SINGAPORE AIRLINES LIMITED

(incorporated with limited liability under the laws of Singapore
on 28 January 1972)
(Company registration No. 197200078R)

S$2,000,000,000
Medium Term Bond Programme

Information Memorandum dated 13 March 2019
(First announced on SGXNET on 13 March 2019)

Not for distribution in the United States

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER.

Under this Medium Term Bond Programme (as amended and supplemented from time to time, the "**Programme**"), Singapore Airlines Limited (the "**Issuer**") may from time to time issue bonds (the "**Bonds**"). The aggregate principal amount of Bonds outstanding will not at any time exceed S$2,000,000,000 (or the equivalent in other currencies), unless such amount is otherwise increased pursuant to the terms of the Programme.

<u>Offer Pursuant to Exemption</u>
An offer to investors in Singapore under this Programme which is made in reliance on an exemption granted by the Monetary Authority of Singapore (the "**MAS**") pursuant to the Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016 (the "**Exemption Regulations for Straight Debentures**") is not made in or accompanied by a prospectus that is registered by the MAS. This document constitutes the base document referred to in the Exemption Regulations for Straight Debentures. This base document together with the relevant with the relevant Pricing Supplement constitute the simplified disclosure document referred to in the Exemption Regulations for Straight Debentures.

<u>Eligibility Criteria</u>
For purposes of offers made pursuant to the Exemption Regulations for Straight Debentures, as at the date of this document, the Issuer satisfies the requirements set out in Regulation 5(1) of the Exemption Regulations for Straight Debentures as follows. The relevant Pricing Supplement in respect of each such offer of Bonds will also set out how the Issuer satisfies the requirements set out in Regulation 5(1) of the Exemption Regulations for Straight Debentures.

(i) All of the shares in the Issuer are listed for quotation on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), and traded on the SGX-ST, and for a continuous period of the previous five years, all of those shares were so listed and traded.

(ii) The Issuer's market capitalisation is not less than S$1 billion (or its equivalent in a foreign currency) for each of the past 180 market days.

(iii) Debentures issued in the previous five years by the Issuer satisfy both of the following:
   - (A) the total value of all of those debentures that are or were listed for quotation on the SGX-ST, as at the date they were issued, was not less than S$1 billion (or its equivalent in a foreign currency); and
   - (B) there has not been a default in the repayment of moneys under any of those debentures.

<u>Seasoning Framework</u>
In relation to Bonds intended to be seasoned for trading by Retail Investors (as defined herein) under the Seasoning Framework (as defined herein), the Bonds will initially be issued to Specified Investors (as defined herein) only and cannot be sold to Non-Specified Investors before the end of the Seasoning Period (as defined herein). Such Bonds may be seasoned for trading by Retail Investors on the Main Board of the SGX-ST after the end of the Seasoning Period. There is no assurance that the Bonds will be successfully seasoned. If successfully seasoned, after the end of the Seasoning Period, new Bonds ("**Post-Seasoning Bonds**") forming the same series as the initial issue of Bonds may be offered or sold to or made the subject of an invitation for subscription or purchase by (a) Retail Investors only or (b) Retail Investors and either Institutional Investors or Relevant Persons (each as defined herein) or both, pursuant to one or more re-taps (as defined herein). The aggregate value of Post-Seasoning Bonds issued to Retail Investors through re-taps must not exceed 50% of the total value of the Bonds initially issued to Specified Investors only (excluding any amount of Bonds issued to the lead manager, arranger and underwriter of the offer for their own accounts).

<u>Listing on SGX-ST</u>
Application has been made to the SGX-ST for permission to deal in and quotation of any Bonds which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Bonds have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST for the listing of the Bonds will be approved. Admission to the Official List of the SGX-ST and quotation of any Bonds which are agreed at the time of issue thereof to be so listed on the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries (if any), its associates (if any), the Programme or such Bonds. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Information Memorandum.

Unlisted series of Bonds may also be issued pursuant to the Programme. The relevant Pricing Supplement (as defined herein) in respect of any series of Bonds will specify whether or not such Bonds will be listed on the SGX-ST or any other stock exchange.

<u>Risk Factors</u>
See "Risk factors" beginning on page 55 for a discussion of certain risks in connection with an investment in the Bonds.

<u>US Selling Restrictions</u>
The Bonds have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**Securities Act**"). The Bonds are being offered and sold only outside the United States to non-US persons in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"). The Bonds may not be offered or sold within the United States or to, or for the account or benefit of, US persons, except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Any series of Bonds may be subject to additional selling restrictions, which will be set forth in the relevant Pricing Supplement.

