to discuss and take remedial action to address the suspension of the Company’s subsidiary, Tiger Airways Australia Pty Limited by the Civil Aviation Safety Authority of Australia (“CASA”).

# CORPORATE GOVERNANCE

Directors may participate in a Board meeting by means of telephone conference or other similar communications equipment, under the Company's Articles of Association. The number of Board and Board Committee meetings held in FY11-12, as well as the attendance of each Board member at these meetings, is disclosed below:

Name of Director	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings	Executive Committee Meetings	Total
Gerard Ee Hock Kim <sup>(1)</sup>	7/7	2/2	1/1	2/2	NA	12/12
Anthony Alfred Peter (Tony) Davis <sup>(2)</sup>	7/8	NA	NA	NA	NA	7/8
Rachel Eng Yaag Ngee <sup>(3)</sup>	10/12	NA	5/5	5/6	NA	20/23
Lee Chong Kwee <sup>(4)</sup>	12/12	1/1	3/3	NA	5/5	21/21
Po'ad Bin Shaik Abu Bakar Mattar <sup>(5)</sup>	10/12	4/4	NA	4/4	NA	18/20
Teoh Tee Hooi <sup>(6)</sup>	7/7	NA	1/1	NA	NA	8/8
Yap Chee Keong <sup>(7)</sup>	12/12	4/4	5/5	6/6	NA	27/27
Chang Long Wee <sup>(8)</sup>	10/10	NA	NA	NA	NA	10/10
Lim Siew Lay <sup>(9)</sup>	10/10	NA	NA	3/4	NA	13/14
Joseph Yuvaraj Pillay <sup>(10)</sup>	5/5	NA	4/4	4/4	5/5	18/18
Chin Yau Seng <sup>(11)</sup>	5/5	NA	NA	NA	5/5	10/10
Gerard Yeap Beng Hock <sup>(12)</sup>	2/4	NA	NA	NA	NA	2/4
Hsieh Fu Hua <sup>(13)</sup>	2/2	NA	2/2	2/2	5/5	11/11
Number of meetings held in FY11-12	12	4	5	6	5	32

(1) Mr. Ee retired from the Board on 29 July 2011.

(2) Mr. Davis resigned from the Board on 1 November 2011.

(3) Ms. Eng stepped down as chairman of the NC on 4 August 2011 but remained as a member of the NC.

(4) Mr. Lee ceased to be a member of the NC and was appointed as a member of the AC and the ExCo on 30 December 2011.

(5) Mr. Mattar stepped down from the RC on 30 December 2011.

(6) Mr. Teoh retired from the Board on 29 July 2011.

(7) Mr. Yap stepped down as chairman of the RC on 19 September 2011 but remained as member of the RC.

(8) Mr. Chang resigned from the Board on 4 November 2011.

(9) Ms. Lim resigned from the Board on 4 November 2011.

(10) Mr. Pillay was elected to the Board by shareholders at the AGM on 29 July 2011 and was also appointed as a member of the NC and RC and chairman of the ExCo on 30 December 2011.

(11) Mr. Chin was appointed to the Board on 4 July 2011 and was appointed as a member of the ExCo on 30 December 2011.

(12) Mr. Yeap was appointed to the Board on 3 August 2011.

(13) Mr. Hsieh was appointed to the Board on 4 November 2011 and was appointed as chairman of the NC and RC, and member of the ExCo on 30 December 2011.



As a matter of policy, management will go to the Board for approval on major matters, in particular on acquisitions and divestments, capital expenditure, banking loans, credit facilities and budget approvals. The Board has approved a Delegation of Authority policy, which sets out matters that require Board approval, and specifies the limits and authorities for the various levels of the Board and management.

A formal letter of appointment is sent to newly-appointed Directors of the Company upon their appointment, setting out their duties and obligations as a Director in respect of potential conflicts of interest, interested person transactions and disclosure of Directors' interests. All new Directors to the Board are briefed by management on Tiger Airways and its group of companies' ("Group") business activities, its strategic direction and policies. The Board was given a briefing on key changes to the Listing Rules, the developments on continuing disclosure obligations, and other recent legal and regulatory developments during the financial year by a law firm. Directors may also attend, at the Company's expense, other appropriate courses, conferences and seminars. These include programmes run by the Singapore Institute of Directors and the Stewardship and Corporate Governance Centre. Directors can request further explanations, briefings or information on any aspect of the Company's operations or business issues from management.

## **BOARD COMPOSITION AND BALANCE**

### **Principle 2: Strong and independent Board**

The Board presently comprises eight Directors. Except for three Directors, namely, Chief Executive Officer ("CEO"), Mr. Lee Chong Kwee and Mr. Gerard Yeap Beng Hock, the other five Directors are independent, Non-Executive Directors of the Company ("Independent Directors"). Mr. Lee Chong Kwee was considered non-independent because he was originally nominated as a Director by Dahlia Investments (a Temasek subsidiary and a founding shareholder of the Company). Following Tiger Airways' IPO, the right of the founding shareholders to nominate Directors to the Board had lapsed. Temasek does not regard Mr. Lee as their nominee on the Board. The NC has also reviewed Mr. Lee's independence and is satisfied that Mr. Lee is independent in thought and action from Dahlia Investments. In the circumstances, the NC has proposed his re-election to the Board following his retirement by rotation at the AGM as an Independent Director. Please refer to the Board of Directors section for key information regarding the Directors.

The NC reviews and determines on an annual basis whether or not a Director is independent, in accordance with the Code and any other salient factors.

The NC is of the view that, taking into account the present nature and scope of the Company's business, the Board size needs to be increased from the present eight Directors to ten Directors as the Company is currently undergoing a transition. The Company had, on 7 February 2012, announced that it was initiating the search for a CEO to succeed the current CEO, Mr. Chin Yau Seng. Mr. Chin, a senior executive of Singapore Airlines Limited ("SIA"), was given leave of absence to join the Company in early July, first as an Executive Director, and subsequently as CEO. He will return to SIA once a suitable candidate is found. The Board also needs to address strategic and operational issues to return the Company to profitability and sustainability. The NC expects that the Board size should reduce once the transition process is complete.

The NC is satisfied that the Board comprises Directors who as a group provide core competencies required for the Board to be effective such as accounting or finance, legal, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.



# CORPORATE GOVERNANCE

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### **Principle 3: Chairman and Chief Executive Officer to be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making**

The Chairman of the Company (the “Chairman”) and the CEO have separate roles in the Company and the Chairman and the CEO are not related to each other.

The Chairman is an Independent Director of the Company. The Chairman chairs Board meetings, manages the Board’s agenda and business, assesses the contribution of Non-Executive Directors (“NEDs”), ensures that the Directors receive pertinent, comprehensive and timely information, ensures that the Company communicates effectively with the shareholders (“Shareholders”) and promotes high standards of corporate governance.

The CEO leads the management team and directs the business of the Group in line with the Group’s strategic directions and policies. The CEO keeps in regular communication with the Chairman and the Board to update them on corporate issues and developments.

During the financial year under review, Mr. Yap Chee Keong was appointed Lead Independent Director responsible for leading the Board’s assessment of the Chairman’s performance and to assume the role of the Chairman in the latter’s absence.

## BOARD MEMBERSHIP

### **Principle 4: Formal and transparent process for the appointment of new Directors to the Board**

The Company has established the NC to, among other things, make recommendations to the Board on all Board appointments. The NC consists entirely of Independent Directors.

The members of the NC comprise Messrs. Hsieh Fu Hua (NC chairman), Joseph Yuvaraj Pillay, Rachel Eng Yaag Ngee and Yap Chee Keong.

The responsibilities of the NC include identifying candidates and reviewing all nominations for the approval of the Board, for the appointment or termination of Directors, the CEO and the memberships of the various Board Committees. On an annual basis, the NC recommends the re-election of Directors retiring under the Company’s Articles of Association, having regard to the Directors’ contribution and performance, and reviews whether a Director is independent (in accordance with the Code and any other salient factors). The NC also reviews the composition of the Board to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities. The NC decides where a Director has multiple board representations, whether the Director is able to and has been adequately carrying out his duties as Director.

The NC uses its best efforts to ensure that the Directors appointed to the Board possess the skill, experience and knowledge in the business, finance and management necessary to the Group’s business. Suitable candidates are proposed through the recommendations of the Directors or by the substantial Shareholders of the Company.

Pursuant to the Company's Articles of Association, all new appointees to the Board, if not elected by Shareholders at the AGM, will only hold office until the next AGM after the date of their appointment. The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Company's Articles of Association provide for one-third of the Board to retire at each AGM and, where applicable, to submit themselves for re-election.

In respect of Mr. Lee Chong Kwee, the NC had, at its meeting on 9 February 2012, considered that the circumstances to consider him non-independent no longer existed. Accordingly, the NC and the Board will be proposing Mr. Lee's re-election at the AGM on 31 July 2012 as an Independent Director, on the grounds that (i) he was originally nominated as Director by Dahlia Investments Pte. Ltd., a founding shareholder of the Company and, (ii) the right of founding shareholder(s) to nominate Directors to the Board lapsed at the IPO of the Company and Dahlia Investments no longer consider him their nominee on the Board and, (iii) the NC is satisfied that Mr. Lee is independent in thought and action from Dahlia Investments Pte. Ltd.

## **BOARD PERFORMANCE**

### **Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board**

The NC has commenced the implementation of a process for assessing the effectiveness of the Board whereby the Board's performance may be evaluated using objective performance criteria, which allow for comparison with industry peers and address how the Board has enhanced long term shareholders' value. An external facilitator will be engaged for the process. Together with the facilitator, the NC will establish the board performance criteria. From the board performance criteria, the facilitator will design the questionnaire, and refine it accordingly with input from the NC. Upon approval of the questionnaire, the facilitator will administer the questionnaire, collate the responses, and prepare a report to the NC and thereafter, to the Board on the results. Thereafter, the NC, with input from the Board, will adopt an action plan to address areas of improvement, assign responsibilities and monitor progress. The evaluation will adopt a two-year cycle in the beginning, with the first year being the evaluation, and the second year being the year in which the action plans to address the areas of improvement are implemented and progress monitored.

For individual Director evaluation, the following process is adopted. Each Non-Executive Director's ("NED") contribution will be evaluated by the Chairman, and the results of the assessment will be discussed with the NC chairman. The individual evaluation will assess whether each Director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and Board Committees, and any other duties). Feedback arising from the process will be provided by the Chairman directly to the NED concerned. The evaluation will be taken into account in the appointment or re-election of the NEDs. The assessment of the CEO's performance is undertaken by the NC and the RC, and the results are reviewed by the Board. The assessment of the Chairman's performance is undertaken by the NC (excluding the Chairman), led by the chairman of the NC and the Lead Independent Director. Feedback arising from the process will be provided by the NC chairman and the Lead Independent Director to the Chairman.



# CORPORATE GOVERNANCE

## ACCESS TO INFORMATION

### **Principle 6: Board members have complete, adequate and timely information**

The Company recognises that management has an obligation to supply the Board with complete and adequate information in a timely manner. Board papers are sent to Directors in advance before a Board meeting to ensure that Directors are adequately prepared for the meeting. Directors who have queries on contents of board papers can make further enquiries to management.

The Company Secretary administers, attends and prepares minutes of Board proceedings. The Company Secretary assists the Chairman to ensure that Board procedures are followed (including ensuring good information flow within the Board and its committees and between management and Directors) and that applicable rules and regulations are complied with. As primary compliance officer for the Company's compliance with the SGX Listing Rules, the Company Secretary is responsible for training, designing and implementing a framework for the Company's compliance with the Listing Rules, including advising management on prompt disclosures of material price-sensitive information. The Company Secretary is also the secretary for all the Board Committees, and helps ensure coordination and liaison between the Board, Board Committees and management in the development of the agendas for the various Board and Board Committee meetings. Directors have separate and independent access to management and the Company Secretary.

The Independent Directors are entitled to seek independent professional advice on Company-related matters (including those relating to their role and responsibility as a Director) at the expense of the Company, subject to the costs being approved by the Chairman or the Board in advance as being reasonable.

## REMUNERATION MATTERS

### **Principle 7: The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual Directors should be formal and transparent**

The RC shares the same composition as the NC, and comprises entirely of Independent Directors.

The members of the RC comprise Messrs. Hsieh Fu Hua, (RC chairman), Joseph Yuvaraj Pillay, Rachel Eng Yaag Ngee and Yap Chee Keong. The RC is responsible for, among other matters, recommending to the Board, in consultation with the Chairman, a remuneration policy framework and guidelines for remuneration of the Directors and key executives, and deciding specific remuneration packages for each of the Directors, the CEO and the Chairman.

The RC also periodically considers and reviews remuneration packages in order to maintain their attractiveness, to retain and motivate the Directors and key executives and to align the interests of management with that of the Company and Shareholders. This will, inter alia, be through their participation in the Tiger Airways Long Term Incentive Plan approved by Shareholders at the Company's EGM on 30 July 2010.

## Principle 8: Remuneration of Directors should be adequate but not excessive

### *Executive Director*

The current CEO, Mr. Chin Yau Seng, was appointed as Executive Director on 4 July 2011 and subsequently Acting CEO on 6 July 2011. He assumed the role of CEO upon the resignation of the former CEO, Mr. Tony Davis, on 1 November 2011. He is the only Executive Director of the Company. His compensation plan is formulated to ensure that it is market competitive and that the rewards are commensurate with his contributions. The compensation package comprises basic salary as well as a performance bonus which relates directly to the financial performance of the Group and personal contributions. During the financial year under review, he waived his right to receive share grants under the Tiger Airways Long Term Incentive Plan. The CEO does not receive any Directors' fees.

### *Non-Executive Directors (including Independent Directors)*

The fee structure for Non-Executive Directors follows the past year's structure, with each Director paid a retainer fee of \$40,000 per annum. In addition, the following additional fees are paid for membership of the various Board Committees:

Position held	Additional fees per annum (\$)
Chairman of the Board	40,000
ExCo chairman	32,000
AC chairman	25,000
RC chairman	17,000
NC chairman	15,000
RMC chairman	15,000
Member of AC, NC RC, RMC and ExCo	10,000 per Board Committee membership

No attendance fees are paid. During the year, the RC approved the new fee structure for the new Committees formed, namely the ExCo and the RMC. However no fees for the RMC were paid for FY11-12, as the RMC would be operational in FY12-13.



# CORPORATE GOVERNANCE

If a directorship or an appointment to a Board Committee is held for a part of the year, the fees are prorated accordingly. Accordingly, each of the Directors (other than the CEO) received the following Directors' fees for FY11-12:

Name of Director	Directors' fees amount (\$)
Joseph Yuvaraj Pillay <sup>(1)</sup>	76,141.94
Gerard Ee Hock Kim <sup>(2)</sup>	33,602.15
Chang Long Wee <sup>(3)</sup>	26,308.21
Lee Chong Kwee <sup>(4)</sup>	52,527.00
Lim Siew Lay <sup>(5)</sup>	29,722.16
Po'ad Bin Shaik Abu Bakar Mattar <sup>(6)</sup>	72,473.00
Rachel Eng Yaag Ngee <sup>(7)</sup>	61,706.98
Teoh Tee Hooi <sup>(8)</sup>	16,397.85
Yap Chee Keong <sup>(9)</sup>	73,238.89
Gerard Yeap Beng Hock <sup>(10)</sup>	26,451.61
Hsieh Fu Hua <sup>(11)</sup>	27,005.00

- (1) Mr. Pillay was elected to the Board by Shareholders at the AGM on 29 July 2011 and was also appointed as a member of the NC and RC and chairman of the ExCo on 30 December 2011.
- (2) Mr. Ee retired from the Board on 29 July 2011.
- (3) Mr. Chang resigned from the Board on 4 November 2011.
- (4) Mr. Lee ceased to be a member of the NC and was appointed as a member of the AC and the ExCo on 30 December 2011.
- (5) Ms. Lim resigned from the Board on 4 November 2011.
- (6) Mr. Mattar stepped down from the RC on 30 December 2011.
- (7) Ms. Eng stepped down as chairman of the NC on 4 August 2011 but remained as a member of the NC.
- (8) Mr. Teoh retired from the Board on 29 July 2011.
- (9) Mr. Yap stepped down as chairman of the RC on 19 September 2011 but remained as a member of the RC.
- (10) Mr. Yeap was appointed to the Board on 3 August 2011.
- (11) Mr. Hsieh was appointed to the Board on 4 November 2011 and was appointed as chairman of the NC and RC, and a member of the ExCo on 30 December 2011.



