

## **Evaluating a Joint Venture as an effective Growth Strategy**

### **Introduction**

#### **Singapore Airlines (SIA)**

Formed in 1972, Singapore Airlines began with a small fleet of 10 aircrafts, flying to 22 cities across 18 countries. <sup>1</sup>It swiftly made itself known as a world-class carrier, through market leadership, product and service innovation, and a stark commitment to fleet modernization.

#### **Tata Company**

Jamshetji Tata founded India's largest conglomerate - Tata Group. The Indian multinational conglomerate holding company earned its international recognition, upon the purchase of multiple globally known companies. Tata publicly enlists a total of 30 enterprises. One of their largest enterprises, Air India, made them pioneers in India's Aviation sector. 66% of its promoter holding company – Tata Sons – is held by philanthropic trusts. <sup>2</sup> It has gained its respect and trust through a unique ownership structure and a strong drive towards serving society, while adhering to its good corporate citizenship, maintaining its values and being ethical for over 140 years.

#### **Joint Venture- Vistara**

Tata Company and Singapore Airlines have a joint venture, called Tata Singapore Airlines limited. They have pooled their resources to create a separate entity but are individually responsible for profits, losses and associated costs. It has nothing to do with either participants direct business interests. Operating as Vistara, an Indian domestic airline, it bases itself in Gurgaon and uses Delhi's Indira Gandhi International Airport as its hub. <sup>3</sup>

Singapore Airlines has always tried to appeal to all kind of passengers, - luxury, business oriented, economy and even budget. While trying to penetrate the Indian aviation market in 2009 they knew the only way to create a customer base and successfully penetrate the market was to create a loyal customer base and brand image. They did not have a subsidy in India before Vistara, their joint venture with Tata and sons, to penetrate the Indian aviation industry.

Instead of choosing to create a subsidy single handedly they chose to do a Joint Venture with TATA and Sons. This is because, Air India which is currently a government run public limited company, was originally founded by J.R.D TATA as Tata Airlines under the TATA AND SONS Group. The Tata and sons is an extremely reputed Conglomerate in the Indian nation, they have large amount of customer base and loyalty throughout their various diversifications. Hence TATAs not only have customer loyalty but also have past experience in the Airline industry and are also extremely cash rich, and known for their CSR.

#### **Statement of Problem**

The Indian aviation industry is a high- growth Trajectory. It aims to become the third- largest aviation market by 2020 and largest by 2030 <sup>4</sup>. Singapore Airlines did not have any hold in the Indian Aviation market before the joint venture. They were also losing their stake in the Asian Aviation Market. The joint venture gave them a good chance to penetrate the Indian Market, and regain their stakes in the Asian Market.

#### **Significance of The Topic**

The Airline industry is extremely unpredictable and always faced fierce competition. Hence the formation of a new Airline is always watched closely by analysts. Vistara allowed Singapore Airlines to pursue larger opportunities than it could alone, establish a presence in a foreign country – India. Vistara gave Singapore Airline the access to Tata, company's technology, goodwill and customer base. This lead to the formation of my Research Question.

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<sup>1</sup> <http://www.singaporeair.com>

<sup>2</sup> <http://www.tata.com>

<sup>3</sup> <http://www.straitstimes.com/singapore/new-way-to-fly>

<sup>4</sup> [www.ibef.org/industry/indian-aviation.aspx](http://www.ibef.org/industry/indian-aviation.aspx).

## **To what extent has the Joint Venture – Vistara- between Tata Group and Singapore Airlines been an effective growth strategy for Singapore Airlines?**

### **Methodology**

All the research in the essay is based on secondary data. This data requires unbiased viewpoints and diverse perspectives. Primary data will not be used since the joint venture has already gone through and the current primary data does not meet the requirements.

Type of Research	Source	Information
Secondary Research	Textbooks	Applications of tools
	Newspaper and online Reports	To see a third person's view on the decision especially an analyst. To state the impact the Joint Venture has had on Singapore Airlines
	Company Websites	Further details on the Joint Venture by both the companies and financial data.

### **Tool Incorporated**

To analyze the joint venture between Singapore Airlines and Tata, I first used the Fish Bone diagram to analyze the causes of led to the formation of the Joint Venture. Then I divided my Research into pre and post Joint Venture analysis. In my Pre Joint Venture analysis I used the Force Field diagram to analyze the driving and restraining forces for the formation of the Joint Venture. I also analyzed Singapore Airline's market share in India before the Joint Venture. For my Post Joint Venture analysis, I used tabulated data to show the increase in the market share after the formation of the Joint Venture. I also evaluated the success and drawbacks after the Joint Venture- Vistara was operational. I also compared the financial data of Singapore Airlines before and after the Joint Venture with the help of various Ratio analysis. Eventually I used the analysis from the above tools to draw my conclusions.