Arranger
DBS Bank Ltd.

Dealers
DBS Bank Ltd. | Oversea-Chinese Banking Corporation Limited | United Overseas Bank Limited

CONTENTS

NOTICE

Capitalised terms used which are not otherwise defined herein shall have the same meaning as ascribed to them in "Definitions and Interpretation".

The Arranger has been authorised by the Issuer to act as Arranger in respect of the Programme. Each series of Bonds will be issued on the terms set out herein under "Terms and Conditions of the Bonds", as amended and/or supplemented by the pricing supplement specific to such series (the "**Pricing Supplement**").

This Information Memorandum, any Pricing Supplement, any Product Highlights Sheet or any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may not be used for the purpose of, and does not constitute, an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger, any of the Dealers (as defined herein), the Trustee or any of the Agents to subscribe for or purchase, the Bonds in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised, or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum, any Pricing Supplement, any Product Highlights Sheet or any such other document or information and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum, any Pricing Supplement, any Product Highlights Sheet or any such other document or information or into whose possession this Information Memorandum, the Pricing Supplement, any Product Highlights Sheet or any such other document or information comes are required by the Issuer, the Arranger, the Dealers, the Trustee or any of the Agents to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Information Memorandum, any Pricing Supplement and/or any Product Highlights Sheet, see "Subscription, Purchase and Distribution" and the relevant Pricing Supplement.

No person is authorised to give any information or to make any representation not contained in this Information Memorandum, the relevant Pricing Supplement and the relevant Product Highlights Sheet (if any) and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Arranger, the Dealers, the Trustee or any of the Agents. The delivery of this Information Memorandum, the relevant Pricing Supplement and/or the relevant Product Highlights Sheet (if any) at any time does not imply that the information contained in it is correct as at any time subsequent its date.

To the fullest extent permitted by law, none of the Arranger, the Dealers, the Trustee or the Agents accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger, any Dealer, the Trustee or any Agent or on its behalf in connection with the Issuer, or the issue and offering of the Bonds. Each of the Arranger, Dealers, Trustee and Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The Bonds have not been and will not be registered under the Securities Act (as defined herein) or the securities laws of any state of the United States or of any other jurisdiction. The Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. This offering is made solely in offshore transactions pursuant to Regulation S under the Securities Act and only to non-US persons.

The Bonds in bearer form are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to US persons, except in certain transactions permitted by US Treasury regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations promulgated thereunder.

This Information Memorandum, the relevant Pricing Supplement, the relevant Product Highlights Sheet (if any) and any other documents or materials in relation to the issue, offering or sale of the Bonds have been prepared solely for the purpose of the issue, offering and sale of the Bonds to be issued from time to time under the Programme. This Information Memorandum, the relevant Pricing Supplement, the relevant Product Highlights Sheet (if any) and any other documents or material in relation to the issue, offering or sale of the Bonds are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Sections 274 and/or 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") or in respect of offers made pursuant to the Exemption Regulations for Straight Debentures or Securities and Futures (Offers of Investments) (Exemption for Offers of Post-Seasoning Debentures) Regulations 2016 (the "**Exemption Regulations for Post-Seasoning Debentures**"), and may not be relied upon by any person other than persons to whom the Bonds are sold or with whom they are placed by the Arranger and Dealers or for any other purpose. Recipients of this Information Memorandum, the relevant Pricing Supplement and the relevant Product Highlights Sheet (if any) shall not reissue, circulate or distribute this Information Memorandum, the relevant Pricing Supplement or the relevant Product Highlights Sheet (if any) (or any part thereof) in any manner whatsoever.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

Neither the delivery of this Information Memorandum, the relevant Pricing Supplement, the relevant Product Highlights Sheet (if any) (or any part thereof) nor the issue, offering, purchase or sale of the Bonds shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, affairs, business or financial position of the Issuer or any of its subsidiaries or associated companies or in the information herein since the date hereof or the date on which this Information Memorandum, the relevant Pricing Supplement and the relevant Product Highlights Sheet (if any) has been most recently amended or supplemented.