**Principle 9: There should be clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration**

The objective of the Group's remuneration policy is to attract, motivate, reward and retain quality staff. The total compensation package for employees comprises basic salary, variable performance bonus, share grants for eligible employees under the Tiger Airways Long Term Incentive Plan (comprising the Tiger Airways Group Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") as well as benefits. In determining the composition of the package, the nature of the role performed and market practice are taken into consideration. For key executives, the Group adopts a performance-driven approach to compensation with rewards linked to individual, team and corporate performance. The compensation for key executives is reviewed by the RC.

The level and mix of the remuneration paid in FY11-12 to the CEO and next five top key executives of the Company in bands of \$250,000 are set out below:

Name of Executive	Remuneration Band \$	Salary %	Performance Based Bonus % <sup>(1)</sup>	Other benefits % <sup>(2)</sup>	RSP Share Awards %	Total %
Anthony Alfred Peter (Tony) Davis <sup>(3)</sup>	750,001– 1,000,000	43.1	51.0	3.7	2.2	100.0
Chin Yau Seng <sup>(4)</sup>	250,001 – 500,000	58.9	39.6	1.5	0.0	100.0
Chin Sak Hin	500,001 – 750,000	57.8	39.1	1.4	1.7	100.0
Stewart Andrew Adams	250,001 – 500,000	92.3	0.0	7.7	0.0	100.0
Andrew Paul David <sup>(5)</sup>	250,001 – 500,000	92.3	0.0	7.7	0.0	100.0
Christopher John Ward	250,001 – 500,000	66.5	29.5	2.5	1.6	100.0
Joyce Fong Foong Chao <sup>(6)</sup>	< 250,000	95.9	0.0	4.1	0.0	100.0

- (1) The amounts shown for the Performance Based Bonus are the cash bonuses paid in FY11-12 in respect of performance for FY10-11, except for the bonus paid to Mr. Chin Yau Seng which represented part of his variable compensation for FY11-12.
- (2) Other Benefits include CPF contribution/superannuation, annual leave encashment and relocation allowance.
- (3) Mr. Davis was with the Company until 31 October 2011.
- (4) Mr. Chin was appointed as Executive Director on 4 July 2011, and subsequently Acting CEO on 6 July 2011. He assumed the role of CEO upon the resignation of the former CEO, Mr. Davis, on 1 November 2011.
- (5) Mr. David was appointed as CEO of Tiger Airways Australia Pty Limited on 17 October 2011.
- (6) Ms. Fong joined as Company Secretary of Tiger Airways Holdings Ltd on 3 January 2012.

The table below shows the number of shares offered in FY11-12 under RSP and PSP to the abovementioned key executives. The final number of shares that will vest under the RSP and PSP respectively would be dependent on the achievement of pre-determined targets over a one-year period for the RSP and a three-year period for the PSP. Unvested share offers would lapse upon the executive ceasing to be in the employment of the Group.

# CORPORATE GOVERNANCE

Name of Executive	Offer Date	RSP Offer		PSP Offer	
		Number of Shares	Fair Value per share <sup>(a)</sup> \$	Number of Shares	Fair Value per share <sup>(a)</sup> \$
Anthony Alfred Peter (Tony) Davis	18 August 2011 <sup>(b)</sup>	–	Not applicable	–	Not applicable
Chin Yau Seng	Not applicable <sup>(c)</sup>	–	Not applicable	–	Not applicable
Chin Sak Hin	18 August 2011	90,000	0.97	150,000	0.84
Stewart Andrew Adams	18 August 2011	90,000	0.97	150,000	0.84
Andrew Paul David	17 October 2011	90,000	0.65	150,000	0.72
Christopher John Ward	Not applicable <sup>(c)</sup>	–	Not applicable	–	Not applicable
Joyce Fong Foong Chao	Not applicable <sup>(c)</sup>	–	Not applicable	–	Not applicable

- (a) The fair value per share was determined at the respective offer dates. For more details, please refer to note 24 of the financial statements.
- (b) Mr. Davis was offered 130,000 RSP shares and 450,000 PSP shares but declined to accept them.
- (c) Mr. Chin and Mr. Ward declined participation in the RSP and PSP. Ms. Fong was not offered RSP and PSP shares in 2011 as she joined Tiger Airways Holdings Ltd on 3 January 2012.

The Shareholders approved the Tiger Airways Long Term Incentive Plan at the Company's EGM on 30 July 2010 and details of this Plan can be found on page 39 of this Annual Report.

## ACCOUNTABILITY

### Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects, including quarterly and full-year financial results announcements and other price sensitive public announcements.

The management provides all members of the Board with monthly management accounts which present an assessment of the Company's performance, position and prospects.

## AUDIT COMMITTEE

### Principle 11: Establishment of Audit Committee with written terms of reference

The AC comprises entirely of Non-Executive Directors. With the exception of Mr. Lee Chong Kwee, who will be re-designated as an Independent Director if he is re-elected at the AGM for FY11-12, the rest of the members of the AC, including the chairman, are independent. The members of the AC comprise Messrs. Po'ad Bin Shaik Abu Bakar Mattar (AC chairman), Yap Chee Keong and Lee Chong Kwee.

Messrs. Po'ad, Yap and Lee all have the appropriate accounting background. Messrs. Po'ad and Yap are members of the Institute of Certified Public Accountants of Singapore. Mr. Lee has a Certified Diploma in Accounting and Finance from The Chartered Association of Certified Accountants.

The duties of the AC include reviewing significant financial reporting issues to ensure the integrity of the financial statements and any formal announcements relating to financial performance, reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors, reviewing the adequacy of the internal controls at least annually and the statements to be included in the annual report concerning the adequacy of the internal controls, oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board, reviewing any interested person transactions ("IPTs") as defined in the listing manual of the SGX-ST (the "Listing Manual"), monitoring and reviewing the effectiveness of the internal audit function, and making recommendations to the Board on the appointment of the external auditor, and approving its remuneration and terms of engagement.

Oversight of the risk management processes and activities to mitigate and manage risk will be transferred from the AC to the RMC in the next financial year (FY12-13).

The AC has the explicit authority to investigate any matter within its terms of reference, full access to and co-operation of management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

During the year, the AC met with the external auditors without the presence of management.

The AC also performed independent reviews of the financial statements of the Company before the announcement of the Company's quarterly and full-year financial results. In addition, the AC reviewed and approved both the internal auditors' and the external auditors' plans to ensure that the audit scope for reviewing the significant internal controls of the Company is sufficient. All audit findings and recommendations presented by the internal auditors and external auditors were also reviewed during AC meetings and significant issues were discussed.

In addition, the AC reviewed the independence of the external auditors through discussions with the external auditors as well as reviewed the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence.

Ernst & Young LLP, the external auditors, has confirmed that they are registered with the Accounting and Corporate Regulatory Authority and are thus in compliance with Rule 712(2) of the Listing Rules.



# CORPORATE GOVERNANCE

PricewaterhouseCoopers LLP ("PwC") is the Company's out-sourced internal auditors in the financial year under review. Since their appointment, they have facilitated a risk workshop for management to identify the key internal control risks faced by the Company, and have developed an internal audit plan and performed internal audits to review the Company's key internal controls. The AC meets PwC on a quarterly basis, and has reviewed and approved their internal audit plan and all work performed by them. The AC will continue to work together with PwC to monitor and evaluate the Company's key internal controls. The AC also reviewed the adequacy of the internal audit function and is satisfied that the internal auditors are adequately resourced to discharge their duties effectively.

The Company has in place a Whistle Blowing Policy which provides the mechanism by which employees may raise concerns in confidence about possible wrongdoing in financial reporting or other matters. A Whistle Blowing Committee ensures the strict confidence of all reported incidents and the anonymity of the employee reporting the incidents to the fullest extent reasonably practical. The Company protects the identity and interest of any employee who, in good faith, reports an incident or concern. The Whistle Blowing Policy is accessible to all employees on the Company's intranet. Anonymous complaints are not disregarded by the mere fact of the complaint being anonymous. The AC is satisfied that arrangements are in place for independent investigations of such matters and for appropriate follow-up actions if required.

On a quarterly basis, the AC reviewed the IPTs reported by management in accordance with the Company's Shareholders mandate for IPTs. The IPTs were also reviewed by the internal auditors. All findings were reported during the AC meetings.

## INTERNAL CONTROLS

### Principle 12: Sound system of internal controls

The Board is ultimately responsible for the overall internal control system and risk management framework within the Group, with assistance from the AC. To assist in this process, the Group has outsourced the internal audit function. With input from management, control objectives were identified, a risk assessment was carried out and areas of focus established. Risks were then ranked and the internal audit programme designed.

The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 March 2012.

## INTERNAL AUDIT

### Principle 13: Independent internal audit function

The Company appointed PwC as the Company's internal auditors.

The role of the internal auditors is to assist the AC to review and evaluate the Company's key controls and procedures in accordance with the approved internal audit plan and to undertake investigations as directed by the AC. The internal auditors have direct access to the AC and report to the AC chairman on all issues of concern.

During the year, the internal auditors adopted a risk-based auditing approach that focused on key internal controls, including financial, operational and compliance controls. All internal audit reports were submitted to the AC for deliberation with copies of reports extended to the Chairman and the relevant members of management. The summary of findings and recommendations was also discussed at AC meetings.

The AC monitors and reviews the effectiveness of the internal audit function annually.

## **COMMUNICATION WITH SHAREHOLDERS**

### **Principle 14: Regular, effective and fair communication with Shareholders**

The Company's Investor Relations function regularly communicates with the various stakeholders including the Shareholders, analysts, institutional investors, media, the wider business community and the public, as well as attending to their questions and concerns.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET. To ensure a level playing field and provide confidence to Shareholders, unpublished price sensitive information is not selectively disclosed. Other platforms used in the dissemination of relevant information include press releases, annual reports, shareholder circulars and shareholder meetings. The Company strives to give all stakeholders insights into the Company's strategic directions, financial performance, key developments and plans. To ensure timeliness of the disclosures, results for the first three quarters are released within 45 days from the end of the quarter. Annual results are released within 60 days from the financial year-end.

Additionally, briefings and meetings with the analysts and media are regularly organized, typically coinciding with the release of the Company's quarterly and full-year results. Senior management is involved to discuss the Company's performance, activities and outlook. Investors are informed in advance of the date of release of the financial results through an SGXNET announcement.

The corporate website is a comprehensive port-of-call for information and disclosures of the Company. The following information can be accessed from the Company's website:

1. Company overview and investor information
2. SGX announcements
3. Company announcements and news releases
4. Financial Results
5. Annual reports
6. Monthly Operating Statistics
7. Contact details including that of Investor Relations

### **Principle 15: Greater Shareholder participation at Annual General Meetings**

The annual general meeting ("AGM") is the principal platform for dialogue with Shareholders. Shareholders are informed of shareholder meetings through notices published in the newspapers and reports or circulars sent to all Shareholders. They are encouraged to participate in these meetings to raise relevant questions or give views of the Company.



# CORPORATE GOVERNANCE

The Company's Articles of Association allow a shareholder to appoint up to two proxies to attend and vote in AGMs instead of the shareholder. Investors who hold shares through nominees such as CPF and custodian banks are allowed to attend the AGM as observers without being constrained by the two-proxy rule. As authentication of shareholder identity and instructions cannot be performed for voting in absentia by mail, email or fax, the Company is not implementing such methods.

Resolutions at general meetings are, as far as possible, structured separately and may be voted on independently. The explanatory notes to the AGM Notice give further information on the resolutions tabled at the AGM.

The chairpersons of the AC, NC, RC, RMC and ExCo are required to be present and available at general meetings to address Shareholders' questions. External auditors are also present at such meetings to address Shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Company Secretary prepares minutes of shareholder meetings, together with a note on the substantial comments or queries from Shareholders and responses from the Board and management. These minutes and notes are available to Shareholders upon request.

In preparation for the annual general meeting, Shareholders are encouraged to refer to SGX's investor guides, namely 'An Investor's Guide to Reading Annual Reports' and 'An Investor's Guide to Preparing for Annual General Meetings'. The guides, in both English and Chinese versions, are available at the SGX website.

## **SECURITIES TRANSACTIONS**

### **Share Trading Policy**

The Company has a formal policy on dealings in the securities of the Company, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to all Directors and employees of the Group. In line with the best practices on securities dealings issued by the SGX-ST, the Company issues notices to the Directors and employees of the Group informing them that they must not deal in the listed securities of the Company a month before the release of the full-year results and two weeks before the release of the quarterly results, and if they are in possession of unpublished material price-sensitive information.

# DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Tiger Airways Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2012.

## DIRECTORS

The Directors of the Company in office at the date of this report are:

Joseph Yuvaraj Pillay (Chairman)  
Chin Yau Seng  
Rachel Eng Yaag Ngee  
Hsieh Fu Hua  
Lee Chong Kwee  
Po'ad Bin Shaik Abu Bakar Mattar  
Yap Chee Keong  
Gerard Yeap Beng Hock

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## DIRECTORS' CONTRACTUAL BENEFITS

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

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and shares options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of Director	Direct interest		
	At 1.4.11/date of appointment	At 31.3.12	At 21.4.12
<b>Ordinary shares of the Company</b>			
Joseph Yuvaraj Pillay	—	600,000	600,000



# DIRECTORS' REPORT

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

## EQUITY COMPENSATION PLANS OF THE COMPANY

The Company has in place the Pre-IPO Tiger Aviation Share Options Scheme, (the "Scheme"), and the Tiger Airways Long Term Incentive Plan (the "LTIP").

### (i) Pre-IPO Tiger Aviation Share Options Scheme

The Scheme was approved by the Board of Directors of the Company on 24 April 2008 for granting of options to eligible executives, Directors and employees of the Group. This is a successor scheme from the Pre-IPO Tiger Airways Share Options Scheme of Tiger Airways Singapore Pte. Ltd. approved by its Board of Directors on 7 December 2004.

All options granted by Tiger Airways Singapore Pte. Ltd. were replaced by options of the Scheme. The grant date is deemed to be the same as those options granted by Tiger Airways Singapore Pte. Ltd..

The exercise price of the option was determined by the Remuneration Committee and reflected the fair value of the share as at the date of grant. Details of all the options to subscribe for ordinary shares of the Company pursuant to the Scheme as at 31 March 2012 are disclosed in Note 24 to the financial statements.

Under the Scheme, options will vest:

- (i) one year from the date of grant for one third of the allocated share options;
- (ii) two years from the date of grant for additional one third of the allocated share options; and
- (iii) three years from the date of grant for remaining one third of the allocated share options.

The Scheme is administered by the Remuneration Committee comprising Directors namely Mr. Hsieh Fu Hua (Chairman), Mr. Joseph Yuvaraj Pillay, Ms. Rachel Eng Yaag Ngee, Mr. Yap Chee Keong.