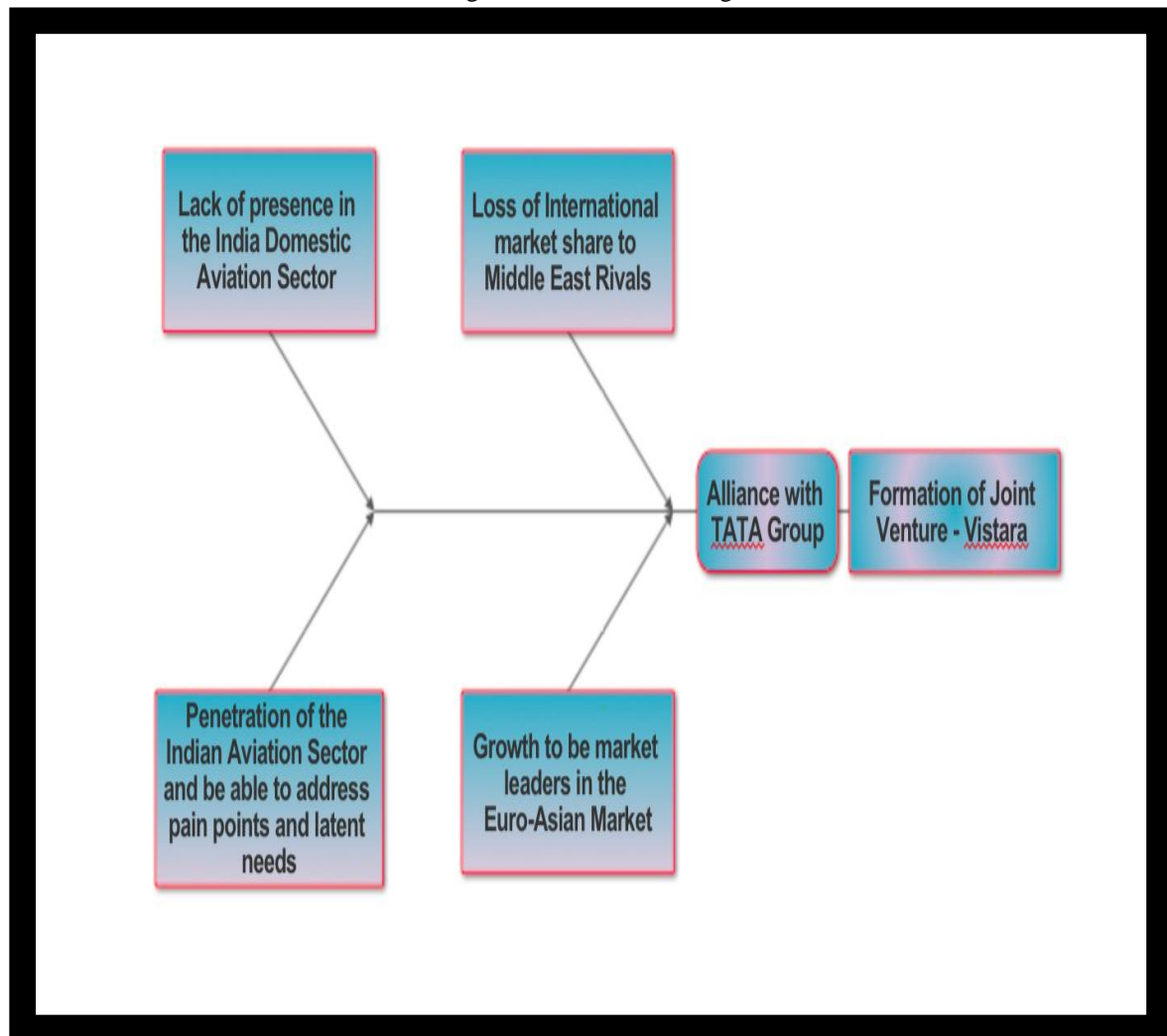
### **Limitations**

I referred to articles and reports by analysts for my data analysis. The reports I used for the analysis were from various third parties and hence may have been biased. Singapore Airlines may have manipulated records especially financials since they would want to please their shareholders. In their annual reports they may have only focused on the positive attributes of the Joint Venture since the negative ones will not attract investors and will work against their marketing strategies.

### Main Findings, Analysis and Discussion

The Fishbone Diagram graphically represents cause and effects. In this case it has helped me identify the causes that led to the formation of the Joint Venture<sup>5</sup>. The Fishbone Diagram helped me look at what led Singapore Airlines to start a Joint Venture with Tata to enter the Indian Aviation sector.

Diagram 1 – Fish Bone Diagram



The causes identified by Fish Bone Diagram have been explained as under. I was able to identify 4 root causes for the formation of the Joint Venture. Most of Singapore Airlines' rivals from Europe and the Gulf had been indulging in Joint Ventures and partnerships, giving them a competitive advantage. To compete with these merged entities it was essential for Singapore Airlines to form its Joint Venture with TATA, to be enabled to penetrate one of the most flourishing and competitive markets, the Indian Aviation Market.

Singapore Airlines' mission was not only to have an upper hand amongst the competition but to also become a market leader; this probed them once again to penetrate the Indian 'Domestic' sector since despite the massive competition and large number of airlines, lacked high quality services. Singapore Airlines believed that

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<sup>5</sup>Hoang, Paul. *Business management*. IBID Press, 2014.

through the Joint Venture they would be able to address the previously neglected pain points<sup>6</sup> of low quality services and latent needs <sup>7</sup>of slow and elongated services.

The Indian Aviation market as a niche that Singapore Airlines would tap through the Joint Venture this niche was of providing exceptionally quick and high-quality service. Singapore Airlines 's aim was to enter this market gap since India is a growing economy with a larger customer base and an increasing spending power. Getting a strong foothold in the Indian domestic sector would automatically help increase Singapore Airlines 's shares in the Asian Markets.

### **Limitations**

The fishbone diagram may not find the single root cause of the Joint Venture. With its graphical representation it has given the causes an equal intensity, which may not be accurate since the difference in the gravity of each cause has not been identified. There may be other factors that are not mentioned in the diagram and yet have played an important role in the formation of the Joint Venture. The diagram only identifies causes but does not probe into any forms of solutions, making it simplistic.

### **Qualitative Analysis**

Qualitative analysis is the data that reflects those aspects of a business that cannot be quantified or represented/explained using numerical and financial data of the companies. There are innumerable qualitative sources such as viewpoints and reports as well as tools the represent them. However, since they are just point of views they many not always be credible and accurate. My quantitative data is divided into pre and post merger analysis.

### **Pre Joint Venture Analysis - Lewin's Force Field Analysis**

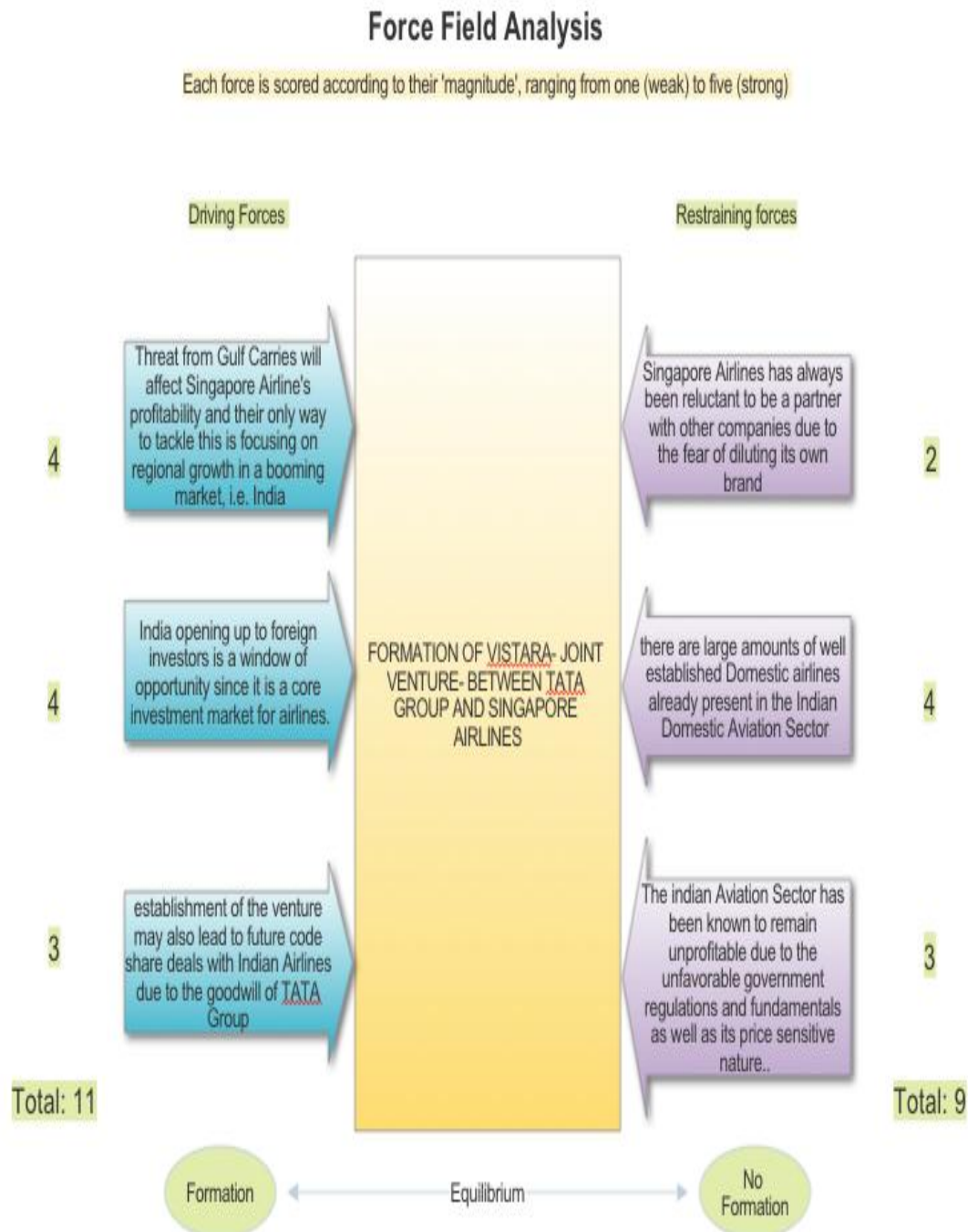
The Force Field analysis traditionally addresses the driving and the restraining forces that a particular change or decision to take place<sup>8</sup>. The driving forces are those that push for the change to occur while the restraining forces are the ones that resist the occurrence of the change. I will be using the force field to analyze the forces that act as an advantage for Singapore Airlines those are the driving forces of the Joint Venture and the forces that act as a disadvantage for Singapore Airlines, those are the restraining forces of the Joint Venture. I elaborated on all the forces. Each factor of the Force Field Analysis will be given a weightage and after taking all the factors into account the conclusion will calculate which side has more weightage over the other.