In connection with the issue of any tranche of Bonds other than Straight Bonds and Post-Seasoning Bonds, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail for a limited period after the Issue Date of the Bonds. However, there is no obligation on such Stabilisation Manager(s) to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

None of the Issuer, the Arranger, the Dealers, the Trustee, the Agents or any of their respective officers or employees is making any representation or warranty, expressed or implied, as to the merits of the Bonds or the subscription, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, the Arranger and Dealers, the Trustee, the Agents or their respective subsidiaries or associated companies. Further, none of the Arranger, the Dealers, the Trustee and the Agents gives any representation or warranty as to the Issuer, its subsidiaries or associated companies and the Bonds or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA, the Exemption Regulations for Straight Debentures and the Exemption Regulations for Post-Seasoning Debentures) and the documents which are incorporated by reference in, and form part of, this Information Memorandum, the relevant Pricing Supplement and the relevant Product Highlights Sheet (if any) nor do they accept any responsibility therefor.

None of the Arranger, the Dealers, the Trustee and the Agents has separately verified the information contained in this Information Memorandum. None of this Information Memorandum, the relevant Pricing Supplement, the relevant Product Highlights Sheet (if any) or any other document or information (or any part thereof) delivered or supplied under or in connection with the Programme or the issue of any Bonds under the Programme is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, the Dealers, the Trustee or the Agents that any recipient of this Information Memorandum, the relevant Pricing Supplement, the relevant Product Highlights Sheet (if any) or such other document or information (or such part thereof) should subscribe for or purchase any of the Bonds. A prospective purchaser and/or subscriber shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies, and obtain its own independent legal, financial or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Issuer, the Arranger, the Dealers, the Trustee, the Agents or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum, the relevant Pricing Supplement, the relevant Product Highlights Sheet (if any) or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum, the relevant Pricing Supplement, the relevant Product Highlights Sheet (if any) or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of Bonds by a recipient of this Information Memorandum, the relevant Pricing Supplement, the relevant Product Highlights Sheet (if any) or such other document or information (or such part thereof).

Any purchase or acquisition of the Bonds is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein), the relevant Pricing Supplement and the relevant Product Highlights Sheet (if any), the issue of the Bonds by the Issuer pursuant to the Programme Agreement and the Programme Agreement not being terminated for any reason whatsoever. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Bonds or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger, the Dealers, the Trustee or the Agents) lapse and cease to have any effect if (for any other reason whatsoever) the Bonds are not issued by the Issuer pursuant to the Programme Agreement.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Bonds shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger, the Dealers, the Trustee or the Agents to subscribe for or purchase any Bonds.

In respect of offers made pursuant to Sections 274 and/or 275 of the SFA, this Information Memorandum has not been, and will not be, registered as a prospectus with the MAS. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the securities (as defined in Section 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person (as defined in Section 275(2) of the SFA) or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

A reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

In respect of offers made pursuant to the Exemption Regulations for Straight Debentures, this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds (including, without limitation, the Product Highlights Sheet) may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than in accordance with the conditions specified in the Exemption Regulations for Straight Debentures.

In respect of offers made pursuant to the Exemption Regulations for Post-Seasoning Debentures, this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds (including, without limitation, the Product Highlights Sheet) may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than in accordance with the conditions specified in the Exemption Regulations for Post-Seasoning Debentures.

Applications for the public offer tranche of Straight Bonds and Post-Seasoning Bonds are to be made by way of Electronic Applications, as specified in the relevant Pricing Supplement. Prospective investors who wish to apply for the public offer tranche of Straight Bonds and Post-Seasoning Bonds must have a direct Securities Account with The Central Depository (Pte) Limited ("**CDP**") or a securities sub-account and/or investment account with a Depository Agent. Further information will be set out in "Terms and Conditions for Electronic Applications" to be appended to the relevant Pricing Supplement.

None of the Straight Bonds, Seasoned Bonds or Post-Seasoning Bonds are eligible for inclusion under the CPF Investment Scheme. Accordingly, prospective investors CANNOT use their CPF Funds to apply for the initial offer of Straight Bonds and Post-Seasoning Bonds or to purchase the Straight Bonds and Post-Seasoning Bonds from the market thereafter.

Prospective investors **CANNOT** use their SRS Funds to apply for the initial offer of Straight Bonds and Post-Seasoning Bonds. Investors with SRS accounts should consult their stockbrokers and the relevant banks in which they hold their SRS accounts if they wish to purchase such Bonds from the market after the completion of the offer and the listing of such Bonds on the SGX-ST using SRS Funds.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

MiFID II product governance / target market — The Pricing Supplement in respect of any Bonds may include a legend entitled "MiFID II Product Governance" which will outline the target market in respect of the Bonds and which channels for distribution of the Bonds are appropriate. Any person offering, selling or recommending the Bonds (a "**distributor**") should take into consideration such target market; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Bonds and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Bonds is a manufacturer in respect of such Bonds, but otherwise, neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPs / IMPORTANT – EEA RETAIL INVESTORS — If the Pricing Supplement in respect of any Bonds includes a legend entitled "Prohibition of Sales to EEA Retail Investors," the Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or; (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The attention of recipients of this Information Memorandum is drawn to the restrictions on the resale of the Bonds set out under the section "Subscription, Purchase and Distribution".