Since the commencement of the Scheme till the end of the financial year:

- (i) no options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- (ii) no options have been granted at a discount.

Under the terms of the Scheme, controlling shareholders and their associates, nominee Directors or employees, were not eligible to participate in the Scheme.

The Scheme has been terminated since the initial public offering of the Company's shares on 22 January 2010 and no further options will be granted under the Scheme.



## **(ii) Long Term Incentive Plan**

The LTIP was approved by the shareholders of the Company on 30 July 2010. Pursuant to the approval of the LTIP, senior and middle management employees are eligible to participate in the Tiger Airways Group Restricted Share Plan ("RSP") and Performance Share Plan ("PSP"). The first grants of RSP and PSP were made on 1 September 2010.

The final number of restricted shares and performance shares to be awarded under the RSP and PSP respectively, would be dependent on the achievement of pre-determined targets over a one-year period for the RSP and a three-year period for the PSP. The awards could range between 0% and 120% of the initial grant of the restricted shares and between 0% and 200% of the initial grant of the performance shares.

Details of "RSP" and "PSP" are disclosed in Note 24 to the financial statements.

No shares were granted under RSP and PSP to directors of the Company during the financial year.

## **AUDIT COMMITTEE**

The Audit Committee performed the functions in accordance with its terms of reference, which includes those functions specified in the Singapore Companies Act. The functions performed are detailed in the Report on Corporate Governance.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 March 2012.

## **AUDITORS**

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors:

**Joseph Yuvaraj Pillay**

Chairman

**Chin Yau Seng**

Chief Executive Officer

Singapore

18 May 2012



# STATEMENT BY DIRECTORS

We, Joseph Yuvaraj Pillay and Chin Yau Seng, being two of the Directors of Tiger Airways Holdings Limited, do hereby state that, in the opinion of the directors,

- (i) the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012 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 year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

**Joseph Yuvaraj Pillay**

Chairman

**Chin Yau Seng**

Chief Executive Officer

Singapore

18 May 2012

# INDEPENDENT AUDITOR'S REPORT

for the financial year ended 31 March 2012

To the Members of Tiger Airways Holdings Limited

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Tiger Airways Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 43 to 115, which comprise the statements of financial position of the Group and the Company as at 31 March 2012, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's responsibility for the financial statements***

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

### ***Auditor's responsibility***

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

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

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



# INDEPENDENT AUDITOR'S REPORT

for the financial year ended 31 March 2012

To the Members of Tiger Airways Holdings Limited

## ***Opinion***

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

Ernst & Young LLP  
Public Accountants and  
Certified Public Accountants

Singapore  
18 May 2012

# CONSOLIDATED INCOME STATEMENT

for the financial year ended 31 March 2012

	Note	2012 \$'000	2011 \$'000
<b>Revenue</b>			
Passenger seat revenue		500,097	494,636
Ancillary revenue		118,087	127,629
<b>Total revenue</b>		618,184	622,265
<b>Expenses</b>			
Fuel costs:			
Actual fuel costs		296,949	229,834
Fuel hedging gain		(7,481)	(3,450)
Staff costs	4	102,751	81,075
Aircraft rental		61,709	62,382
Airport and handling		70,237	62,673
Maintenance, material and repair		67,270	62,850
Route charges		26,020	31,524
Marketing and distribution costs		8,095	7,203
Depreciation and amortisation		31,342	12,707
Exchange loss		7,978	9,982
Others		36,687	18,246
<b>Total expenses</b>		701,557	575,026
<b>Operating (loss)/profit</b>	5	(83,373)	47,239
Finance income	6	1,764	1,460
Finance expense	7	(9,358)	(4,651)
Exchange gain on borrowings	8	733	12,977
Loss on disposal of aircraft		(5,108)	–
Exceptional items	9	(5,374)	–
		(17,343)	9,786
<b>(Loss)/Profit before taxation</b>		(100,716)	57,025
Taxation	10	(3,621)	(17,127)
<b>(Loss)/Profit for the year attributable to owners of the Company</b>		(104,337)	39,898
<b>(Loss)/Earnings per share attributable to owners of the Company (cents per share)</b>			
– Basic	11	(14.94)	7.00
– Diluted	11	(14.94)	6.87

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



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2012

**(Loss)/Profit for the year**

**Other comprehensive income/(expense):**

Foreign currency translation

Net fair value changes on cash flow hedges

**Other comprehensive income for the year, net of tax**

**Total comprehensive (expense)/income for the year attributable to  
owners of the Company**

<b>2012 \$'000</b>	<b>2011 \$'000</b>
(104,337)	39,898
733	(1,651)
1,439	3,747
2,172	2,096
(102,165)	41,994

# STATEMENTS OF FINANCIAL POSITION

as at 31 March 2012

		Group		Company	
	Note	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	832,289	739,790	628,551	528,356
Intangible assets	13	1,606	519	1,606	519
Investment in subsidiaries	14	–	–	24,355	24,355
Investment in associate	15	–	–	–	–
Deferred tax assets	30	–	6,716	–	–
Loan to a subsidiary	16	–	–	3,413	–
Loan to an associate	17	3,413	–	–	–
Other receivables	18	22,708	19,360	–	–
Prepayments	19	11,339	2,000	–	512
		871,355	768,385	657,925	553,742
<b>Current assets</b>					
Inventories	20	145	135	–	–
Trade receivables	21	2,580	3,529	–	–
Other receivables	18	23,947	21,270	11,203	415
Prepayments	19	7,902	3,330	327	304
Amounts due from a subsidiary	16	–	–	149,579	34,927
Amounts due from an associate	17	706	–	631	–
Derivative financial instruments	22	4,556	8,255	–	75
Cash and cash equivalents	23	160,710	195,835	147,245	173,586
		200,546	232,354	308,985	209,307
<b>Total assets</b>		1,071,901	1,000,739	966,910	763,049
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	24	407,477	251,653	407,477	251,653
Accumulated (losses)/profits		(154,705)	(50,368)	(1,670)	6,199
Other reserves	25	(4,299)	(6,611)	1,492	1,352
<b>Total equity</b>		248,473	194,674	407,299	259,204
<b>Non-current liabilities</b>					
Amounts due to a subsidiary	26	–	–	–	34,611
Loans	27	378,970	373,659	239,205	186,194
Deferred income	28	23,080	26,161	–	–
Provisions	29	12,448	9,562	–	–
Deferred tax liabilities	30	2,897	6,978	670	630
		417,395	416,360	239,875	221,435
<b>Current liabilities</b>					
Sales in advance of carriage		69,925	91,213	–	–
Trade payables	31	115,024	109,491	–	–
Other payables	32	7,825	7,075	7,056	4,835
Amounts due to subsidiaries	26	–	–	290,454	261,196
Derivative financial instruments	22	115	5,005	–	–
Loans	27	204,933	167,203	21,804	15,674
Deferred income	28	3,870	6,124	214	497
Provisions	29	1,824	1,278	–	–
Provision for taxation		2,517	2,316	208	208
		406,033	389,705	319,736	282,410
<b>Total liabilities</b>		823,428	806,065	559,611	503,845
<b>Total equity and liabilities</b>		1,071,901	1,000,739	966,910	763,049

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

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2012

## Group

	Share capital \$'000 (Note 24)	Accumulated losses \$'000	Other reserves \$'000 (Note 25)	Total \$'000
Balance at 1 April 2010	249,493	(90,266)	(9,486)	149,741
Profit for the year	–	39,898	–	39,898
Other comprehensive income for the year, net of tax	–	–	2,096	2,096
Total comprehensive income for the year	–	39,898	2,096	41,994
<u>Contributions by and distributions to owners</u>				
Equity settled share-based compensation expense	–	–	1,303	1,303
Exercise of employee share options	2,160	–	(524)	1,636
Total transactions with owners in their capacity as owners	2,160	–	779	2,939
Balance at 31 March 2011 and 1 April 2011	251,653	(50,368)	(6,611)	194,674
Loss for the year	–	(104,337)	–	(104,337)
Other comprehensive income for the year, net of tax	–	–	2,172	2,172
Total comprehensive (expense)/income for the year	–	(104,337)	2,172	(102,165)
<u>Contributions by and distributions to owners</u>				
Issue of new ordinary shares under the Rights Issue	158,445	–	–	158,445
Share issuance expenses	(3,449)	–	–	(3,449)
Equity settled share-based compensation expense	–	–	639	639
Exercise of employee share options and vesting of share awards	828	–	(499)	329
Total transactions with owners in their capacity as owners	155,824	–	140	155,964
Balance at 31 March 2012	407,477	(154,705)	(4,299)	248,473



	Share capital \$'000 (Note 24)	Accumulated (losses)/ profits \$'000	Other reserves \$'000 (Note 25)	Total \$'000
<b>Company</b>				
Balance at 1 April 2010	249,493	(3,948)	573	246,118
Profit for the year	–	10,147	–	10,147
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	10,147	–	10,147
<u>Contributions by and distributions to owners</u>				
Equity settled share-based compensation expense	–	–	1,303	1,303
Exercise of employee share options	2,160	–	(524)	1,636
Total transactions with owners in their capacity as owners	2,160	–	779	2,939
Balance at 31 March 2011 and 1 April 2011	251,653	6,199	1,352	259,204
Loss for the year	–	(7,869)	–	(7,869)
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive expense for the year	–	(7,869)	–	(7,869)
<u>Contributions by and distributions to owners</u>				
Issue of new ordinary shares under the Rights Issue	158,445	–	–	158,445
Share issuance expenses	(3,449)	–	–	(3,449)
Equity settled share-based compensation expense	–	–	639	639
Exercise of employee share options and vesting of share awards	828	–	(499)	329
Total transactions with owners in their capacity as owners	155,824	–	140	155,964
Balance at 31 March 2012	407,477	(1,670)	1,492	407,299

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2012

	Note	2012 \$'000	2011 \$'000
<b>Cash flows from operating activities:</b>			
(Loss)/Profit before taxation		(100,716)	57,025
Adjustments for:			
Depreciation of property, plant and equipment	12	30,822	12,629
Amortisation of intangible assets	13	520	78
Amortisation of deferred income	5	(3,677)	(3,454)
Amortisation of maintenance reserve payment		1,386	719
Share-based compensation expense	4	639	1,303
Loss on disposal of aircraft		5,108	–
Property, plant and equipment written off	5	80	–
Allowance for doubtful receivables	5	8,124	–
Interest expense	7	8,782	4,162
Interest income	6	(1,764)	(1,460)
Revaluation gain on borrowings	8	(808)	(12,902)
Unrealised exchange differences		1,164	(1,306)
<b>Operating cash flows before working capital changes</b>		(50,340)	56,794
Increase in inventories		(10)	(135)
Increase in trade and other receivables		(13,582)	(9,004)
(Decrease)/Increase in sales in advance of carriage		(21,288)	16,917
Increase in trade and other payables and provisions		9,715	5,432
(Decrease)/Increase in deferred income		(3,384)	9,625
(Increase)/Decrease in prepayments		(13,911)	1,263
<b>Cash flows (used in)/from operations</b>		(92,800)	80,892
Interest received		760	627
Income tax paid		(610)	–
<b>Net cash flows (used in)/from operating activities</b>		(92,650)	81,519
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment		(467,880)	(426,976)
Proceeds from disposal of property, plant and equipment		344,784	–
Additions to intangible assets	13	(1,607)	(567)
Increase in amounts due from an associate		(4,119)	–
<b>Net cash flows used in investing activities</b>		(128,822)	(427,543)
<b>Cash flows from financing activities:</b>			
Net proceeds from issue of new ordinary shares under the Rights Issue		154,996	–
Proceeds from exercise of employee share options		329	1,636
Repayment of bank loans		(163,297)	(132,291)
Proceeds from bank loans		206,782	474,919
Interest paid	7	(12,469)	(9,261)
<b>Net cash flows from financing activities</b>		186,341	335,003
<b>Net decrease in cash and cash equivalents</b>		(35,131)	(11,021)
Effect of exchange rate changes on cash and cash equivalents		6	118
Cash and cash equivalents at beginning of the year	23	195,835	206,738
<b>Cash and cash equivalents at end of the year</b>	23	160,710	195,835

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

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 1. CORPORATE INFORMATION

Tiger Airways Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The Company and its subsidiaries are collectively referred to as the “Group”.

Its registered office is located at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623. The principal place of business is located at 17 Changi Business Park Central 1, #04-06/09 Honeywell Building, Singapore 486073.

The principal activities of the Company consist of airline and aircraft management. The principal activities of the subsidiaries are disclosed in Note 14.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars (SGD or \$) and all values are rounded to the nearest thousand (\$'000) unless otherwise indicated.

### 2.2 Accounting policies

The Group has adopted the new and revised FRS and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 April 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

Save for those mentioned above, the accounting policies adopted are consistent with those of the previous financial year.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
Revised FRS 27 Separate Financial Statements	1 January 2013
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 32 Offsetting of Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 107 Offsetting of Financial Assets and Financial Liabilities	1 January 2013
FRS 110 Consolidated Financial Statements	1 January 2013
FRS 111 Joint Arrangements	1 January 2013
FRS 112 Disclosure of Interests in Other Entities	1 January 2013
FRS 113 Fair Value Measurements	1 January 2013

Except for the Amendments to FRS 1 and FRS 112, the directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1 and FRS 112 are described below:

#### *Amendments to FRS 1 Presentation of Items of Other Comprehensive Income*

The Amendments to FRS 1 changes the grouping of items presented in Other Comprehensive Income (OCI). Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard when implemented in 2014.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective (Continued)

#### *FRS 112 Disclosure of Interests in Other Entities*

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

### 2.4 Basis of consolidation and business combinations

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

Subsidiaries 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.

#### (b) Business combinations

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.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Basis of consolidation and business combinations (Continued)

#### (b) Business combinations (Continued)

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

In business combinations achieved in stages, previously held equity interests 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's identifiable net assets.

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

### 2.5 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 embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. 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.

#### *Transactions 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 the exchange rates at the date 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, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

#### *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated monthly at the prevailing exchange rates. The exchange differences arising on the translation are taken directly to other comprehensive income and accumulated under foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Property, plant and equipment (Continued)

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of aircraft comprises its purchase price and directly attributable costs of bringing the assets to working condition for its intended use and is stated net of manufacturers' credit. Expenditure for heavy maintenance visits on aircraft and engine overhauls is capitalised at cost. Expenditure for other maintenance and repairs is charged to profit or loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Aircraft	–	23 years to estimated residual value
Engineering and office equipment, furniture and fittings	–	3 years
Computer equipment	–	3 years
Motor vehicle	–	5 years

Aircraft under construction included in property, plant and equipment are not depreciated as those aircraft are not yet available for use.

Major inspection costs relating to heavy maintenance visits and engine overhauls (including inspection costs provided under "power-by-hour" maintenance agreements) are capitalised and depreciated over the average expected life between major overhauls, estimated to be 6 years. Further details on the accounting policy for airframe and component overhaul repair are disclosed in note 2.25.

The carrying values of property, plant and equipment are reviewed for impairment in accordance with Note 2.9.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. Any change is adjusted prospectively.

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

### 2.8 Intangible assets

Intangible assets are amortised over 3 years 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.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

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

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. 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.

### 2.10 Subsidiaries

#### (a) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Subsidiaries (Continued)

#### (b) Special purpose entities

Entities in which the Group holds little or no equity are consolidated as subsidiaries if the Group is assessed to have control over them.

Such control can be demonstrated through predetermination of the entities' activities, exposure to and retention of majority of its residual or ownership risk, and decision-making powers to obtain majority of benefits of the entities.