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<sup>6</sup>A pain point is a problem, real or perceived. Entrepreneurs create opportunities for themselves by creating solutions to those pain points.

<sup>7</sup>Latent needs are issues and problems that customers face but have not yet realised.

<sup>8</sup>Hoang, Paul. *Business management*. IBID Press, 2014.



Force field analysis is a management technique developed by Kurt Lewin, a pioneer in the field of social sciences, for diagnosing situations.

The above analysis shows clearly that the driving forces outweigh the restraining ones by  $11 > 9$ . This would suggest that the JV might prove to be a successful formation with the TATA group, to help Singapore Airlines penetrate the Domestic Indian Aviation Sector.

Weightage	Restraining Force
(-3)	India is a strategic market for Singapore Airlines. However this sector also has an increasing uncertainty causing high risks due to its price sensitivity amidst the customers. This may hinder the services that Singapore Airlines is trying to provide through the Joint Venture. There are enormous dangers in introducing a carrier in the Indian market, since it is by and large unrewarding due to unfavorable regulators and government fundamentals that increase the entry barriers.
(-2)	Singapore Airlines has always been an extremely hesitant accomplice, maybe as a result of fears that its brand image would be diluted. It doesn't take an interest in any JVs or Alliances <sup>9</sup> . A few of Singapore Airline's Japanese and European contenders are taking an interest in these alliances, giving them an advantage over Singapore airlines. Singapore Airlines has always been worried about its corporate social culture and hence doesn't believe in compromising it under any strategic motives. Due to this nature of Singapore Airlines, their efficacy as a Partner can be questioned.
(-4)	The Indian market already has large amount of competitors in the domestic market that offer services at extremely predatory prices as well as have been in the market for a longer time. Hence, they are aware about the unpredictability of the Indian Aviation sector at the same time have an established and loyal customer base. The competitions include Jet Airways and Indigo as they have both domestic and international flights.
Weightage	Driving Forces
(+4)	The aviation ministry of India changed FDI strategies on Indian carriers, permitting foreign investments in avionics <sup>10</sup> . As indicated by the new governmental policies in 2013 Indian carriers could offer up to a 49% stake to outside carriers. Hence this has also been used by Singapore Airlines, as they would hold 49% shares in the Joint Venture. This also reduced their barriers to entry making India an attractive market to penetrate.
(+4)	The rapid growth of the Gulf Carriers is the largest driver of Singapore Airline's fall in productivity and development in the course of the most recent decade. Gulf Carriers have altogether affected some of Singapore Airlines's most important markets, including Asia-Europe and Middle Eastern market. <sup>11</sup> It has constrained a huge reduction in Singapore Airlines's Asian operation. To fight this Singapore Airlines has to be able to gain a foothold in a large market segment. India fits this best, since it had recently reduced entry barriers and also had an untapped niche of domestic airlines that provide high quality services. In addition, it is a lucrative market, due to its large population that has a high spending power with the increase in disposable incomes.
(+3)	After establishing itself in the Indian market, Singapore Airlines would sign a codeshare <sup>12</sup> agreement with the Joint Venture entity. As a result of the agreement, this not only allows Singapore Airlines to increase their number of carriers but also enables them to expand their services. This will support Singapore Airlines's capacity utilization. At the same time Singapore's decision to use the Joint Venture's fleets for international flights will be beneficial, as they will be penetrating new countries with these fleets. All of this is possible also because of the Good will of TATA that will play an important role in helping the formation of the Joint Venture allowing the new entity to have a smooth and quick process of entering the Indian Aviation market without diluting Singapore Airlines's corporate culture since both parent companies share a similar corporate culture. They also understand the Indian consumer market and have deep financial holdings

<sup>9</sup> [www.sciencedirect.com/science/article/pii/S1366554597000173](http://www.sciencedirect.com/science/article/pii/S1366554597000173).

<sup>10</sup> [www.thehindu.com/news/national/Foreign-investors-can-have-the-cockpit-to-themselves/article14434171.ece](http://www.thehindu.com/news/national/Foreign-investors-can-have-the-cockpit-to-themselves/article14434171.ece)

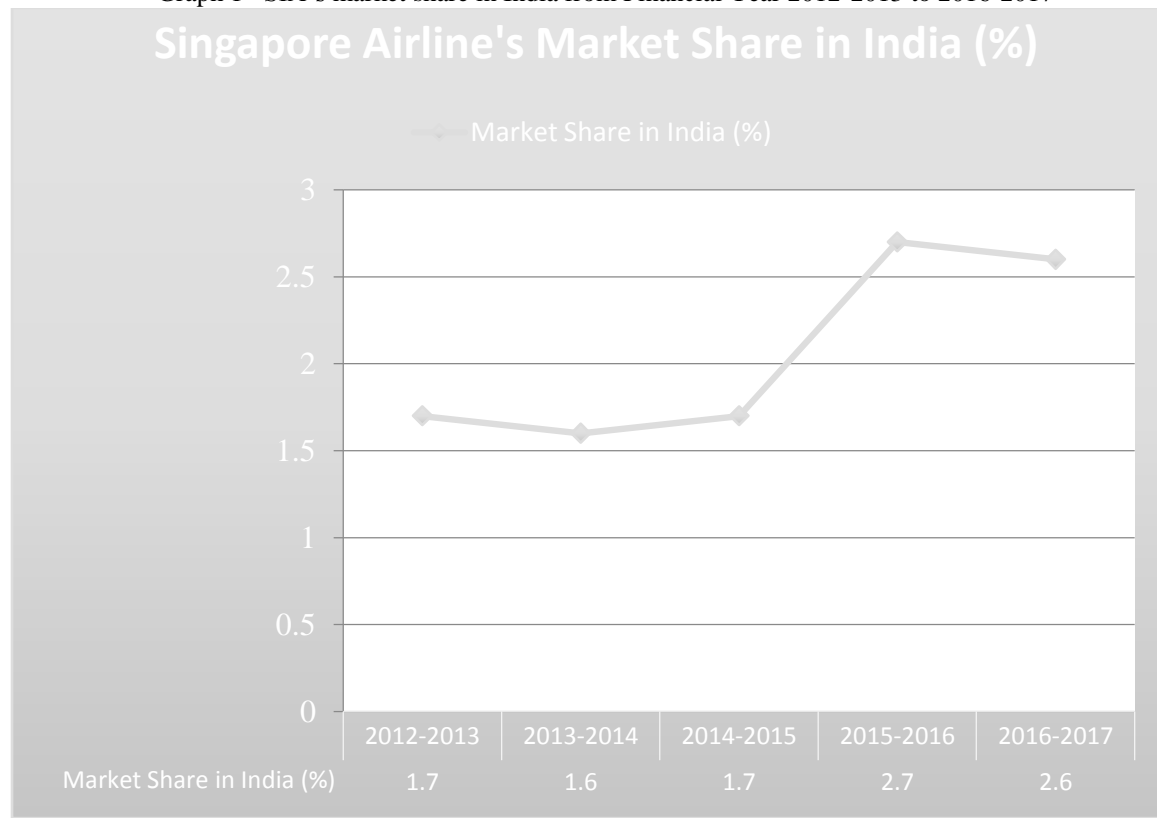
<sup>11</sup> [www.livemint.com/Companies/uo4QYunLWYnFvb9IFxE2AI/Vistara-sees-potential-in-domestic-market-as-it-waits-for-cl.html](http://www.livemint.com/Companies/uo4QYunLWYnFvb9IFxE2AI/Vistara-sees-potential-in-domestic-market-as-it-waits-for-cl.html)

### Limitations

The weightages attached with each of the factors have been based on my opinions and analysis, hence they could be considered arbitrary. This diagram can be considered solely based on my viewpoint and another individual may analyze the situation differently<sup>13</sup>. There is a probability that not all forces have been accounted for however, according to my judgment I have mentioned the more relevant one. This could yet lead to a bias while evaluating since there are factors that I haven't taken into consideration.<sup>14</sup>

### Post Joint Venture Using Market Share

Graph 1 –SIA's market share in India from Financial Year 2012-2013 to 2016-2017<sup>15</sup>



The above graph shows an instant increase in the market share in the financial year 2015-2016 this could have been due to various factors one of which was the contribution of Vistara to the market share of Singapore Airlines. This growth wasn't consistent in the next financial year. However, since the Joint Venture has been operational only for 3 financial years, an accurate judgment cannot be made as Vistara itself is still in the growth process of gaining market share in the Indian domestic market.

<sup>13</sup> [http://www.ehow.co.uk/info\\_8613855\\_advantages-disadvantages-force-field-analysis.html](http://www.ehow.co.uk/info_8613855_advantages-disadvantages-force-field-analysis.html)

<sup>14</sup> Hoang, Paul. *Business management*. IBID Press, 2014.

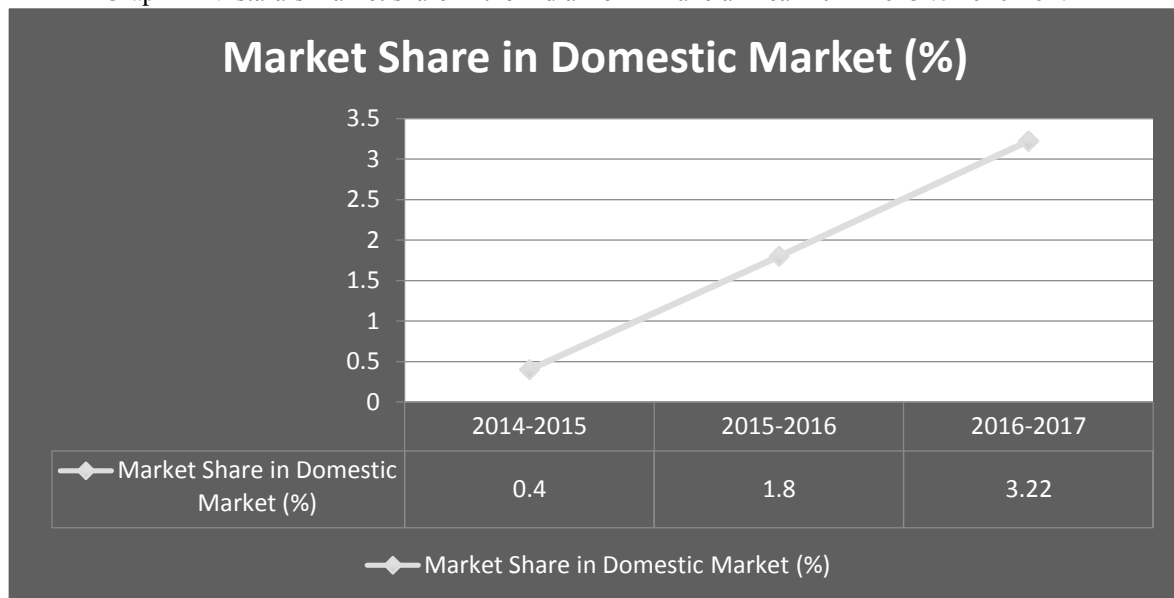
<sup>15</sup> [http://dgca.nic.in/pub/Handbook\\_2014-15.pdf](http://dgca.nic.in/pub/Handbook_2014-15.pdf)

[http://dgca.nic.in/pub/Handbook\\_2016-17.pdf](http://dgca.nic.in/pub/Handbook_2016-17.pdf)

[http://dgca.nic.in/pub/Handbook\\_2015-16.pdf](http://dgca.nic.in/pub/Handbook_2015-16.pdf)

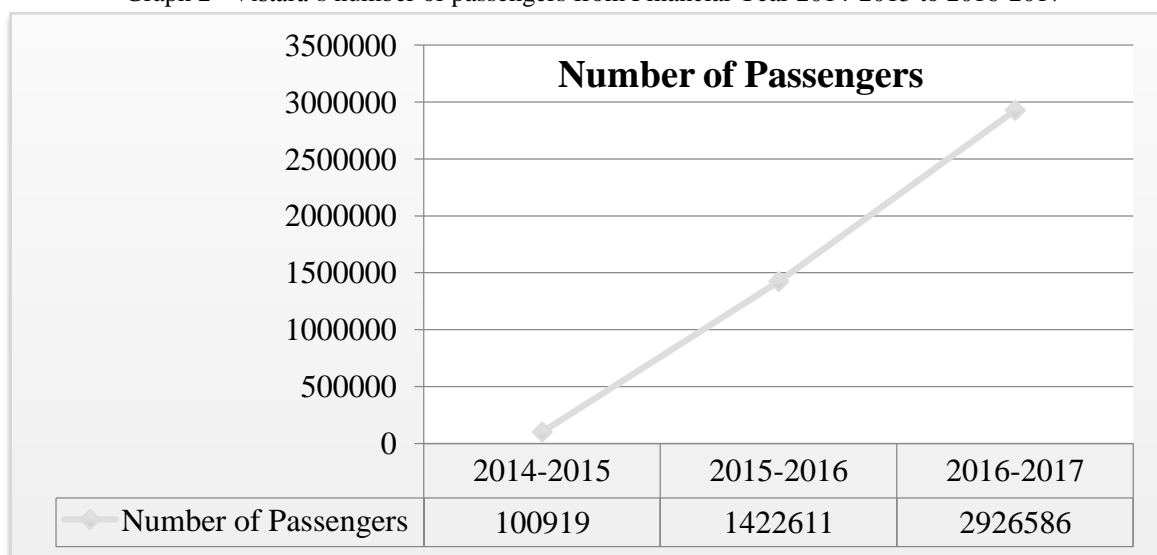


Graph 2– Vistara’s market share in the India from Financial Year 2014-2015 to 2016-2017<sup>16</sup>



The above graph shows how Vistara has had an exponential growth over its three Financial Years of being operational. Any increase or decrease in the market share of Vistara will have a direct impact on the Indian Market Share of Singapore Airlines. The graph below shows how the passengers of Vistara have also been increasing every year.

Graph 2– Vistara’s number of passengers from Financial Year 2014-2015 to 2016-2017<sup>17</sup>



<sup>16</sup>[http://dgca.nic.in/pub/Handbook\\_2014-15.pdf](http://dgca.nic.in/pub/Handbook_2014-15.pdf), [http://dgca.nic.in/pub/Handbook\\_2016-17.pdf](http://dgca.nic.in/pub/Handbook_2016-17.pdf) and [http://dgca.nic.in/pub/Handbook\\_2015-16.pdf](http://dgca.nic.in/pub/Handbook_2015-16.pdf)

<sup>17</sup>[http://dgca.nic.in/pub/Handbook\\_2014-15.pdf](http://dgca.nic.in/pub/Handbook_2014-15.pdf), [http://dgca.nic.in/pub/Handbook\\_2016-17.pdf](http://dgca.nic.in/pub/Handbook_2016-17.pdf) and [http://dgca.nic.in/pub/Handbook\\_2015-16.pdf](http://dgca.nic.in/pub/Handbook_2015-16.pdf)



**Below are the analysis based on the above graphs as well as additional data**

Four years into being operational and Vistara has already begun to unlock new growth opportunities for Singapore Airlines. Vistara has had a decent gathering from clients in its first year of being operational (2015). The carrier has focused on administration and quality. It had six aircrafts in its first operational year. Which went up to nine by the end of 2015. As of 2017, Vistara has sixteen aircrafts. Observations can tell that since the its time of being operational it has focused of short term goals of improving its administration, branding and domestic foothold rather than focusing on short term monetary goals.