### 2.11 Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. 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.

The Group's investment in associate are accounted for using the equity method. Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate 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 associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associate. 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 associate.

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

After the 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 associate. The group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.11 Associate (Continued)**

The most recent available audited financial statements of the associate are used by the Group in applying the equity method. Where the date 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 un-audited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

### **2.12 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. 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. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. For consumables, the net realisable value is estimated based on value in use.

### **2.13 Financial assets**

#### *Initial recognition and measurement*

Financial assets are recognised 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Financial assets (Continued)

#### *Subsequent measurement*

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

(a) 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 or repurchasing 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. Derivatives, including separated embedded 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 changes in fair value of the financial assets 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.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The accounting policy for derivatives is included in Note 2.26.

(b) 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Financial assets (Continued)

#### *Derecognition*

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

### 2.14 Impairment of financial assets

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

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has 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 financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced 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 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.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Impairment of financial assets (Continued)

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 loss 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.

### 2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits which are subject to an insignificant risk of changes in value.

### 2.16 Trade and other receivables

Trade and other receivables are recognised at their original invoiced amounts or at cost which represents their fair values on initial recognition. These receivables are classified and accounted for as loans and receivables. The accounting policy for this category of financial assets is stated in Note 2.13.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written-off to profit or loss when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.14.

### 2.17 Long-term deposits

Long-term deposits relate to operating leases of aircraft and are non-interest bearing.

Long-term deposits are classified and accounted for as loans and receivables. The accounting policy for this category of financial assets is included in Note 2.13. Further details on the accounting policy for impairment of financial assets are included in Note 2.14.

### 2.18 Financial liabilities

#### *Initial recognition and measurement*

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, plus directly attributable transaction costs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Financial liabilities (Continued)

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

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

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

The accounting policy for derivatives is included in Note 2.26.

#### Other financial liabilities

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

#### *Derecognition*

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

### 2.19 Trade payables

Trade payables are initially recognised at fair value (consideration to be paid in the future for goods and services received, whether or not billed to the Group) plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 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 the Group incurs in connection with the borrowing of funds.

### 2.21 Employee benefits

#### (a) Defined contribution plans

As required by law, the Group makes contribution to defined contribution plans in the countries which they operate in. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. Such contributions are recognised as an expense in the period in which the related service is performed.

#### (b) Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

#### (c) Long service leave

The liability for long service leave is accrued and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

#### (d) Retention payment

The Group provides benefits to employees in the form of retention payments for certain employees after achieving a stipulated length of service. The liability for these payments is recognised in respect of such employees' service up to the reporting date.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Employee benefits (Continued)

#### (e) Equity Compensation Plans

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

Certain employees of the Group are eligible to participate in the Pre-IPO Tiger Aviation Share Options Scheme (the "Scheme"). The Scheme was approved by the Board of Directors of the Company on 24 April 2008. The Scheme has been terminated since the initial public offering of the Company's shares on 22 January 2010 and no further options will be granted under the Scheme.

The Group has also implemented the Tiger Airways Long Term Incentive Plan ("LTIP") where the Tiger Airways Group Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are awarded to eligible senior and middle management employees, when and after pre-determined performance or service conditions are accomplished. LTIP was approved by the shareholders of the Company on 30 July 2010.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options or shares at the date on which the options or shares are granted which takes into account market conditions and non-vesting conditions. 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. The cumulative expense recognised at each reporting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options or shares that do not ultimately vest, except for options or awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market conditions is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

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



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Leases

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.

(a) Operating lease – as lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in 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.

Gains or losses arising from sale and operating leaseback, determined based on differences between cost of assets and fair values, are recognised in profit or loss. Differences between sale proceeds and fair values are deferred and amortised over the minimum lease terms.

(b) Operating lease – as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2.23 (d).

(c) Finance lease – as lessee

Finance leases, which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the 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 Company will obtain ownership by the end of the lease term.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 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, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable.

Revenue includes only the gross inflows of economic benefits received and receivable by the Group on its own account. Amounts collected on behalf of third parties such as taxes are not economic benefits which flow to the Group and do not result in increases in equity. Therefore, they are excluded from revenue. Similarly, in an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the Group. The amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission.

The following specific recognition criteria must also be met before revenue is recognised:

(a) Passenger seat revenue

Passenger seat revenue are recognised as operating revenue when the flight is uplifted. The value of unused tickets is included in current liabilities as sales in advance of carriage.

(b) Ancillary revenue

Ancillary revenue earned is generated principally from related services from carriage of passenger and cargo, management service fee and commission income from other related services. Ancillary revenue are recognised in profit or loss in the period the ancillary services are provided.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.24 Taxes

#### (a) Current income tax

Current income 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 at the end of the reporting period, in the countries where the Group operates and generates taxable income.

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

#### (b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.24 Taxes (Continued)

#### (b) Deferred tax (Continued)

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

#### (c) Goods and services tax/sales tax

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

- Where the goods and services tax/sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax/sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated at the amount invoiced which includes goods and services tax/sales tax.

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



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Aircraft maintenance and overhaul costs

#### (a) Aircraft under operating leases

The Group operates several aircraft under operating leases. In accordance with the lease agreements, the Group is legally liable to carry out maintenance of the aircraft over the lease period and to return the aircraft to the lessors under certain stipulated conditions. Provisions are made during the term of such operating leases for the cost of providing major airframe maintenance and certain engine repair and overhaul for such aircraft. Such provisions are made on the basis of estimated future costs of major airframe maintenance, certain engine repair and overhaul and one-off costs incurred at the end of the lease, prior to the return of the aircraft to their lessors.

The Group recognises aircraft maintenance and overhaul costs (except heavy maintenance visits) in profit or loss on an "incurred basis". For engine overhaul costs covered by "power-by-hour" (fixed rate charged per hour) maintenance agreements, expenses are accrued on the basis of hours flown in accordance with the terms of the relevant agreements. Other maintenance costs contracted with service providers for a fixed monthly sum are recognised on a "time proportionate" basis as the requirement and timing of maintenance is not predictable.

Costs relating to heavy maintenance visit are capitalised and amortised over the shorter of estimated period that the Group will enjoy the benefit of such services and the relevant aircraft lease term.

#### (b) Owned Aircraft

##### (i) Power by hour arrangements

The engine maintenance and overhaul expenditure is covered by power-by-the-hour arrangements, where the Group pays fixed rate per hour to maintenance companies which take responsibility for all engine maintenance. In this case, management estimates the portion of the monthly payments that relate to engine overhauls and defer these amounts as prepaid expenses until the aircraft undergoes component overhaul and repair.

##### (ii) Airframe and component overhaul and repair

At the date of aircraft delivery, management estimates the cost of the aircraft which relates to airframe and component overhaul and repair, and depreciates this amount over the estimated period to the next heavy maintenance visit or engine overhaul. When the aircraft undergoes an airframe and component overhaul and repair, these prepaid expenses are capitalised as property, plant and equipment and depreciated to the next occurrence of the planned major maintenance activity. Any amounts recognised for the previous airframe and component overhaul and repair would be derecognised at the heavy maintenance visits or overhaul.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.26 Hedge accounting and derivative financial instruments**

The Group uses derivative financial instruments such as foreign currency forward contracts and jet fuel collars to hedge its risks associated with foreign currency and jet fuel price fluctuations.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of foreign currency forward contracts and jet fuel collars are determined by reference to valuation reports provided by counterparties.

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. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows, and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

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

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income under fair value reserve, while any ineffective portion is recognised immediately in profit or loss. 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. Net gains or losses on derivatives include exchange differences.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the forecast sale or purchase occurs.

### **2.27 Government subsidies and incentives**

Government subsidies and incentives are recognised in the profit or loss when there is reasonable assurance that the subsidy will be received and all attaching conditions will be complied with.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.28 Segment reporting

The Group is in the business of owning and managing airlines. The Directors are of the view that the Group operates in one segment regardless of regulatory requirements for each airline to have individual operational management. The Directors' view is formed on the basis that revenue generated from the airlines are similar in nature, being Passenger Seat Revenue and Ancillary Revenue. Further to that, the Directors noted that the Group's Board, Chief Executive Officer and senior management review the profitability and operations of the Group as one business; procure, own or manage aircraft as a central resource (moving aircraft between airlines as required); distribute and sells tickets through one common website and manage cash resources centrally.

### 2.29 Share capital and share issuance expenses

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

### 2.30 Contingencies

A contingent liability is:

- (a) a possible obligation 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; or
- (b) 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 obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities 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.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.31 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) 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 current and deferred tax provisions in the period in which such determination is made.

(c) Operating lease commitments – as lessee

The Group has entered into commercial leases on its aircraft. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of ownership of these aircraft and so accounts for the contracts as operating leases.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Judgements made in applying accounting policies (Continued)

(d) Operating lease commitments – as lessor

The Group has entered into commercial leases on its aircraft. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the Group retains all the significant risks and rewards of ownership of these aircraft and so accounts for the contracts as operating leases.

(e) Impairment of non-financial assets

The Group exercises significant judgement in determining whether there are any indication of impairment for the non-financial assets. The Group evaluates, among other factors, the duration and extent to which the fair value of the asset is less than its carrying value; and the near-term business outlook for the business operation, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(f) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amounts of the Group's loans and receivables at the end of the reporting period are disclosed in Note 35.

(g) Consolidation of special purpose entities

As part of the Group's financing arrangements with the banks, special purpose entities (SPEs) have been set up to finance the purchase of the aircraft. The rights and benefits of the aircraft rest with the SPEs, with the corresponding bank loans entered into by the SPEs with the bank. The Company does not have equity interest in the SPEs.

The Group has guaranteed the obligations under the loans entered into by the SPEs, has entered into aircraft forward purchase agreements with the SPEs and entered into finance lease arrangements with the SPEs. Hence, the Group retains majority of the residual risks related to the SPEs and its assets in order to obtain benefits from the activities of the SPEs. Based on these facts and circumstances, management concluded that the Group controls the SPEs and therefore, consolidates these SPEs in its financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.2 Key sources of estimation uncertainty

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

(a) Depreciation of property, plant and equipment – Aircraft

Aircraft are depreciated on straight-line basis at rates which are calculated to write-down their cost to their estimated residual values at the end of their operational lives. The Group's current estimate of aircraft residual value is approximately 15% of cost. The estimates regarding the operational lives and residual values of the aircraft fleet are made by the Group based on general life span of aircraft and are in line with the industry. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's aircraft as at 31 March 2012 was \$553,149,000 (2011: \$475,609,000).

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to estimate the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets as at 31 March 2012 was \$nil (2011: \$6,716,000).

(c) Share-based compensation

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 24.

(d) Provision for return costs of aircraft

The Group operates several aircraft under operating leases. Under the lease agreements, the Group is legally liable to carry out maintenance of the aircraft over the lease period and to return the aircraft under certain stipulated condition.

The amount required for the maintenance before the return of the aircraft is the best estimate by management based on cost incurred for similar maintenance. The provision for return costs of aircraft as at 31 March 2012 amounted to \$14,272,000 (2011: \$10,840,000).

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.2 Key sources of estimation uncertainty (Continued)

- (e) Aircraft maintenance and overhaul expenditure

##### *Owned Aircraft*

At the date of aircraft delivery, management estimates the cost of the aircraft which relates to airframe and component overhaul and repair, and depreciates this amount over the estimated period of 6 years to the next heavy maintenance visit or engine overhaul. The estimation of the cost is based on (i) hours expected to be flown or (ii) cost incurred for similar maintenance. As at 31 March 2012, the carrying value of the aircraft which relates to such costs amounted to \$47,952,000 (2011: \$48,364,000).

### 4. STAFF COSTS

	Group	
	2012 \$'000	2011 \$'000
Salaries, bonuses and other costs	97,981	76,385
CPF contributions and other defined contributions	4,131	3,387
Share-based compensation expense	639	1,303
	<u>102,751</u>	<u>81,075</u>

### 5. OPERATING (LOSS)/PROFIT

	Group	
	2012 \$'000	2011 \$'000
Operating (loss)/profit is stated after charging/(crediting):-		
Fees paid to auditors of the Company:		
– Audit fee	161	159
– Non-audit fees	421	213
Amortisation of deferred income	(3,677)	(3,454)
Operating lease rental	66,899	66,857
Net fair value loss on foreign currency forward contracts	7,563	6,124
Property, plant and equipment written off	80	–
Allowance for doubtful receivables	8,124	–



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 6. FINANCE INCOME

Finance income consists mainly of interest income from loans and deposits.

## 7. FINANCE EXPENSE

	Group	
	2012 \$'000	2011 \$'000
Interest expenses on loans and borrowings	12,469	9,261
Less: Interest capitalised in property, plant and equipment	(3,687)	(5,099)
	8,782	4,162
Bank charges	576	489
	<u>9,358</u>	<u>4,651</u>

## 8. EXCHANGE GAIN ON BORROWINGS

	Group	
	2012 \$'000	2011 \$'000
Fair value changes on derivative financial instruments	(75)	75
Revaluation gain on borrowings	808	12,902
	<u>733</u>	<u>12,977</u>

## 9. EXCEPTIONAL ITEMS

Exceptional items relate to costs arising from the suspension of Tiger Airways Australia Pty Limited's operations which comprises mainly ex-gratia pay for crew in lieu of flying allowance, crew redundancy payment, costs of marketing re-launch programme, consultancy and legal fees.

## 10. TAXATION

The major components of tax expense/(income) for the years ended 31 March are:

	<b>Group</b>	
	<b>2012 \$'000</b>	<b>2011 \$'000</b>
<b>Consolidated income statement</b>		
Current tax		
Foreign tax	811	419
Deferred tax		
Origination and reversal of temporary differences	(3,463)	8,862
Reversal of deferred tax assets previously recognised	6,586	6,536
Over provision of deferred tax (liabilities)/assets in respect of prior year	(313)	1,310
	2,810	16,708
Income tax expense recognised in the profit or loss	3,621	17,127
Deferred tax (income)/expense recognised in other comprehensive income:		
– Net fair value changes on cash flow hedges	(175)	542

The reconciliation between income tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 March 2012 and 2011 are as follows:

	<b>Group</b>	
	<b>2012 \$'000</b>	<b>2011 \$'000</b>
(Loss)/profit before taxation	(100,716)	57,025
Taxation at statutory tax rate of 17% (2011: 17%)	(17,122)	9,694
Adjustments:		
Effect of different tax rates in other countries	(10,643)	–
Non-deductible expenses	3,198	463
Income not subject to taxation	(1,157)	(2,181)
Effect of tax partial exemption	–	(7)
Foreign tax	811	419
Deferred tax assets not recognised	24,646	1,469
Reversal of deferred tax assets previously recognised	6,586	6,536
Effect of tax credit schemes	(923)	(408)
Over provision of deferred tax (liabilities)/assets in respect of prior year	(313)	1,310
Others	(1,462)	(168)
Tax expense	3,621	17,127



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 11. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For purposes of calculating basic and diluted earnings per share, the weighted average number of ordinary shares was adjusted to take into account the effect arising from the renounceable rights issue undertaken by the Company on 25 August 2011 ("Rights Issue"). Earnings per share for the last financial year had been restated with the above adjustment.

The following table reflects the (loss)/profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 March:

	<b>Group</b>	
	<b>2012 \$'000</b>	<b>2011 \$'000 (restated)</b>
(Loss)/Profit for the year attributable to owners of the Company	(104,337)	39,898
	<b>No. of shares '000</b>	<b>No. of shares '000</b>
Weighted average number of ordinary shares outstanding during the year	698,351	538,572
Restatement adjustment for Rights Issue	–	31,440
Weighted average number of ordinary shares for basic earnings per share computation	698,351	570,012
Effects of dilution		
– Share options and awards	–	10,599
Weighted average number of ordinary shares for diluted earnings per share computation	698,351	580,611

4,064,000 (2011: nil) of the share options and awards granted to employees under the equity compensation plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current reporting period presented.