The Tatas, who are their accomplices, have been exceptionally useful in the entire procedure, helping in beginning it and running it. Aside from expanding its footprint in India, Singapore Airlines is likewise taking a further step at how Vistara and Singapore Airlines can together support their International traffic with the help of Vistara's carrier. As envisioned prior to the Joint Venture, Singapore Airlines and its alliance Silk Air has made codeshare agreements with Vistarathat was finalized at the end of 2016. By 2018 Vistara will be flying over-seas due to these agreements. It will be flying to destinations that Singapore Airlines does not and hence will widen Singapore Airlines 's foothold in international markets as well. However, this is not yet operational and hence its success is only a prediction that could change. In 2016 Singapore Airlines was the largest foreign airline in India on the basis of largest number of cities covered as well as largest number of subsidies.

However, on hindsight Vistarahas found it almost impossible to sell their premium services in a domestic market dominated by no frill airlines. 35% of Vistara's seats as of 2017 oneach flight are offered to business and premium economy classes<sup>18</sup>. However, its competitor, Jet Airways offers only up to 7% of aggregate seats to the premiumclasses. Thus, making them more economy consumer friendly. Over-time, the Business class Corporate passengers that Vistara originally planned to cater to have reduced in number due to other technological advancements. Most corporates now have online conferences and hence don't need the need to travel very often, thus reducing the traffic in Vistara's Business and Premium flights. This led to the introduction of a premium economy segment that lies between the business and economy class on 2016. However this segment has not just confused the income calculations and administrative matters for Vistara, it has given its airplane lodge a claustrophobic look.This can show how the previous high quality services for which Vistara was praised have now begun to degrade due the creating a larger carrying capacity thereby upsetting their customers.<sup>19</sup> There is a fear that this could lead to a loss of the barely grown market share of Vistara in the Indian Market.

### **Quantitative Analysis**

These analyses will solely analyze the financials of Singapore Airlines before and after the Joint Venture to see if the venture has had a positive impact on Singapore Airlines growth and revenues. The analyses are done using complex mathematical and statistical modeling and calculations andcomparisons. Being Public Limited Singapore Airlines will be obligated to share their financial data with the public. I will be calculating the data for the years 2012 to 2017. The Joint venture took place between 2014 and 2015 hence I will be calculating ratios for 2 years before and after the venture.

Table 1 <sup>20</sup> - Financial Statements

	<b>Fiscal Years</b>					
<b>\$ millions</b>	2012	2013	2014	2015	2016	2017
<b>Sales Revenue</b>	14857.8	15098.2	15243.9	15565.5	15228.5	14868.5
<b>Gross Profit</b>	453.6	501.9	406.2	408.4	972.4	518.6
<b>Net Profit Before Interest And Tax</b>	448.2	482.0	367.9	373.9	972.4	441.9
<b>Current Assets</b>	7205.9	7499.5	7310.7	7465.0	6776.3	5700.0
<b>Current Liabilities</b>	5265.0	5547.0	1919.3	6782.5	6440.0	6288.6
<b>Long Term Liabilities</b>	16881.1	17026.5	17251.1	17138.7	17329.7	18431.4
<b>Capital Employed</b>	16778	16881.1	20722.7	17137.8	16593.4	18271.7
<b>Total Assets</b>	22043.0	22428.1	22642.5	23920.3	23369.7	24560.3

<sup>18</sup>[www.forbesindia.com/article/real-issue/vistara-will-create-demand-where-there-is-none-today/39151/1](http://www.forbesindia.com/article/real-issue/vistara-will-create-demand-where-there-is-none-today/39151/1)

<sup>19</sup>[www.airvistara.com/trip/press-releases](http://www.airvistara.com/trip/press-releases).

<sup>20</sup>[www.singaporeair.com/en\\_UK/us/about-us/information-for-investors/financial-results/](http://www.singaporeair.com/en_UK/us/about-us/information-for-investors/financial-results/).

Table 2- Calculations<sup>21</sup>

	<b><u>Fiscal Years</u></b>					
<b>\$ millions</b>	2012	2013	2014	2015	2016	2017
<b>Gross Profit Margins</b>	3.05%	0.70%	2.66%	2.62%	6.39%	3.49%
<b>Net Profit Margins</b>	3.02%	3.19%	2.41%	2.40%	6.39%	2.97%
<b>Current Ratios</b>	1.37	1.35	3.81	1.11	1.05	0.91
<b>Gearing Ratio</b>	100.61%	100.86%	83.35%	100.00%	104.44%	100.87%

As seen in table one the financial figures have been having a varied trend. However, it can be seen that the year of the Joint Venture (2014) saw the largest amount of capital employed (\$22642.5 million), this is because of the initial investment made by Singapore Airlines to fund Vistara. The total assets can be seen having a steady increase it could also be due to Vistara that plays an important role in the total assets under the 'Subsidy Company' segment.

The Gearing Ratio analyses Singapore Airlines long-term liabilities. A gearing ratio above 50% suggests that Singapore Airlines would be under high debts. Vistara was formed in 2014, the gearing ratio has been relatively higher after 2014 (>101%). This shows that Singapore Airlines may now have greater number of long-term liabilities. This minute difference does show the impact of Vistara on Singapore Airlines. Both the Gross as well as Net Profits are marginal (none cross the 7% barrier). However, they cannot be used to accurately judge Vistara's Contribution to Singapore Airlines. This is because similar to most airline companies Vistara too will take 18-36 months to break even considering the high-cost structure of Indian civil aviation, including expensive jet fuel and steep airport charges, in addition considering that its Vision statement is to be a premium service, breaking even may take longer. However, Singapore Airlines will not focus on the financial profits since Singapore Airlines isn't focused on any short run benefits. I believe the more accurate financial analysis can only be done after 6 to 7 more years since both Vistara and Singapore Airlines have long-term goals. Thus making qualitative factors more predominant in my research.

### Limitations

The financial statement analysis provides only numerical information about the Singapore Airlines. However, it does not give any qualitative data such as stakeholder's impact, external and internal factors, customer satisfaction and well as management's administration. These factors are also very important for answering the research question. The financial statements are based on historical data. Therefore comparative analysis of financial statements of different years cannot be done as inflation distorts the view presented by the statements of different year. The limitations mentioned above financial statement analysis make it clear that the analysis is a means to an end and not an end to itself.<sup>22</sup>

<sup>21</sup> Appendix 1

<sup>22</sup> Hoang, Paul. *Business management*. IBID Press, 2014

### **Conclusion**

Singapore Airlines was concerned about losing market share in the Asian Airline market. Getting a hold of the Indian aviation market would help them regain the market share being lost to their Gulf competitors. To let to the formation of my Research Question 'To what extent has the Joint Venture – Vistara Airlines – between Tata Group and Singapore Airlines been an effective growth strategy for Singapore Airlines'. To answer this Research Question I used both Quantitative and Qualitative research to answer my RQ. It is too soon to answer this using only quantitative data since Vistara hasn't broken even as of 2017. It can be estimated that Vistara being part of an Airline Industry will have a longer lead time to break even. Thus, making this an area of further study, which can only be done after Vistara has broken even.

However, this is not of grave concern to Singapore Airlines since their strategic objective, was not have any short term profits but to gain a foot hold in the India Aviation sector. , Both Tata and Singapore Airlines are cash rich and hence have been able to bear the constant losses made by Vistara in the passed three years. Both parent companies are willing to bare the losses; this shows that they have predominant long-term profit expectations from Vistara as well as the fact that Vistara has duly met its non-financial expectations successfully. Hence, keeping this in mind, I conducted an extensive quantitative analysis using Fish Bone, Force Field, Market Share, Statistics and analytic skills. While the fishbone helped me analyze the causes of the Joint Venture, the Force Field helped me analyze the driving and restraining forces for the Joint Venture, the market shares pre and post merger and the statistics helped me analyze the current as well as future, growth opportunities both internally and externally for Vistara.

These analysis helped me conclude that currently, answering my Research Question, the Joint Venture has been a successfully growth strategy as growth in industries especially Aviation, cannot be justified with only monetary values. The Joint Venture created a synergy by combining resources and having better capacity utilization as the Vistrara airplanes will also be used to fly Singapore Airlines passengers. Vistara was also able to gain sufficient market share in India due to its premium services. However, the limitations are that it is also important to keep in mind that Vistara is a relatively new venture and the analysis very short term, and keeping in mind the fiercely competitive and unpredictable nature of the industry the answer to my Research Question is not static and will always be changing and depended on externalities such as competition, laws by the Government. As well as the internal factors of financial support by the parent companies and the ability to provide it since the airline industry is a capital-intensive industry.

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## Appendix 1

### Financial Ratio Formulae

<b>Gross Profit Margin</b>	$\frac{\text{Gross Profit}}{\text{Sales Revenue}} \times 100$
<b>Net Profit Margin</b>	$\frac{\text{Net Profit}}{\text{Sales Revenue}} \times 100$
<b>Current Ratio</b>	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
<b>Gearing Ratio</b>	$\frac{\text{Long Term Liabilities}}{\text{Capital Employed}}$

## Appendix 2

### SIA's Financial Statement of 2012

**1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2012 (in \$ million)**

	The Group		The Company	
	31-Mar 2012	31-Mar 2011	31-Mar 2012	31-Mar 2011
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Share capital	1,856.1	1,832.4	1,856.1	1,832.4
Treasury shares	(258.4)	(43.0)	(258.4)	(43.0)
Other reserves	11,295.7	12,415.0	11,249.2	12,345.7
	12,893.4	14,204.4	12,846.9	14,135.1
<b>NON-CONTROLLING INTERESTS</b>	294.0	298.4	-	-
<b>TOTAL EQUITY</b>	13,187.4	14,502.8	12,846.9	14,135.1
<b>DEFERRED ACCOUNT</b>	224.4	347.1	199.9	330.7
<b>DEFERRED TAXATION</b>	2,029.1	2,181.1	1,694.8	1,814.1
<b>LONG-TERM LIABILITIES</b>	1,018.5	1,079.2	807.9	803.4
<b>PROVISIONS</b>	318.6	202.0	259.1	162.0
	16,778.0	18,312.2	15,808.6	17,245.3
Represented by:-				
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Aircraft, spares and spare engines	11,383.5	11,577.3	9,223.9	9,479.1
Land and buildings	252.0	274.6	79.4	92.5
Others	1,745.9	2,025.7	1,525.0	1,805.8
	13,381.4	13,877.6	10,828.3	11,377.4
<b>INTANGIBLE ASSETS</b>	158.3	125.2	111.2	90.8
<b>SUBSIDIARY COMPANIES</b>	-	-	2,038.8	1,755.8
<b>ASSOCIATED COMPANIES</b>	543.2	504.8	1,701.1	1,715.7
<b>JOINT VENTURE COMPANIES</b>	113.2	102.8	-	-
<b>LONG-TERM INVESTMENTS</b>	373.7	35.3	293.7	18.8
<b>OTHER RECEIVABLES</b>	215.6	119.6	215.6	119.6
<b>DEFERRED ACCOUNT</b>	51.7	-	33.7	-
<b>CURRENT ASSETS</b>				
Inventories	306.1	335.5	221.7	253.9
Trade debtors	1,354.8	1,381.8	870.2	913.6
Deposits and other debtors	46.8	52.0	26.7	33.5
Prepayments	98.5	103.6	74.8	89.5
Amounts owing by subsidiary companies	-	-	195.2	194.0
Investments	625.1	397.8	565.2	339.9
Derivative assets	71.9	74.3	57.4	63.1
Cash and bank balances	4,702.7	7,434.2	4,450.7	7,217.8
	7,205.9	9,779.2	6,461.9	9,105.3
<b>Less: CURRENT LIABILITIES</b>				
Sales in advance of carriage	1,456.8	1,459.8	1,409.5	1,421.1
Deferred revenue	497.0	445.1	497.0	445.1
Current tax payable	244.4	440.2	186.0	370.3
Trade and other creditors	2,885.4	2,725.7	2,210.2	2,161.8
Amounts owing to subsidiary companies	-	-	1,525.2	1,529.0
Finance lease commitments	64.8	61.4	-	-
Loans	2.4	1.7	-	-
Notes payable	-	900.0	-	900.0
Provisions	35.3	62.5	35.1	62.3
Derivative liabilities	78.9	135.9	12.7	48.5
	5,265.0	6,232.3	5,875.7	6,938.1
<b>NET CURRENT ASSETS</b>	1,940.9	3,546.9	586.2	2,167.2
	16,778.0	18,312.2	15,808.6	17,245.3



## Appendix 3

SIA's Financial Statement of 2013

16 May 2013

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**1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.****STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2013 (in \$ million)**

	The Group		The Company	
	31-Mar 2013	31-Mar 2012	31-Mar 2013	31-Mar 2012
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Share capital	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	(269.8)	(258.4)	(269.8)	(258.4)
Other reserves	11,518.4	11,295.7	10,372.3	11,249.2
	13,104.7	12,893.4	11,958.6	12,846.9
<b>NON-CONTROLLING INTERESTS</b>	312.6	294.0	-	-
<b>TOTAL EQUITY</b>	13,417.3	13,187.4	11,958.6	12,846.9
<b>DEFERRED ACCOUNT</b>	146.7	224.4	127.8	199.9
<b>DEFERRED TAXATION</b>	1,951.3	2,029.1	1,621.3	1,694.8
<b>LONG-TERM LIABILITIES</b>	944.5	1,018.5	803.9	807.9
<b>PROVISIONS</b>	421.3	318.6	376.1	259.1
	16,881.1	16,778.0	14,887.7	15,808.6
Represented by:-				
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Aircraft, spares and spare engines	10,875.6	11,383.5	8,746.8	9,223.9
Land and buildings	242.5	252.0	70.7	79.4
Others	1,979.9	1,745.9	1,581.8	1,525.0
	13,098.0	13,381.4	10,399.3	10,828.3
<b>INTANGIBLE ASSETS</b>	218.5	158.3	159.0	111.2
<b>SUBSIDIARY COMPANIES</b>	-	-	2,030.1	2,038.8
<b>ASSOCIATED COMPANIES</b>	554.4	543.2	532.5	1,701.1
<b>JOINT VENTURE COMPANIES</b>	120.8	113.2	-	-
<b>LONG-TERM INVESTMENTS</b>	706.9	373.7	626.8	293.7
<b>OTHER RECEIVABLES</b>	213.9	215.6	213.9	215.6
<b>DEFERRED ACCOUNT</b>	16.1	51.7	-	33.7
<b>CURRENT ASSETS</b>				
Inventories	274.9	306.1	192.7	221.7
Trade debtors	1,578.4	1,354.8	1,080.9	870.2
Deposits and other debtors	54.9	46.8	36.6	26.7
Prepayments	103.2	98.5	75.8	74.8
Amounts owing by subsidiary companies	-	-	189.9	195.2
Investments	349.4	625.1	289.4	565.2
Derivative assets	79.1	71.9	77.7	57.4
Cash and bank balances	5,059.6	4,702.7	4,834.3	4,450.7
	7,499.5	7,205.9	6,777.3	6,461.9
<b>Less: CURRENT LIABILITIES</b>				
Salaries in advance of carriage	1,434.3	1,456.8	1,367.7	1,409.5
Deferred revenue	532.5	497.0	532.5	497.0
Current tax payable	160.1	244.4	130.2	186.0
Trade and other creditors	3,201.1	2,885.4	2,510.1	2,210.2
Amounts owing to subsidiary companies	-	-	1,219.8	1,525.2
Finance lease commitments	67.8	64.8	-	-
Loans	5.7	2.4	-	-
Provisions	72.3	35.3	65.2	35.1
Derivative liabilities	73.2	78.9	25.7	12.7
	5,547.0	5,265.0	5,851.2	5,875.7
<b>NET CURRENT ASSETS</b>	1,952.5	1,940.9	926.1	586.2
	16,881.1	16,778.0	14,887.7	15,808.6