## 12. PROPERTY, PLANT AND EQUIPMENT

	Aircraft \$'000	Aircraft under construction \$'000	Engineering and office equipment, furniture and fittings \$'000	Computer equipment \$'000	Motor vehicle \$'000	Total \$'000
<b>Group</b>						
<b>Cost</b>						
At 1 April 2010	112,193	208,637	202	234	25	321,291
Additions	202,498	229,324	164	89	–	432,075
Transfer	174,011	(174,011)	–	–	–	–
At 31 March 2011 and 1 April 2011	488,702	263,950	366	323	25	753,366
Additions	62,769	407,579	949	270	–	471,567
Disposals/write-off	–	(348,166)	(261)	–	–	(348,427)
Transfer	45,404	(45,404)	–	–	–	–
At 31 March 2012	596,875	277,959	1,054	593	25	876,506
<b>Accumulated depreciation</b>						
At 1 April 2010	518	–	173	231	25	947
Depreciation charge for the year	12,575	–	45	9	–	12,629
At 31 March 2011 and 1 April 2011	13,093	–	218	240	25	13,576
Depreciation charge for the year	30,633	–	130	59	–	30,822
Disposals/write-off	–	–	(181)	–	–	(181)
At 31 March 2012	43,726	–	167	299	25	44,217
<b>Net book value</b>						
At 31 March 2011	475,609	263,950	148	83	–	739,790
At 31 March 2012	553,149	277,959	887	294	–	832,289



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<b>Aircraft \$'000</b>	<b>Aircraft under construction \$'000</b>	<b>Engineering and office equipment, furniture and fittings \$'000</b>	<b>Computer equipment \$'000</b>	<b>Total \$'000</b>
<b>Company</b>					
<b>Cost</b>					
At 1 April 2010	–	177,821	114	79	178,014
Additions	154,780	200,049	52	26	354,907
Transfer	113,920	(113,920)	–	–	–
At 31 March 2011 and 1 April 2011	268,700	263,950	166	105	532,921
Additions	58,910	407,579	862	196	467,547
Disposals/write-off	–	(348,166)	(158)	–	(348,324)
Transfer	45,404	(45,404)	–	–	–
At 31 March 2012	373,014	277,959	870	301	652,144
<b>Accumulated depreciation</b>					
At 1 April 2010	–	–	102	76	178
Depreciation charge for the year	4,361	–	22	4	4,387
At 31 March 2011 and 1 April 2011	4,361	–	124	80	4,565
Depreciation charge for the year	19,050	–	80	31	19,161
Disposals/write-off	–	–	(133)	–	(133)
At 31 March 2012	23,411	–	71	111	23,593
<b>Net book value</b>					
At 31 March 2011	264,339	263,950	42	25	528,356
At 31 March 2012	349,603	277,959	799	190	628,551

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### *Capitalisation of borrowing costs*

The Group has obtained financing in respect of the Pre-Delivery Payment ("PDP") obligations to the aircraft manufacturer.

Aircraft under construction includes borrowing costs incurred in connection with the financing of the PDP to the aircraft manufacturer. During the financial year, the borrowing costs capitalised in aircraft under construction amounted to \$3,687,000 (2011: \$5,099,000) and \$3,687,000 (2011: \$4,882,000) for the Group and Company respectively.

### *Assets pledged as security*

The Group's aircraft under construction are pledged as security for the related PDP financing obtained from banks (Note 27(a)).

The aircraft owned by the Group and Company are mortgaged to the banks for European Export Credit Agencies ("ECA") financing (Note 27(b)).

## 13. INTANGIBLE ASSETS

	<b>Group and Company Software \$'000</b>
<b>Cost</b>	
At 1 April 2010	136
Additions	567
At 31 March 2011 and 1 April 2011	703
Additions	1,607
At 31 March 2012	2,310
<b>Accumulated amortisation</b>	
At 1 April 2010	106
Amortisation for the year	78
At 31 March 2011 and 1 April 2011	184
Amortisation for the year	520
At 31 March 2012	704
<b>Net carrying amount</b>	
At 31 March 2011	519
At 31 March 2012	1,606



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 14. INVESTMENT IN SUBSIDIARIES

	Company	
	2012 \$'000	2011 \$'000
Shares, at cost	24,355	24,355

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest		
			2012	2011	
<b>Held by the Company</b>					
* Tiger Airways Singapore Pte. Ltd.	Singapore	Air transportation	100	100	
^ Tiger Airways Australia Pty Limited	Australia	Air transportation	100	100	
* Roar Aviation Pte. Ltd.	Singapore	Investment holding	100	–	

\* Audited by Ernst & Young LLP, Singapore

^ Audited by Ernst & Young, Melbourne

During the year, the Company incorporated a wholly-owned subsidiary, Roar Aviation Pte. Ltd., at \$1.00 comprising one ordinary share.

Details of the operating special purpose entities ("SPEs") controlled and consolidated by the Group at end of financial year are as follows:

Name of entity	Purpose of special purpose entity	Country of incorporation
Felidae Aircraft Limited	Financing of aircraft	Cayman Islands
Winnie Aircraft Limited	Financing of aircraft	Mauritius
Falcon Aircraft Limited	Financing of aircraft	Mauritius

Although the Group does not hold shares in these companies, they are considered subsidiaries as the activities of the SPEs are being conducted on behalf of the Group according to its specific business needs and the Group retains the majority of the residual or ownership risks related to the assets held by these SPEs. These SPEs were incorporated for financing activities purposes and details are disclosed in Note 27.

## 15. INVESTMENT IN ASSOCIATE

		Group		Company	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Shares, at cost		—	—	—	—

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012	2011
Held through a subsidiary:				
^ PT Mandala Airlines	Indonesia	Air transportation	33	—

^ Audited by Osman Bing Satrio & Rekan (Member of Deloitte Touche Tohmatsu Limited)

During the year, the Group's wholly-owned subsidiary, Roar Aviation Pte. Ltd., acquired a 33% equity interest in PT Mandala Airlines at USD1, which became an associate of the Group.

The Group has not recognised losses relating to PT Mandala Airlines where its share of losses exceeds the Group's interest in the associate. The Group's share of cumulative unrecognised losses as at 31 March 2012 was \$1,495,000.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2012 \$'000	2011 \$'000
<b>Assets and liabilities:</b>		
Total assets	23,422	—
Total liabilities	32,940	—
<b>Results:</b>		
Revenue	—	—
Loss for the year	4,530	—

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 16. AMOUNTS DUE FROM A SUBSIDIARY

### Non-current

Loan to a subsidiary

Company	
2012 \$'000	2011 \$'000
3,413	–

Loan to a subsidiary is non-trade related, unsecured, bears interest at 12-month LIBOR plus 5% per annum and is expected to be repaid no later than three years from drawdown date. The loan to a subsidiary is denominated in United States dollars.

### Current

Amounts due from a subsidiary

Company	
2012 \$'000	2011 \$'000
149,579	34,927

Amounts due from a subsidiary are non-trade related, unsecured, interest-free and repayable upon demand. The amounts due from a subsidiary are denominated in Australian dollars.

## 17. AMOUNTS DUE FROM AN ASSOCIATE

### Non-current

Loan to an associate

Group	
2012 \$'000	2011 \$'000
3,413	–

Loan to an associate is non-trade related, unsecured, bears interest at 12-month LIBOR plus 5% per annum and is expected to be repaid no later than three years from drawdown date. The loan to an associate is denominated in United States dollars.

Pursuant to a loan agreement, the Group has committed to provide additional loan of USD2.0 million.

### Current

Amounts due from an associate

Group		Company	
2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
706	–	631	–

Amounts due from an associate are non-trade related, unsecured, interest-free and repayable upon demand.

## 18. OTHER RECEIVABLES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Non-current assets</b>				
Long-term deposits	5,882	6,736	–	–
Maintenance reserve payments	16,826	12,624	–	–
	<u>22,708</u>	<u>19,360</u>	<u>–</u>	<u>–</u>
<b>Current assets</b>				
Sundry deposits	1,728	1,661	194	19
Sundry receivables	22,219	19,609	11,009	396
	<u>23,947</u>	<u>21,270</u>	<u>11,203</u>	<u>415</u>

Long-term deposits are placed with lessors in respect of operating leases of aircraft.

Other receivables are mainly denominated in the following foreign currency at the end of the reporting period:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
United States dollars	<u>29,437</u>	<u>21,703</u>	<u>–</u>	<u>–</u>

### Receivables that are impaired

The Group's other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	2012 \$'000	2011 \$'000
Other receivables – nominal amounts	20,281	–
Less: Allowance for doubtful receivables	<u>(8,124)</u>	<u>–</u>
	<u>12,157</u>	<u>–</u>
Movement in allowance for doubtful receivables:		
At 1 April	–	–
Charge for the year	<u>8,124</u>	<u>–</u>
At 31 March	<u>8,124</u>	<u>–</u>



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 19. PREPAYMENTS

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Non-current	11,339	2,000	–	512
Current	7,902	3,300	327	304

Non-current prepayments refer to advance payment for engine maintenance and overhaul costs covered by power-by-the-hour arrangements.

## 20. INVENTORIES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Consumables, at cost	145	135	–	–

## 21. TRADE RECEIVABLES

Trade receivables are mainly denominated in the following foreign currency at the end of the reporting period:

	Group	
	2012 \$'000	2011 \$'000
United States dollars	709	–

### Receivables that are past due but not impaired

The Group has trade receivables amounting to \$833,000 (2011: \$1,752,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2012 \$'000	2011 \$'000
Trade receivables past due:		
Lesser than 30 days	165	123
30 to 60 days	123	133
61 to 90 days	106	100
More than 90 days	439	1,396
	833	1,752



## 22. DERIVATIVE FINANCIAL INSTRUMENTS

		Group			
Note	2012		2011		
	Assets	Liabilities	Assets	Liabilities	
	\$'000	\$'000	\$'000	\$'000	
Fuel hedging contracts	(a)	4,126	–	8,180	–
Foreign currency forward contracts	(b)	430	(115)	75	(5,005)
		<u>4,556</u>	<u>(115)</u>	<u>8,255</u>	<u>(5,005)</u>

		Company			
Note	2012		2011		
	Assets	Liabilities	Assets	Liabilities	
	\$'000	\$'000	\$'000	\$'000	
Foreign currency forward contracts	(b)	–	–	75	–
		<u>–</u>	<u>–</u>	<u>75</u>	<u>–</u>

### (a) Fuel hedging contracts

Fuel hedging contracts are jet fuel collars used to hedge the financial risk related to the price of fuel. As at 31 March 2012, the notional quantity of the Group's outstanding jet fuel collars was 270,000 US barrels (2011: 180,000 US barrels) with maturity dates of not more than one year.

The cash flow hedges of the expected future jet fuel purchases in the next 12 months were assessed to be highly effective and as at 31 March 2012, a net unrealised gain of \$4,126,000 (2011: \$8,180,000) with a related deferred tax liability of \$496,000 (2011: \$832,000), was included in other comprehensive income in respect of these contracts.

### (b) Foreign currency forward contracts

Foreign currency forward contracts are contracts to buy or sell fixed amounts of currencies at agreed exchange rates for settlement on agreed future dates. As at 31 March 2012, the notional amount of the Group's outstanding foreign currency forward contracts was US\$29.7 million (2011: US\$83.0 million) with tenures of not more than one year. As at 31 March 2011, the notional amount of the Company's outstanding foreign currency forward contracts was US\$15.0 million with tenures of not more than one year.

The cash flow hedges of foreign currency contracts are assessed to be highly effective and as at 31 March 2012, a net unrealised gain of \$315,000 (2011: unrealised loss of \$4,930,000) with a related deferred tax liability of \$31,000 (2011: deferred tax asset of \$130,000) was included in other comprehensive income in respect of these contracts.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at banks and on hand	76,388	23,487	62,923	1,238
Short-term deposits	84,322	172,348	84,322	172,348
	<u>160,710</u>	<u>195,835</u>	<u>147,245</u>	<u>173,586</u>

Short-term deposits are made for varying periods of between one day and three months depending on the expected cash requirements of the Group, and earn interest at the respective short-term deposit rates ranging from 0.03% to 0.25% (2011: 0.09% to 4.57%) per annum.

Cash and cash equivalents are mainly denominated in the following foreign currency at the end of the reporting period:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
United States dollars	<u>16,702</u>	<u>35,272</u>	<u>13,657</u>	<u>31,472</u>

## 24. SHARE CAPITAL

	Group and Company			
	2012		2011	
	No. of shares	\$'000	No. of shares	\$'000
<b>Issued and fully paid ordinary shares</b>				
At 1 April	544,648,565	251,653	530,534,380	249,493
Issue of new ordinary shares under the Rights Issue	273,180,938	158,445	–	–
Share issuance expense	–	(3,449)	–	–
Exercise of employee share options	2,183,605	478	14,114,185	2,160
Shares vested under Restricted Share Plan	180,200	350	–	–
At 31 March	<u>820,193,308</u>	<u>407,477</u>	<u>544,648,565</u>	<u>251,653</u>

## 24. SHARE CAPITAL (CONTINUED)

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 restrictions. The ordinary shares have no par value.

### (a) Renounceable rights issue ("Right Issue")

On 25 August 2011, the Company announced a renounceable rights issue, pursuant to which 273,180,938 new ordinary shares in the capital of the Company ("Right Shares") were issued at an issue price of \$0.58 of each Rights Share, on the basis of one Rights Share for every two existing ordinary shares of the Company held by shareholders as at the books closure date (6 October 2011). The Rights Shares were allotted and issued on 3 November 2011. The newly issued Rights Shares rank pari passu in all respects with the existing ordinary shares of the Company.

### (b) Pre-IPO Tiger Aviation Share Options Scheme (the "Scheme")

The Scheme was approved by the Board of Directors on 24 April 2008 for granting of options to eligible executives, directors and employees of the Group. This is a successor scheme from the Pre-IPO Tiger Airways Share Options Scheme of Tiger Airways Singapore Pte. Ltd., approved by its Board of Directors on 7 December 2004. All options granted by Tiger Airways Singapore Pte. Ltd. were replaced by options of the Scheme. The grant date is deemed to be the same as those options granted by Tiger Airways Singapore Pte. Ltd.. Following the Share Split on 14 December 2009, all options were also sub-divided into 15 options each.

The exercise price of the option was determined by the Remuneration Committee and reflected the fair value of the share as at the date of grant. Details of all the options to subscribe for ordinary shares of the Company pursuant to the Scheme as at 31 March 2012 are as follows:

Expiry period	Exercise Price (S\$)	Number of Options
Between 1 April 2016 and 31 March 2017	0.10	350
Between 1 April 2017 and 31 March 2018	0.13	805
Between 1 April 2018 and 31 March 2019	0.13	168,190
Between 1 April 2019 and 31 March 2020	0.13	30,060
Between 1 April 2019 and 31 March 2020	0.26	911,060
Total		<u>1,110,465</u>



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 24. SHARE CAPITAL (CONTINUED)

### (b) Pre-IPO Tiger Aviation Share Options Scheme (the "Scheme") (Continued)

Under the Scheme, options will vest:

- (i) one year from the date of grant for one third of the allocated share options;
- (ii) two years from the date of grant for additional one third of the allocated share options; and
- (iii) three years from the date of grant for remaining one third of the allocated share options.

The contractual life of each option granted is 10 years. There are no cash settlement alternatives.