## Appendix 3

SIA's Financial Statement of 2014

8 May 2014

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**1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.****STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2014 (in \$ million)**

	The Group		The Company	
	31-Mar 2014	31-Mar 2013	31-Mar 2014	31-Mar 2013
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Share capital	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	(262.2)	(269.8)	(262.2)	(269.8)
Other reserves	11,643.3	11,503.2	10,518.2	10,359.2
	13,237.2	13,089.5	12,112.1	11,945.5
<b>NON-CONTROLLING INTERESTS</b>	337.4	312.6	-	-
<b>TOTAL EQUITY</b>	13,574.6	13,402.1	12,112.1	11,945.5
<b>DEFERRED ACCOUNT</b>	226.4	146.7	213.1	127.8
<b>DEFERRED TAXATION</b>	1,788.9	1,948.2	1,516.2	1,618.6
<b>LONG-TERM LIABILITIES</b>	904.3	944.5	800.0	803.9
<b>PROVISIONS</b>	587.3	421.3	555.8	376.1
<b>DEFINED BENEFIT PLANS</b>	169.6	163.7	162.0	156.4
	17,251.1	17,026.5	15,359.2	15,028.3
Represented by:-				
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Aircraft, spares and spare engines	10,100.8	10,875.6	8,378.1	8,746.8
Land and buildings	226.9	242.5	64.9	70.7
Others	2,699.0	1,979.9	1,815.9	1,581.8
	13,026.7	13,098.0	10,258.9	10,399.3
<b>INTANGIBLE ASSETS</b>	223.4	218.5	157.9	159.0
<b>SUBSIDIARY COMPANIES</b>	-	-	2,021.6	2,030.1
<b>ASSOCIATED COMPANIES</b>	729.4	554.4	313.5	532.5
<b>JOINT VENTURE COMPANIES</b>	126.5	120.8	-	-
<b>LONG-TERM INVESTMENTS</b>	1,125.2	706.9	1,045.1	626.8
<b>OTHER RECEIVABLES</b>	92.2	213.9	92.2	213.9
<b>DEFERRED ACCOUNT</b>	8.4	16.1	-	-
<b>CURRENT ASSETS</b>				
Inventories	243.0	274.9	169.2	192.7
Trade debtors	1,604.7	1,578.4	1,113.2	1,080.9
Deposits and other debtors	50.1	54.9	20.3	36.6
Prepayments	107.5	103.2	83.5	75.8
Amounts owing by subsidiary companies	-	-	599.9	189.9
Investments	287.4	349.4	233.3	289.4
Derivative assets	134.1	79.1	133.3	77.7
Cash and bank balances	4,883.9	5,059.6	4,623.8	4,834.3
	7,310.7	7,499.5	6,976.5	6,777.3
<b>Less: CURRENT LIABILITIES</b>				
Sales in advance of carriage	1,446.3	1,434.3	1,376.4	1,367.7
Deferred revenue	572.9	532.5	572.9	532.5
Current tax payable	201.1	160.1	161.8	130.2
Trade and other creditors	2,977.9	3,055.7	2,287.4	2,369.5
Amounts owing to subsidiary companies	-	-	1,034.8	1,219.8
Finance lease commitments	52.5	67.8	-	-
Loans	8.2	5.7	-	-
Provisions	75.7	72.3	44.0	65.2
Derivative liabilities	56.8	73.2	29.2	25.7
	5,391.4	5,401.6	5,506.5	5,710.6
<b>NET CURRENT ASSETS</b>	1,919.3	2,097.9	1,470.0	1,066.7
	17,251.1	17,026.5	15,359.2	15,028.3



## Appendix 4

SIA's Financial Statement of 2015

14 May 2015  
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### 1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

#### STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2015 (in \$ million)

	The Group		The Company	
	31-Mar 2015	31-Mar 2014	31-Mar 2015	31-Mar 2014
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Share capital	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	(326.3)	(262.2)	(326.3)	(262.2)
Other reserves	10,933.8	11,643.3	10,049.5	10,518.2
	12,463.6	13,237.2	11,579.3	12,112.1
<b>NON-CONTROLLING INTERESTS</b>	466.5	337.4	-	-
<b>TOTAL EQUITY</b>	12,930.1	13,574.6	11,579.3	12,112.1
<b>DEFERRED ACCOUNT</b>	141.7	226.4	115.1	213.1
<b>DEFERRED TAXATION</b>	1,599.6	1,788.9	1,325.5	1,516.2
<b>LONG-TERM LIABILITIES</b>	1,370.0	904.3	1,001.0	800.0
<b>PROVISIONS</b>	936.9	587.3	682.9	555.8
<b>DEFINED BENEFIT PLANS</b>	160.4	169.6	152.4	162.0
	17,138.7	17,251.1	14,856.2	15,359.2
Represented by:-				
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Aircraft, spares and spare engines	9,957.5	10,100.8	7,700.3	8,378.1
Land and buildings	209.4	226.9	59.9	64.9
Others	3,356.3	2,699.0	2,146.2	1,815.9
	13,523.2	13,026.7	9,906.4	10,258.9
<b>INTANGIBLE ASSETS</b>	497.6	223.4	159.4	157.9
<b>SUBSIDIARY COMPANIES</b>	-	-	3,364.7	2,021.6
<b>ASSOCIATED COMPANIES</b>	922.2	729.4	472.4	313.5
<b>JOINT VENTURE COMPANIES</b>	167.9	126.5	-	-
<b>LONG-TERM INVESTMENTS</b>	1,125.0	1,125.2	1,100.2	1,045.1
<b>OTHER RECEIVABLES</b>	163.9	92.2	17.9	92.2
<b>DEFERRED ACCOUNT</b>	56.4	8.4	36.3	-
<b>CURRENT ASSETS</b>				
Inventories	202.0	243.0	131.7	169.2
Trade debtors	1,486.9	1,604.7	993.7	1,113.2
Deposits and other debtors	43.4	50.1	22.5	20.3
Prepayments	124.6	107.5	92.9	83.5
Amounts owing by subsidiary companies	-	-	311.5	599.9
Investments	168.6	287.4	102.7	233.3
Derivative assets	114.4	134.1	107.0	133.3
Cash and bank balances	5,254.1	4,883.9	4,646.5	4,623.8
Assets held for sale	71.0	-	-	-
	7,465.0	7,310.7	6,408.5	6,976.5
<b>Less: CURRENT LIABILITIES</b>				
Sales in advance of carriage	1,464.7	1,446.3	1,328.6	1,376.4
Deferred revenue	612.5	572.9	612.5	572.9
Current tax payable	161.9	201.1	111.4	161.8
Trade and other creditors	2,906.5	2,977.9	2,088.6	2,287.4
Amounts owing to subsidiary companies	-	-	1,048.7	1,034.8
Finance lease commitments	54.1	52.5	-	-
Loans	93.0	8.2	-	-
Notes payable	300.0	-	300.0	-
Provisions	170.2	75.7	138.0	44.0
Derivative liabilities	1,019.6	56.8	981.8	29.2
	6,782.5	5,391.4	6,609.6	5,506.5
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	682.5	1,919.3	(201.1)	1,470.0
	17,138.7	17,251.1	14,856.2	15,359.2