The Scheme has been terminated since the initial public offering of the Company's shares on 22 January 2010 and no further options will be granted under the Scheme.

#### *Movement of share options during the financial year*

Information with respect of the number and weighted average exercise prices (WAEP) of, and movements in, equity share options during the year are as follows:

	2012		2011	
	No. '000	WAEP (\$)	No. '000	WAEP (\$)
Outstanding at beginning of year	3,514	0.19	17,954	0.13
Cancelled during the year	(220)	0.26	(326)	0.13
Exercised during the year	(2,184)	0.15	(14,114)	0.12
Outstanding at end of year	<u>1,110</u>	0.24	<u>3,514</u>	0.19
Exercisable at end of year	<u>423</u>	0.21	<u>883</u>	0.12

- The weighted average share price at the date of exercise of the options during the financial year was \$0.99 (2011: \$1.87).
- The range of exercise prices for options outstanding at the end of the year was \$0.10 to \$0.26 (2011: \$0.10 to \$0.26). The weighted average remaining contractual life for these options is 8 years (2011: 7 years).

## 24. SHARE CAPITAL (CONTINUED)

### (c) Long Term Incentive Plans

The Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based long-term incentive plans for senior and middle management employees, which were approved by shareholders of the Company on 30 July 2010.

The details of the two plans are described below:

	RSP	PSP
<b>Plan Description</b>	Award of fully-paid ordinary shares of the Company, conditional on performance targets achieved over one year performance period based on Group objectives.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year performance period based on long-term corporate objectives.
<b>Performance Conditions</b>	At Group level <ul style="list-style-type: none"> <li>• Operating Profit Margin</li> <li>• Operating Cost per Available Seat excluding fuel and foreign exchange differences</li> </ul>	<ul style="list-style-type: none"> <li>• Relative Total Shareholder Return (TSR)</li> <li>• Return on Equity</li> </ul>
<b>Vesting Condition</b>	Award will vest over three years based on achievement of stated performance conditions over a one year performance period.	Vesting based on achievement of stated performance conditions over a three-year performance period.
<b>Payout</b>	0%-120% 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 24. SHARE CAPITAL (CONTINUED)

### (c) Long Term Incentive Plans (Continued)

*Movement of share awards during the financial year*

Date of grant	Balance at 1.4.2011	Granted	Adjustment <sup>1</sup>	Vested	Cancelled	Balance at 31.3.2012
<b>Number of Restricted Shares</b>						
01.09.2010	1,385,000	–	(801,000)	(180,200)	(160,100)	243,700
18.08.2011	–	1,455,000	–	–	(205,000)	1,250,000
17.10.2011	–	90,000	–	–	–	90,000
	<u>1,385,000</u>	<u>1,545,000</u>	<u>(801,000)</u>	<u>(180,200)</u>	<u>(365,100)</u>	<u>1,583,700</u>
<b>Number of Performance Shares</b>						
01.09.2010	1,300,000	–	–	–	(795,000)	505,000
18.08.2011	–	1,105,000	–	–	(450,000)	655,000
17.10.2011	–	150,000	–	–	–	150,000
	<u>1,300,000</u>	<u>1,255,000</u>	<u>–</u>	<u>–</u>	<u>(1,245,000)</u>	<u>1,310,000</u>

<sup>1</sup> Adjustment at the end of one-year performance period based on stated performance targets.

*Fair value of share awards granted*

The estimated fair value of services received in return for share awards granted under RSP is measured by reference to the fair value of shares at grant date. The estimated fair value of the services received under PSP is measured based on the Monte Carlo model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns. The assumptions used in the valuation of RSP and PSP are shown below:

	RSP		PSP	
	2012	2011	2012	2011
Dividend yield	0%	0%	0%	0%
Expected volatility	NA	NA	33.6%	31.2%
Risk-free interest rate	NA	NA	0.3%	1.1%
Embedded Total Shareholder's return for the Group	NA	NA	39.2%	2.61%

NA – Not Applicable

## 24. SHARE CAPITAL (CONTINUED)

### (c) Long Term Incentive Plans (Continued)

#### *Fair value of share awards granted (Continued)*

At date of grant, the estimated fair values for share awards under the RSP and PSP are as follows:

Date of grant	Estimated fair value of each share award	
	RSP	PSP
01.09.2010	\$1.94	\$2.44
18.08.2011	\$0.97	\$0.84
17.10.2011	\$0.65	\$0.72

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

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

## 25. OTHER RESERVES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Foreign currency translation reserve	(9,704)	(10,437)	–	–
Share-based compensation reserve	1,492	1,352	1,492	1,352
Fair value reserve	3,913	2,474	–	–
	<u>(4,299)</u>	<u>(6,611)</u>	<u>1,492</u>	<u>1,352</u>



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 25. OTHER RESERVES (CONTINUED)

### (a) Foreign currency translation reserve

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

	<b>Group</b>	
	<b>2012 \$'000</b>	<b>2011 \$'000</b>
At 1 April	(10,437)	(8,786)
Foreign currency translation	733	(1,651)
At 31 March	<u>(9,704)</u>	<u>(10,437)</u>

### (b) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled compensation plans granted to employees (Note 24). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and share awards and is reduced by the expiry or exercise of the share options and vesting of the share awards.

	<b>Group and Company</b>	
	<b>2012 \$'000</b>	<b>2011 \$'000</b>
At 1 April	1,352	573
Equity settled share-based compensation expense	639	1,303
Exercise of employee share options and vesting of share awards	(499)	(524)
At 31 March	<u>1,492</u>	<u>1,352</u>



## 25. OTHER RESERVES (CONTINUED)

### (c) Fair value reserve

Fair value reserve records the portion of the fair value changes in derivatives that are designated as hedging instruments in cash flow hedges that are determined to be highly effective.

	<b>Group</b>	
	<b>2012 \$'000</b>	<b>2011 \$'000</b>
At 1 April	2,474	(1,273)
Net gain/(loss) on:		
– Fair value changes of derivatives	701	848
Recognised in the income statement on occurrence of:		
– Fuel hedging contracts	(6,718)	(3,098)
– Foreign currency forward contracts	7,456	5,997
At 31 March	<u>3,913</u>	<u>2,474</u>

## 26. AMOUNTS DUE TO SUBSIDIARIES

	<b>Company</b>	
	<b>2012 \$'000</b>	<b>2011 \$'000</b>
Current	290,454	261,196
Non-current	–	34,611
	<u>290,454</u>	<u>295,807</u>

The amounts due to subsidiaries include an amount of \$138,240,000 (2011: \$151,482,000) which bears interest at rates ranging from 1.89% to 2.19% (2011: 2.19% to 2.81%) per annum. The remaining balances are non-interest bearing.

The current amounts due to subsidiaries are non-trade related, unsecured and repayable upon demand.

Non-current amounts due to subsidiaries are non-trade related, unsecured and are not expected to be repaid within the next 12 months.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 26. AMOUNTS DUE TO SUBSIDIARIES (CONTINUED)

Amounts due to subsidiaries are mainly denominated in the following foreign currency at the end of the reporting period:

United States dollars

Company	
2012 \$'000	2011 \$'000
–	79,287

## 27. LOANS

		Group		Company	
	Maturity	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Current:</b>					
Obligations under finance leases					
(Note 33(d))	2013	–	–	21,804	15,674
Bank loans					
– Secured	2013	173,133	145,403	–	–
– Unsecured	2013	31,800	21,800	–	–
		<u>204,933</u>	<u>167,203</u>	<u>21,804</u>	<u>15,674</u>
<b>Non-current:</b>					
Obligations under finance leases					
(Note 33(d))	2014 – 2023	–	–	239,205	186,194
Bank loans					
– Secured	2014 – 2023	378,970	373,659	–	–
		<u>378,970</u>	<u>373,659</u>	<u>239,205</u>	<u>186,194</u>

## 27. LOANS (CONTINUED)

### *Secured bank loans*

Secured bank loans amounting to \$nil (2011: \$79,287,000) are denominated in United States dollars. The secured bank loans bear interest at rates ranging from 0.60% to 4.11% (2011: 0.71% to 5.14%) per annum.

As part of the Group's aircraft financing arrangements with banks, special purpose entities ("SPEs") (Note 14) were incorporated. Details of the financing arrangements are as follows:

(a) Pre-Delivery Payment ("PDP") financing via Felidae Aircraft Limited ("Felidae")

At 31 March 2012, the Group has PDP financing arrangements with a bank to finance PDPs in respect of the PDP obligations to aircraft manufacturer on 11 aircraft (2011: 20).

The rights and obligations under the aircraft purchase agreement relating to the 11 aircraft (2011: 20) have been novated from the Company to Felidae. The secured bank loans relating to the PDP financing arrangement with the bank were entered into by Felidae.

To fund Felidae's obligations and to secure the Company's interest, Felidae and the Company entered into a Forward Purchase Agreement ("FPA") where the Company has agreed to purchase each of the 11 aircraft (2011: 20) upon their applicable delivery dates and the purchase price is defined as the remainder of any amount payable to the manufacturer and the outstanding loan obligations.

The loans are secured via assignment of the aircraft purchase agreement and assignment of the engine warranty and credit agreement to the bank. In addition, the bank takes an assignment of Felidae's rights under the FPA and the Company guarantees the obligations of Felidae.

(b) ECA financing via Winnie Aircraft Limited ("Winnie") and Falcon Aircraft Limited ("Falcon")

ECA aircraft financing is in the form of credit support, where a bank or other financial institution lends money to the borrower with the loan guaranteed by the European Export Credit Agency ("ECA").

As at 31 March 2012, the Group has ECA financing arrangements with banks to finance 11 aircraft (2011: 9). Pursuant to the ECA financing, the legal ownership of the aircraft is vested in Winnie and Falcon. Tiger Airways Singapore Pte. Ltd. and Tiger Airways Holdings Limited leased the aircraft pursuant to a finance lease from Winnie and Falcon respectively. The Group has a purchase option to acquire legal ownership of the aircraft from the SPEs at the end of the lease term at a bargain purchase option price.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 27. LOANS (CONTINUED)

### *Unsecured bank loans*

The unsecured bank loans bear interest at rates ranging from 1.50% to 2.12% (2011: 1.50% to 3.37%) per annum and are subject to annual review by the banks.

### *Obligations under finance leases (Company)*

The Company's obligation under finance leases is in respect of the financing arrangement as described in Note 27(b) above whereby the Company is the lessee.

The lease obligations bear interest at rates ranging from 0.71% to 3.39% (2011: 0.71% to 3.29%) per annum.

## 28. DEFERRED INCOME

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Current</b>				
Deferred gain on sale and leaseback transactions – operating leases	3,591	5,627	–	–
Deferred membership revenue	214	497	214	497
Deferred gain on sale of spares	65	–	–	–
	<b>3,870</b>	<b>6,124</b>	<b>214</b>	<b>497</b>
<b>Non-current</b>				
Deferred gain on sale and leaseback transactions – operating leases	22,563	26,161	–	–
Deferred gain on sale of spares	517	–	–	–
	<b>23,080</b>	<b>26,161</b>	<b>–</b>	<b>–</b>

## 29. PROVISIONS

	Group	
	2012 \$'000	2011 \$'000
<b>Provision for return costs of aircraft</b>		
At 1 April	10,840	8,761
Provision during the year	4,994	2,079
Provision utilised during the year	(1,562)	–
At 31 March	14,272	10,840
Current	1,824	1,278
Non-current	12,448	9,562
	14,272	10,840

Provisions relate to provision for return costs of aircraft under operating lease. It is expected that these return costs will be incurred by the end of the lease terms.

## 30. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) as at 31 March relates to the following:

	Group			
	Balance sheet		Income statement	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Deferred tax assets</b>				
Unutilised capital allowances and tax losses	–	6,586	6,586	9,627
Provisions	–	–	–	935
Revaluation of foreign currency forward contracts	–	130	–	–
Total	–	6,716		
<b>Deferred tax liabilities</b>				
Differences in depreciation for tax purposes	2,370	6,146	(3,776)	6,146
Revaluation of fuel hedging contracts	496	832	–	–
Revaluation of foreign currency forward contracts	31	–	–	–
	2,897	6,978		
Deferred tax expense			2,810	16,708



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 30. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

At 31 March 2012, the Group has tax losses of approximately \$185,431,000 (2011: \$80,973,000), that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these 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.

### Deferred tax liabilities

Differences in depreciation for tax purposes

#### Company Balance Sheet

2012 \$'000	2011 \$'000
670	630

## 31. TRADE PAYABLES

#### Group

Trade payables  
Unbilled trade payables

2012 \$'000	2011 \$'000
31,730	39,721
83,294	69,770
115,024	109,491

Unbilled trade payables relate to maintenance services, airport related charges and fuel received or used but not yet invoiced by suppliers and airport authorities as at the end of the reporting period.

Trade and unbilled trade payables are mainly denominated in the following foreign currency at the end of the reporting period:

#### Group

United States dollars

2012 \$'000	2011 \$'000
25,103	24,486

### 32. OTHER PAYABLES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Other payables	7,825	7,075	7,056	4,835

Other payables are mainly denominated in the following foreign currency at the end of the reporting period:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
United States dollars	773	648	773	648

### 33. COMMITMENTS

#### (a) Capital commitments

Capital expenditure contracted for as at the end of the year but not recognised in the financial statements are as follows:

	Group and Company	
	2012 \$'000	2011 \$'000
Capital commitments in respect of aircraft fleet and related equipment	1,625,000	2,211,000

#### (b) Operating lease commitments as lessee

The Group has 19 A320-200 aircraft (2011: 15), 2 A319 aircraft (2011: 2) and 4 spare engines (2011: 4) under operating leases. The original lease terms for 2 (2011: 3) of the aircraft were 5 years and they were extended by another 12 months following expiry of their original lease terms. The original lease terms on the remaining aircraft are for 12 years. None of the operating lease agreements confer on the Group an option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements, subject to certain terms and conditions stated in the agreements.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2012 amounted to \$64,986,000 (2011: \$65,142,000).

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 33. COMMITMENTS (CONTINUED)

### (b) Operating lease commitments as lessee (Continued)

Future lease payments under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2012 \$'000	2011 \$'000
<b>Aircraft and spare engines</b>		
Not later than one year	80,002	64,511
Later than one year but not later than five years	311,289	220,924
Later than five years	315,516	214,719
	<b>706,807</b>	<b>500,154</b>

### (c) Operating lease commitments as lessor

The Group subleased 2 A319 aircraft (2011: 2) during the financial year. The lease terms for these aircraft are 2 years. The Company subleased 7 A320-200 aircraft (2011: 5) to a subsidiary as at end of the financial year.

Future lease receivables under non-cancellable operating leases at the end of the year are as follows:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Aircraft</b>				
Not later than one year	6,434	9,677	31,164	22,260
Later than one year but not later than five years	–	6,451	124,656	89,040
Later than five years	–	–	179,750	148,400
	<b>6,434</b>	<b>16,128</b>	<b>335,570</b>	<b>259,700</b>



### 33. COMMITMENTS (CONTINUED)

(d) Finance lease commitments as lessee

The Company has finance leases for 7 A320-200 aircraft (2011: 5). These leases have no terms of renewal and provide the Company with an option to purchase the aircraft at bargain purchase prices at the end of the lease term. The aircraft are subleased to a subsidiary under operating lease arrangement.

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

	2012		2011	
	Minimum lease payments \$'000	Present value of payments \$'000	Minimum lease payments \$'000	Present value of payments \$'000
<b>Company</b>				
Not later than one year	26,737	21,804	19,144	15,674
Later than one year but not later than five years	106,683	91,304	76,696	65,018
Later than five years	157,085	147,901	129,404	121,176
Total minimum lease payments	290,505	261,009	225,244	201,868
Less: Amounts representing finance charges	(29,496)	–	(23,376)	–
Present value of minimum lease payments	<u>261,009</u>	<u>261,009</u>	<u>201,868</u>	<u>201,868</u>

(e) Corporate guarantees

The Group had novated the operating lease agreements for two aircraft to its 33%-owned associate, PT Mandala Airlines in Indonesia. With respect to the lease agreements between PT Mandala Airlines and the lessor, the Company had provided guarantees to the lessor to cover obligations for the lease of these two aircraft. Future lease payment obligations under the non-cancellable operating lease agreements amount to \$116,581,000.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, jet fuel price risk, liquidity risk, interest rate risk and credit risk. Management reviews and agrees policies on procedures for the management of these risks.

As derivatives are used for the purpose of risk management, gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenues or costs being hedged.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

### (a) Foreign currency risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated revenues and expenses. The Group's largest exposure is from United States Dollars. For the financial year ended 31 March 2012, these accounted for approximately 7% (2011: 6%) of total revenue and 60% (2011: 54%) of total operating expenses.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency.

The Group also uses foreign currency forward contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell currencies at predetermined forward rates, buying USD depending on forecast requirements with settlement dates up to one year.

The Group uses foreign currency forward contracts to manage the USD currency exposures. The foreign currency forward contracts are of the same currency as the hedged item. At 31 March 2012, the Group had hedged 13% (2011: 20%) of its forecast USD exposure against SGD until February 2013 and 18% (2011: 46%) of its forecast USD exposure against AUD until February 2013.

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Foreign currency risk (Continued)

*Sensitivity analysis for foreign currency risk*

The following table illustrates the sensitivity of the Group's profit net of tax and equity to a reasonably possible change in the USD and AUD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(decrease) in Profit net of tax		Increase/(decrease) in Equity	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
USD/SGD – strengthened 1% (2011: 1%)	(1,926)	(1,385)	(1,753)	(962)
– weakened 1% (2011: 1%)	1,926	1,385	1,753	962
USD/AUD – strengthened 1% (2011: 1%)	(968)	(876)	(764)	(244)
– weakened 1% (2011: 1%)	968	876	764	244
AUD/SGD – strengthened 1% (2011: 1%)	1,540	345	1,540	345
– weakened 1% (2011: 1%)	(1,540)	(345)	(1,540)	(345)

(b) Jet fuel price risk

The Group's earnings are affected by changes in the price of jet fuel.

The Group's strategy for managing the risk on fuel price aims to provide the Group with protection against sudden and significant increase in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the prudent use of approved instruments such as jet fuel collars with approved counterparties and within approved credit limits.

The Group manages this fuel price risk by using jet fuel collars and hedging up to 15 months forward. A change in price of US\$1.00 per barrel of jet fuel affects the Group's annual fuel costs by approximately \$1,885,000 (2011: \$1,900,000), assuming no change in volume of fuel consumed.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Liquidity risk

As at 31 March 2012, the Group had at its disposal cash and bank balances amounting to \$160,710,000 (2011: \$195,835,000). The Group has obtained financing in respect of the pre-delivery payment ("PDP") obligations to the aircraft manufacturer and expects to enter into sale and leaseback transactions to fund repayment of PDP financing loans. Further, the Group is able to generate adequate cash flows in the foreseeable future to enable it to meet its financial obligations as and when they fall due.

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2012</b>				
<b>Financial assets</b>				
Trade receivables	2,580	–	–	2,580
Other receivables	23,947	–	22,708	46,655
Amounts due from an associate	706	3,413	–	4,119
Derivative financial instruments	4,556	–	–	4,556
Cash and cash equivalents	160,710	–	–	160,710
Total undiscounted financial assets	192,499	3,413	22,708	218,620
<b>Financial liabilities</b>				
Trade payables	115,024	–	–	115,024
Other payables	7,825	–	–	7,825
Loans	214,397	174,801	247,553	636,751
Derivative financial instruments	115	–	–	115
Total undiscounted financial liabilities	337,361	174,801	247,553	759,715
Total net undiscounted financial liabilities	144,862	171,388	224,845	541,095

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (Continued)

Group	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2011</b>				
<b>Financial assets</b>				
Trade receivables	3,529	–	–	3,529
Other receivables	21,270	–	19,360	40,630
Derivative financial instruments	8,255	–	–	8,255
Cash and cash equivalents	195,835	–	–	195,835
Total undiscounted financial assets	228,889	–	19,360	248,249
<b>Financial liabilities</b>				
Trade payables	109,491	–	–	109,491
Other payables	7,075	–	–	7,075
Loans	176,232	180,644	236,851	593,727
Derivative financial instruments	5,005	–	–	5,005
Total undiscounted financial liabilities	297,803	180,644	236,851	715,298
Total net undiscounted financial liabilities	68,914	180,644	217,491	467,049

(d) Interest rate risk

The Group's interest rate risk arises from the following:

- (i) changes in market interest rates affect the interest income or finance charges of variable interest financial instruments
- (ii) changes in market interest rates affect aircraft rental expenses

The Group's policy is to manage its interest costs using a combination of fixed and floating rate debts. Surplus funds are placed with reputable banks to generate interest income for the Group.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Interest rate risk (Continued)

The table below illustrates the sensitivity of the Group's profit net of tax and equity to a reasonably possible change in interest rates with all other variables held constant.

	<b>Increase/ (decrease) in Profit net of tax \$'000</b>	<b>Increase/ (decrease) in Equity \$'000</b>
<b>2012</b>		
– Effect of increase in 1 basis point	(93)	(110)
– Effect of decrease in 1 basis point	93	110
<b>2011</b>		
– Effect of increase in 1 basis point	(65)	(63)
– Effect of decrease in 1 basis point	65	63

Information relating to the Group's interest rate exposure is also disclosed in Note 27.

### (e) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and derivative assets. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties.

#### *Exposure to credit risk*

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet, including derivatives with positive fair values.

### 35. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount 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.

(a) Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the Group's financial instruments that are carried in the financial statements:

	<b>Derivatives used for hedging \$'000</b>	<b>Loans and receivables \$'000</b>	<b>Total \$'000</b>
<b>2012</b>			
<b>Group</b>			
<b>Assets</b>			
Trade receivables	–	2,580	2,580
Other receivables	–	46,655	46,655
Amounts due from an associate	–	4,119	4,119
Derivative financial instruments	4,556	–	4,556
Cash and cash equivalents	–	160,710	160,710
	<u>4,556</u>	<u>214,064</u>	<u>218,620</u>
	<b>Derivatives used for hedging \$'000</b>	<b>Financial liabilities at amortised cost \$'000</b>	<b>Total \$'000</b>
<b>2012</b>			
<b>Group</b>			
<b>Liabilities</b>			
Trade payables	–	115,024	115,024
Other payables	–	7,825	7,825
Loans	–	583,903	583,903
Derivative financial instruments	115	–	115
	<u>115</u>	<u>706,752</u>	<u>706,867</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 35. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (Continued)

	Financial assets at fair value through profit and loss \$'000	Derivatives used for hedging \$'000	Loans and receivables \$'000	Total \$'000
<b>2011</b>				
<b>Group</b>				
<b>Assets</b>				
Trade receivables	–	–	3,529	3,529
Other receivables	–	–	40,630	40,630
Derivative financial instruments	75	8,180	–	8,255
Cash and cash equivalents	–	–	195,835	195,835
	<u>75</u>	<u>8,180</u>	<u>239,994</u>	<u>248,249</u>
		Derivatives used for hedging \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
<b>2011</b>				
<b>Group</b>				
<b>Liabilities</b>				
Trade payables		–	109,491	109,491
Other payables		–	7,075	7,075
Loans		–	540,862	540,862
Derivative financial instruments		5,005	–	5,005
		<u>5,005</u>	<u>657,428</u>	<u>662,433</u>



### 35. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments

(i) Fair values of financial instruments that are carried at fair value

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

	Group Significant other observable inputs (Level 2)	
	2012 \$'000	2011 \$'000
<b>Financial assets:</b>		
Derivatives		
– Fuel hedging contracts	4,126	8,180
– Foreign currency forward contracts	430	75
At 31 March	<u>4,556</u>	<u>8,255</u>
<b>Financial liabilities:</b>		
Derivatives		
– Foreign currency forward contracts	115	5,005
At 31 March	<u>115</u>	<u>5,005</u>

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 have the following levels:

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

There are no financial instruments classified under level 1 or level 3 of the fair value hierarchy.



# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 35. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Fair value of financial instruments (Continued)

#### (i) Fair values of financial instruments that are carried at fair value (Continued)

##### Determination of fair value

The fair value of foreign currency forward contracts is determined by reference to current forward prices for contracts with similar maturity profiles, based on reference to valuation reports provided by counterparties. The fair values of fuel hedging contracts are determined by reference to available market information and are the mark-to-market values of these contracts, based on reference to valuation reports provided by counterparties.

#### (ii) Fair values of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents, trade and other receivables, amounts due from/to subsidiaries and associates, trade and other payables and loans.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

## 36. CAPITAL MANAGEMENT

The Group's intention is to reinvest all earnings back in the business, to fund its capital expenditure.

The Group's primary objective is to maintain an efficient capital structure, tapping a combination of equity, structured asset financing (using both finance and operating leases) and bank borrowings. This provides flexibility to the Group to pursue its growth opportunities and to provide adequate access to liquidity to mitigate adverse cashflow impact of unforeseen events.

During the year, the Group completed a Rights Issue, pursuant to which 273,180,938 new ordinary shares were issued, raising gross proceeds of \$158,445,000.

The Directors regularly review the Group's capital structure; taking into consideration the prevailing economic and trading conditions, current opportunities and future commitments of the Group. It will also consider the availability of source of capital, terms and conditions negotiated with capital providers and the prevailing cost of capital required by the capital providers.

No changes were made in the objectives, policies or processes during the years ended 31 March 2012 and 31 March 2011.

The Group is not subject to any external imposed capital requirements.

### 36. CAPITAL MANAGEMENT (CONTINUED)

The capital for the Group is tabulated below:

	Group	
	2012 \$'000	2011 \$'000
Equity	248,473	194,674
Loans	583,903	540,862
Total equity and loans	832,376	735,536

### 37. RELATED PARTY DISCLOSURES

#### (a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the year on terms agreed between the parties:

	Group	
	2012 \$'000	2011 \$'000
Payment for services rendered by a significant shareholder and its subsidiaries	40,483	31,385
Interest income from an associate	47	–
Management service fees from an associate	177	–

#### (b) Compensation of key management personnel

	Group	
	2012 \$'000	2011 \$'000
Salaries, bonuses and other costs	14,790	10,332
CPF contributions and other defined contributions	565	439
Share-based compensation expense	639	1,300
	15,994	12,071
<i>Comprise amounts paid to:</i>		
Directors of the Company	1,736	1,475
Other key management personnel	14,258	10,596
	15,994	12,071

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2012

## 37. RELATED PARTY DISCLOSURES (CONTINUED)

### Key executives' interests in equity compensation plans

#### (i) Share Option Scheme ("Scheme")

At 31 March 2012, key management personnel held options to purchase ordinary shares of the Company under the Share Option Scheme (Note 24) as follows:

Exercise period	Exercise price	Number of Options
Between 1 April 2007 and 31 March 2017	0.10	350
Between 1 April 2010 and 31 March 2019	0.13	122,385
Between 1 April 2010 and 31 March 2020	0.13	30,060
Between 1 April 2010 and 31 March 2020	0.26	798,545
		<u>951,340</u>

During the financial years ended 31 March 2012 and 2011, no share option was granted to directors. For the financial year ended 31 March 2012, a director exercised options for nil ordinary shares (2011: 5,906,010 at an average exercise price of \$0.09 each with a total cash consideration of \$502,929 paid to the Company) of the Company.

No participants have received 5% or more of the total options available under the Scheme.

#### (ii) Long Term Incentive Plans (LTIP)

At 31 March 2012, key management personnel were granted shares under LTIP (Note 24) as follows:

Date of grant	Number of Restricted Shares	
	Balance at 1.4.2011	Balance at 31.3.2012
1 September 2010	1,385,000	243,700
18 August 2011	–	1,250,000
17 October 2011	–	90,000
	<u>1,385,000</u>	<u>1,583,700</u>

Date of grant	Number of Performance Shares	
	Balance at 1.4.2011	Balance at 31.3.2012
1 September 2010	1,300,000	505,000
18 August 2011	–	655,000
17 October 2011	–	150,000
	<u>1,300,000</u>	<u>1,310,000</u>

The final number of shares to be awarded under LTIP would be dependent on the achievement of pre-determined targets over the specified period of performance. No participants have received 5% or more of the total shares available under LTIP.

### 38. SEGMENTAL ANALYSIS

All revenues are derived from the Group's principal activity and business segment of air transportation. Revenue and assets are analysed by geographical area (by country of origin) as follows:

	Group	
	2012 \$'000	2011 \$'000
<b>Revenue</b>		
Asia	464,046	343,069
Australia	154,138	279,196
Total revenue	618,184	622,265
<b>Property, plant and equipment</b>		
Asia	831,497	739,658
Australia	792	132
Total property, plant and equipment	832,289	739,790

### 39. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2012 were authorised for issue in accordance with a resolution of the directors on 18 May 2012.



# INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year by the Group are as follows:

<b>Name of Interested Person</b>	<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
	<b>\$</b>	<b>\$</b>
SATS Ltd and its Associates	–	31,500,000
SIA Engineering Company Limited and its Associates	–	40,985,217
Singapore Airlines Limited	–	800,000
StarHub Ltd	–	680,000
Total Interested Person Transactions	–	73,965,217

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

# MATERIAL CONTRACTS

There are no material contracts between the Company and its subsidiaries involving the interests of the CEO, each Director or controlling shareholder (as defined in the SGX-ST Listing Manual) of the Company, either still subsisting at the end of FY11-12, or if not then subsisting, entered into since the end of the previous FY10-11, other than, where applicable:

- (a) as disclosed on pages 139 to 144 and page 192 of the Company's IPO prospectus;
- (b) the Service Contract signed between the Company and the CEO, and the appointment letters signed by the Company with the non-executive Directors;
- (c) as disclosed in Note 37 (Related Party Disclosures) of the notes to the financial statements; and
- (d) interested person transactions as listed in the Interested Person Transactions section of this Annual Report.

# USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING AND RIGHTS ISSUE

As at 15 June 2012, the status on the use of proceeds raised from the initial public offering ("IPO") of the Company and the Company's rights issue are as follows:

	Allocation \$m	Actual utilisation \$m	Amount yet to be utilised \$m
<b>IPO</b>			
Funding for acquisition of aircraft and associated aircraft pre-delivery payments	150.3	150.3	–
Establishment of new airline and/or operating bases	9.0	–	9.0
Repayment of short-term loans	45.6	45.6	–
Working capital	18.5	18.5	–
Listing expenses	9.9	9.9	–
Gross proceeds from IPO	233.3	224.3	9.0
<b>Rights Issue</b>			
Funding for acquisition of aircraft and associated aircraft pre-delivery payments	155.0	60.0	95.0
Rights expenses	3.4	3.4	–
Gross proceeds from rights issue	158.4	63.4	95.0

The above utilisation is in accordance with the intended use of proceeds of the IPO<sup>1</sup> and rights issue<sup>2</sup> and in accordance with the percentage allocated, as stated in the Prospectus dated 13 January 2010 and Offer Information Statement dated 6 October 2011 registered by the Company with the Monetary Authority of Singapore.