## Appendix 5

SIA's Financial Statement of 2016

12 May 2016

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**1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.****STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2016 (in \$ million)**

	The Group		The Company	
	31-Mar 2016	31-Mar 2015	31-Mar 2016	31-Mar 2015
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Share capital	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	(381.5)	(326.3)	(381.5)	(326.3)
Other reserves	11,280.1	10,933.8	10,533.6	10,049.5
	12,754.7	12,463.6	12,008.2	11,579.3
<b>NON-CONTROLLING INTERESTS</b>	378.2	466.5	-	-
<b>TOTAL EQUITY</b>	13,132.9	12,930.1	12,008.2	11,579.3
<b>DEFERRED ACCOUNT</b>	225.3	141.7	197.5	115.1
<b>DEFERRED TAXATION</b>	1,681.7	1,599.6	1,346.5	1,325.5
<b>LONG-TERM LIABILITIES</b>	1,283.4	1,521.2	1,110.1	1,152.2
<b>PROVISIONS</b>	877.1	958.9	647.2	702.7
<b>DEFINED BENEFIT PLANS</b>	129.3	129.7	121.4	124.6
	17,329.7	17,281.2	15,430.9	14,999.4
Represented by:-				
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Aircraft, spares and spare engines	10,510.7	9,957.5	7,541.8	7,700.3
Others	3,632.8	3,565.7	2,699.4	2,206.1
	14,143.5	13,523.2	10,241.2	9,906.4
<b>INTANGIBLE ASSETS</b>	515.8	497.6	167.0	159.4
<b>SUBSIDIARY COMPANIES</b>	-	-	4,460.9	3,364.7
<b>ASSOCIATED COMPANIES</b>	901.9	922.2	531.5	472.4
<b>JOINT VENTURE COMPANIES</b>	156.3	167.9	-	-
<b>LONG-TERM INVESTMENTS</b>	773.1	927.6	754.4	902.8
<b>OTHER LONG-TERM ASSETS</b>	496.8	573.8	398.7	427.8
<b>DEFERRED ACCOUNT</b>	6.0	56.4	-	36.3
<b>CURRENT ASSETS</b>				
Inventories	181.9	202.0	108.2	131.7
Trade debtors	1,221.8	1,491.5	799.4	998.3
Deposits and other debtors	114.8	38.8	43.5	17.9
Prepayments	132.4	124.6	104.8	92.9
Amounts owing by subsidiary companies	-	-	318.0	311.5
Loan receivable from an associated company	62.0	-	62.0	-
Derivative assets	24.9	113.7	22.3	106.3
Investments	668.1	168.6	601.9	102.7
Cash and bank balances	3,972.4	5,042.7	3,239.2	4,435.1
Assets held for sale	398.0	71.0	-	-
	6,776.3	7,252.9	5,299.3	6,196.4
Less: <b>CURRENT LIABILITIES</b>				
Sales in advance of carriage	1,626.2	1,464.7	1,460.1	1,328.6
Deferred revenue	669.4	612.5	669.4	612.5
Current tax payable	191.9	161.9	131.0	111.4
Trade and other creditors	2,899.0	2,906.5	2,194.9	2,088.6
Amounts owing to subsidiary companies	-	-	1,191.1	1,048.7
Borrowings	211.9	447.1	-	300.0
Provisions	218.5	178.9	180.5	146.0
Derivative liabilities	623.1	868.8	595.1	831.0
	6,440.0	6,640.4	6,422.1	6,466.8
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	336.3	612.5	(1,122.8)	(270.4)
	17,329.7	17,281.2	15,430.9	14,999.4

## Appendix 6

SIA's Financial Statement of 2017

18 May 2017  
Page 4 of 25**1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.****STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2017 (in \$ million)**

	The Group		The Company	
	31-Mar 2017	31-Mar 2016	31-Mar 2017	31-Mar 2016
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Share capital	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	(194.7)	(381.5)	(194.7)	(381.5)
Other reserves	11,421.6	11,280.1	10,852.2	10,533.6
	13,083.0	12,754.7	12,513.6	12,008.2
<b>NON-CONTROLLING INTERESTS</b>	387.2	378.2	-	-
<b>TOTAL EQUITY</b>	13,470.2	13,132.9	12,513.6	12,008.2
<b>DEFERRED ACCOUNT</b>	234.5	255.0	214.9	222.4
<b>DEFERRED TAXATION</b>	1,890.5	1,681.7	1,482.1	1,346.5
<b>LONG-TERM LIABILITIES</b>	1,794.7	1,283.4	1,689.4	1,110.1
<b>PROVISIONS</b>	910.3	877.1	648.0	647.2
<b>DEFINED BENEFIT PLANS</b>	131.2	129.3	122.3	121.4
	18,431.4	17,359.4	16,670.3	15,455.8
Represented by:-				
<b>PROPERTY, PLANT AND EQUIPMENT</b>	16,433.3	14,143.5	12,050.8	10,241.2
<b>INTANGIBLE ASSETS</b>	423.5	515.8	169.5	167.0
<b>SUBSIDIARY COMPANIES</b>	-	-	4,610.1	4,460.9
<b>ASSOCIATED COMPANIES</b>	1,056.9	901.9	756.8	531.5
<b>JOINT VENTURE COMPANIES</b>	160.2	156.3	-	-
<b>LONG-TERM INVESTMENTS</b>	405.7	773.1	395.3	754.4
<b>OTHER LONG-TERM ASSETS</b>	479.3	496.8	397.9	398.7
<b>DEFERRED ACCOUNT</b>	61.1	65.2	49.1	50.5
<b>CURRENT ASSETS</b>				
Inventories	178.4	181.9	106.1	108.2
Trade debtors	1,144.6	1,221.8	694.7	799.4
Deposits and other debtors	127.4	114.8	55.8	43.5
Prepayments	211.0	132.4	169.9	104.8
Deferred account	11.8	17.7	9.1	15.0
Amounts owing by subsidiary companies	-	-	203.8	318.0
Loan receivable from an associated company	-	62.0	-	62.0
Derivative assets	85.0	24.9	82.1	22.3
Investments	539.9	668.1	469.9	601.9
Cash and bank balances	3,380.5	3,972.4	2,733.2	3,239.2
Other short-term assets	21.4	-	21.4	-
Assets held for sale	-	398.0	-	-
	5,700.0	6,794.0	4,546.0	5,314.3
<b>Less: CURRENT LIABILITIES</b>				
Sales in advance of carriage	1,634.3	1,626.2	1,465.9	1,460.1
Deferred revenue	707.8	669.4	707.8	669.4
Deferred account	86.0	47.2	76.3	40.6
Current tax payable	80.3	191.9	30.3	131.0
Trade and other creditors	3,296.1	2,899.0	2,251.9	2,194.9
Amounts owing to subsidiary companies	-	-	1,354.5	1,191.1
Borrowings	42.0	211.9	-	-
Provisions	322.4	218.5	298.8	180.5
Derivative liabilities	119.7	623.1	119.7	595.1
	6,288.6	6,487.2	6,305.2	6,462.7
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	(588.6)	306.8	(1,759.2)	(1,148.4)
	18,431.4	17,359.4	16,670.3	15,455.8