The Company may re-finance the acquisition of aircraft and associated aircraft pre-delivery payments on some or all of the aircraft, and under such circumstances, the Company may collect back all or part of the amounts that had been paid as pre-delivery and final delivery payments, which could include amounts that had been paid using the proceeds from the IPO and rights issue.

<sup>1</sup> Tiger Airways IPO was completed in January 2010

<sup>2</sup> Rights issue was completed in November 2011



# SHAREHOLDERS' INFORMATION

as at 15 June 2012

Number of Issued Shares	:	820,193,308 shares
Class of Shares	:	ordinary shares
Voting Rights	:	one vote per ordinary share
No. of Holders	:	18,426 holders

## STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 999	56	0.30	10,252	0.00
1,000 – 10,000	10,665	57.88	63,149,002	7.70
10,001 – 1,000,000	7,674	41.65	288,606,072	35.19
1,000,001 and above	31	0.17	468,427,982	57.11
	<b>18,426</b>	<b>100.00</b>	<b>820,193,308</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1	Singapore Airlines Limited	268,513,875	32.74
2	Dahlia Investments Pte Ltd	60,277,125	7.35
3	DBSN Services Pte Ltd	31,514,500	3.84
4	DBS Nominees Pte Ltd	10,048,316	1.23
5	United Overseas Bank Nominees Pte Ltd	9,347,157	1.14
6	Tay Ban Yew	7,217,000	0.88
7	Phillip Securities Pte Ltd	7,146,201	0.87
8	HSBC (Singapore) Nominees Pte Ltd	6,683,565	0.81
9	UOB Kay Hian Pte Ltd	6,423,500	0.78
10	Citibank Nominees Singapore Pte Ltd	6,048,942	0.74
11	OCBC Securities Private Ltd	5,660,500	0.69
12	Lim & Tan Securities Pte Ltd	4,469,000	0.54
13	DBS Vickers Securities (S) Pte Ltd	4,269,500	0.52
14	Maybank Kim Eng Securities Pte Ltd	4,001,500	0.49
15	OCBC Nominees Singapore Pte Ltd	3,606,500	0.44
16	CIMB Securities (Singapore) Pte Ltd	3,527,000	0.43
17	Fragrance Group Limited	3,200,000	0.39
18	Jonathan Keen Choe	3,102,000	0.38
19	Raffles Nominees (Pte) Ltd	2,843,979	0.35
20	Citibank Consumer Nominees Pte Ltd	2,675,000	0.14
	<b>Total</b>	<b>450,575,160</b>	<b>54.94</b>



# SHAREHOLDERS' INFORMATION

as at 15 June 2012

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 15 June 2012)

	<b>Direct Interest</b>	<b>%</b>	<b>Deemed Interest<sup>(1)</sup></b>	<b>%</b>
Singapore Airlines Limited	268,513,875	32.74	–	–
Dahlia Investments Pte. Ltd.	60,277,125	7.35	–	–
Temasek Holdings (Private) Limited <sup>(2)</sup>	–	–	328,792,500	40.09
Thomson Capital Pte Ltd <sup>(3)</sup>	–	–	60,277,125	7.35
Tembusu Capital Pte Ltd <sup>(4)</sup>	–	–	60,277,125	7.35

- (1) Deemed interests refer to interests determined pursuant to Section 7 of the Companies Act.
- (2) Singapore Airlines Limited and Dahlia Investments Pte. Ltd. are subsidiaries of Temasek Holdings (Private) Limited. Accordingly, Temasek Holdings (Private) Limited is, by virtue of Section 7 of the Companies Act, deemed interested in the Shares held by Singapore Airlines Limited and Dahlia Investments Pte. Ltd.
- (3) Dahlia Investments Pte. Ltd. is a wholly owned subsidiary of Thomson Capital Pte. Ltd. Accordingly, Thomson Capital Pte. Ltd. is, by virtue of Section 7 of the Companies Act, deemed interested in the Shares held by Dahlia Investments Pte. Ltd.
- (4) Dahlia Investments Pte. Ltd. is a wholly owned subsidiary of Thomson Capital Pte. Ltd. which is in turn a wholly-owned subsidiary of Tembusu Capital Pte. Ltd. Accordingly, Tembusu Capital Pte. Ltd. is, by virtue of Section 7 of the Companies Act, deemed interested in the Shares held by Dahlia Investments Pte. Ltd.

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 15 June 2012, approximately 59.8% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at SGX Auditorium, 2 Shenton Way, SGX Centre 1, 2nd Level, Singapore 068804, on 31 July 2012 at 3.00 p.m., to transact the following business:

## ORDINARY BUSINESS

1. To receive and adopt the Report of the Directors and Audited Accounts for the financial year ended 31 March 2012 and the Auditors' Report thereon.  
(Resolution 1)
2. To re-elect Mr. Lee Chong Kwee as a Director retiring by rotation under Article 125 of the Company's Articles of Association and who, being eligible, offers himself for re-election.  
(Resolution 2)
3. To re-elect Mr. Po'ad Bin Shaik Abu Bakar Mattar as a Director retiring by rotation under Article 125 of the Company's Articles of Association and who, being eligible, offers himself for re-election.  
(Resolution 3)
4. To re-appoint Mr. Joseph Yuvaraj Pillay, retiring as a Director, pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.  
(Resolution 4)
5. To re-elect Mr. Hsieh Fu Hua as a Director retiring pursuant to Article 131 of the Company's Articles of Association and who, being eligible, offers himself for re-election.  
(Resolution 5)
6. To re-elect Mr. Gerard Yeap Beng Hock as a Director retiring pursuant to Article 131 of the Company's Articles of Association and who, being eligible, offers himself for re-election.  
(Resolution 6)
7. To appoint Mr. Maurice De Vaz as a Director, pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.  
(Resolution 7)
8. To appoint Mr. Arthur Lang Tao Yih as a Director, pursuant to Article 127 of the Company's Articles of Association, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.  
(Resolution 8)
9. To approve payment of Directors' emoluments of up to \$650,000.00 for the financial year ending 31 March 2013. (FY11-12: up to \$517,000)  
(Resolution 9)
10. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company to hold office until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.  
(Resolution 10)



# NOTICE OF ANNUAL GENERAL MEETING

## SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

### 11. Authority to Issue Shares

That authority be and is hereby given to the Directors of the Company, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("Companies Act") 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) securities, 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 that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) 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) shall not exceed 50% of the total number of issued Shares (excluding treasury shares) (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) shall not exceed 20% of the total number of issued Shares (excluding treasury shares) (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 (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:
  - (1) any 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
  - (2) any subsequent bonus issue, consolidation or sub-division of Shares;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirement imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX I ("Listing Manual") for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, 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.

(Resolution 11)

12. **Authority to issue Shares under the Pre-IPO Tiger Aviation Share Option Scheme ("Scheme")**

That the Directors be and are hereby authorised to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options under the Scheme, such authority (unless revoked or varied by the Company in general meeting) to 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.

(Resolution 12)

13. **Authority to grant awards ("Awards") and issue Shares under the Tiger Airways Long Term Incentive Plan ("Plan")**

That the Directors of the Company be and are hereby authorised to:

- (a) grant Awards in accordance with the provisions of the Plan; and
- (b) allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the vesting of Awards granted under the Plan; and
- (c) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) allot and issue fully paid-up Shares pursuant to the vesting of any Awards granted by the Directors in accordance with the Plan while this Resolution was in force,

provided that the aggregate number of new Shares to be allotted and issued, when aggregated with the new Shares issued and/or issuable and the existing Shares delivered and/or deliverable in respect of all Awards granted under the Plan, and all Shares, options or awards granted under any other share scheme of the Company in force, shall not exceed 10% of the total number of issued Shares (excluding treasury shares) from time to time, such authority (unless revoked or varied by the Company in general meeting) to 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.

(Resolution 13)



# NOTICE OF ANNUAL GENERAL MEETING

## 14. **Proposed Renewal of the IPT Mandate**

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9"), for the Company, its subsidiaries and its associated companies which are entities at risk as defined under Chapter 9, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to this Notice of Annual General Meeting (the "Appendix"), with any person who falls within the classes of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders and are in accordance with the review procedures for interested person transactions as set out in the Appendix (the "IPT Mandate");
- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the date that the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and
- (d) the Directors of the Company be and are authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary on in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

(Resolution 14)

15. To transact any other business as may properly be transacted at an Annual General Meeting.

By Order of the Board

Joyce Fong  
Company Secretary

Singapore  
9 July 2012

## Explanatory Notes:-

- (i) Ordinary Resolution 2 is to re-elect Mr. Lee Chong Kwee, who will upon re-election be considered independent for the purpose of Rule 704(8) of the Listing Manual. Please refer to Principle 4: of the Corporate Governance Report for further details.
- (ii) Ordinary Resolutions 7 & 8 is to propose the election of two new Directors for shareholders' approval at the AGM, namely Mr. Maurice de Vaz and Mr. Arthur Lang Tao Yih. Key information and the profiles of Mr. de Vaz and Mr. Lang are found in key information of Directors in the Annual Report.
- (iii) Ordinary Resolution 9 is to seek approval for the payment of up to \$650,000.00 to all Directors (other than Mr. Chin Yau Seng, the Company's CEO, whose remuneration is set out in his service agreement with the Company) as directors' emoluments for the financial year ending 31 March 2013. The payment is for services rendered by them as Directors on the Board as well as the various Board Committees. The Directors' emoluments are mainly calculated based on the formula set out on page 29 of the Annual Report plus disbursements for transportation expenses. In the event that the amount proposed is insufficient, approval will be sought at next year's Annual General Meeting for payments to meet the shortfall. The actual amount paid in Director's emoluments for FY11-12 is \$495,575.00. There is no increase in the emoluments structure for individual Directors. The increase in the total amount sought as Director's emoluments is to cater for the addition of two new Directors on the Board, as well as the formation of two new Board Committees, namely the Risk Management Committee and the Executive Committee.
- (iv) Ordinary Resolution 11 is to empower the Directors, from the date of the passing of Ordinary Resolution 11 to the date of the next Annual General Meeting, to issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the total number of issued Shares (excluding treasury shares), with a sub-limit of 20% of the total number of issued Shares (excluding treasury shares) for issues other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of Shares that 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 that Ordinary Resolution 11 is passed, after adjusting for (a) 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 that Ordinary Resolution 11 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of Shares. In exercising the authority conferred by Ordinary Resolution 11, the Company shall comply with the requirements of the SGX-ST (unless waived by the SGX-ST), all applicable legal requirements and the Company's Articles of Association.
- (v) Ordinary Resolution 12 is to empower the Directors to issue new Shares pursuant to the Scheme. The aggregate number of new Shares to be issued pursuant to the Scheme is subject to the limits set out in the terms of the Scheme. The Scheme was terminated on 22 January 2010, the date on which the Shares commenced trading on the SGX-ST pursuant to its initial public offering. Ordinary Resolution 12 is to authorise the Directors to issue Shares to holders of outstanding options awarded under the Scheme prior to such termination, subject to the terms and conditions of the Scheme.



# NOTICE OF ANNUAL GENERAL MEETING

- (vi) Ordinary Resolution 13 is to empower the Directors to offer and grant awards and to issue Shares in the capital of the Company pursuant to the Plan, provided that the aggregate number of Shares to be issued under the Plan and the Scheme shall not exceed 10% of the total number of issued Shares in the capital of the Company from time to time.
- (vii) Ordinary Resolution 14 relates to the renewal of a mandate given by shareholders on 29 July 2011 allowing the Company, its subsidiaries and associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual. Please refer to the Appendix to this Notice of Annual General Meeting for details of the mandate.

## Notes

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. Such proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the Annual General Meeting.



# TIGER AIRWAYS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 1 February 2007)  
(Company Registration No. 200701866W)

## IMPORTANT:

1. For investors who have used their CPF monies to buy the Company's shares, this Notice of AGM is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR 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 Annual General Meeting as Observers must submit their requests through their CPF Approved Nominees so that their CPF Approved Nominee may register with the Company's Share Registrar. Please refer to Note 10.

## PROXY FORM

I/We \_\_\_\_\_ (NRIC/Passport No.) \_\_\_\_\_  
of \_\_\_\_\_ (Address) \_\_\_\_\_  
being a \*member/members of TIGER AIRWAYS HOLDINGS LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport no.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport no.	Proportion of Shareholdings	
			No. of Shares	%

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 SGX Auditorium, 2 Shenton Way, SGX Centre 1, 2nd Level, Singapore 068804, on 31 July 2012 at 3.00 p.m. and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary 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 and, if necessary, to demand a poll, at the AGM and at any adjournment thereof.

No.	Resolution	**No. of Votes For	**No. of Votes Against
<b>ORDINARY BUSINESS</b>			
1	Adoption of Report of the Directors, the Audited Accounts for the financial year ended 31 March 2012 and the Auditor's Report		
2	Re-election of Mr. Lee Chong Kwee as a Director		
3	Re-election of Mr. Po'ad Bin Shaik Abu Bakar Mattar as a Director		
4	Re-appointment of Mr. Joseph Yuvaraj Pillay as a Director		
5	Re-election of Mr. Hsieh Fu Hua as a Director		
6	Re-election of Mr. Gerard Yeap Beng Hock as a Director		
7	Appointment of Mr. Maurice De Vaz as a Director		
8	Appointment of Mr. Arthur Lang Tao Yih as a Director		
9	Approval of Directors' emoluments of up to \$650,000.00 for the financial year ending 31 March 2013 (FY11-12: up to \$517,000)		
10	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and authorise the Directors to fix their remuneration		
<b>SPECIAL BUSINESS</b>			
11	Authorisation of Directors to allot and issue new Shares and convertible instruments		
12	Authorisation of Directors to allot and issue new Shares pursuant to the Pre-IPO Tiger Aviation Share Option Scheme		
13	Authorisation of Directors to grant Awards and allot and issue new Shares under the Tiger Airways Long Term Incentive Plan		
14	The Proposed Renewal of the IPT Mandate		

\* Delete accordingly

\*\* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolution, please insert the relevant number of Shares in the boxes provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

\_\_\_\_\_  
Signature (s) of Member(s) or Common Seal

**Total number of Shares Held**

**IMPORTANT: PLEASE READ NOTES ON THE REVERSE SIDE**

**Notes:-**

1. The Chairman of the Annual General Meeting will be exercising his right under Article 82(a) of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of a poll.
2. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of him. Such proxy need not be a member of the Company.
3. Where a member of the Company appoints two proxies, the proportion of the shareholding concerned (expressed as a percentage of the whole) to be represented by each such proxy shall be specified in the instrument appointing the proxy or proxies. The proposed appointments will be invalid where the proportions of shareholding concerned are not specified.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore (the "Companies Act").
6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding of the AGM. Completion and return of the proxy form by a member will not prevent him from attending and voting at the Annual General Meeting if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.

fold a long this line (1)

Affix  
Postage  
Stamp

Attention: The Company Secretary  
**Tiger Airways Holdings Limited**  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

fold a long this line (2)

7. 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), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, 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 of the Company.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 48 hours before the time of the AGM as certified by The Central Depository (Pte) Limited to the Company and accept as the maximum number of votes which in aggregate the proxy or proxies is or are able to cast on a poll a number which is the number of shares entered against the name of that member in the Depository Register as at 48 hours before the time of the AGM as certified by The Central Depository (Pte) Limited to the Company, whether that number is greater or smaller than the number specified in such instrument appointing a proxy or proxies.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time appointed for holding of the AGM.
10. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Annual General 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 CPF Approved Nominee, should reach the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least 48 hours before the time fixed for holding the Annual General Meeting.





**tiger airways holdings limited**

(company registration number: 200701866w)

(incorporated with limited liability in the  
republic of singapore on 1 february 2007)