Any person(s) who is invited to purchase or subscribe for the Bonds or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Bonds or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any Bonds consult their own legal, financial, tax and other advisers before purchasing or acquiring the Bonds.

Notification under Section 309B(1)(c) of the SFA: Unless otherwise stated in the Pricing Supplement in respect of any Bonds, all Bonds issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Bonds of each series (as described in "Summary of the Programme") to be issued in bearer form will initially be represented by interests in a temporary global bond or a permanent global bond, in either case in bearer form (each a "**Temporary Global Bond**" and a "**Permanent Global Bond**", respectively), without interest coupons, which may be deposited on or about the Issue Date with CDP, subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement). Interests in a Temporary Global Bond will be exchangeable, in whole or in part, for interests in a Permanent Global Bond (each a "**Global Bond**") from 40 days after the later of the Issue Date and the completion of the distribution of the Bonds (the "**Exchange Date**"), upon certification as to non-US beneficial ownership. Interests in a Permanent Global Bond may be exchanged for individual definitive Bonds ("**Definitive Bond**") only in the limited circumstances as described therein.

Bonds of each series to be issued in registered form ("**Registered Bonds**") will initially be represented by interests in a global Certificate, without interest coupons (each a "**Global Certificate**"), which may be deposited on the Issue Date with CDP, subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement). Beneficial interests in a Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by CDP. See the section "Clearance and Settlement". Individual definitive Certificates ("**Definitive Certificates**") will otherwise only be available in certain limited circumstances as described herein.

DOCUMENTS INCORPORATED BY REFERENCE

Other than in respect of offers of Straight Bonds, Bonds intended to be seasoned under the Seasoning Framework and Post-Seasoning Bonds, the following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports or summary financial statements or audited consolidated accounts or unaudited interim results of the Issuer and its subsidiaries published or issued from time to time after the date hereof, (2) any supplement or amendment to this Information Memorandum issued by the Issuer and (3) all public announcements.

Other than in respect of offers of Straight Bonds, Bonds intended to be seasoned under the Seasoning Framework and Post-Seasoning Bonds, this Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein. With respect to any series or tranche of Bonds (including Straight Bonds, Bonds intended to be seasoned under the Seasoning Framework and Post-Seasoning Bonds), this Information Memorandum is to be read in conjunction with any Pricing Supplement in respect of such series or tranche.

Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection during usual office hours with prior notice at the specified office of the Issuing and Paying Agent.

In respect of offers of Straight Bonds, Bonds intended to be seasoned under the Seasoning Framework and Post-Seasoning Bonds, prospective investors should refer to this Information Memorandum (and any amendment or supplement thereto) and the Pricing Supplement in respect of such offer, including the financial statements of the Issuer and its subsidiaries required by the Exemption Regulations for Straight Debentures and/or Listing Manual (as the case may be) to be included therein.

More information on the Issuer can be found on the SGX-ST website at www.sgx.com. Information contained on the SGX-ST website does not constitute part of this Information Memorandum, and no representation or warranty is made in respect of the truth, accuracy or completeness of such information.

The Issuer has undertaken to immediately disclose to the SGX-ST via SGXNET information which may have a material effect on the price or value of the Bonds or on an investor’s decision whether to trade in the Bonds.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group (including statements as to the Issuer's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical fact and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer and/or the Group, expected growth in the Issuer and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, discussion under the section "Risk Factors". Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. None of the Issuer, the Arranger, the Dealers, the Trustee and the Agents represents or warrants that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of any Bonds by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Group, the Arranger, the Dealers, the Trustee and the Agents disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum to reflect any change in events, conditions or circumstances on which any such statements are based, even if new information becomes available or other events occur in the future.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA

Presentation of Financial Information

The Issuer's consolidated financial statements for FY2015, FY2016, FY2017 and FY2018 were prepared in accordance with FRS, which differ in certain respects from generally accepted accounting principles in other countries, including International Financial Reporting Standards ("**IFRS**"), which differences might be material to the financial information presented herein. Potential investors should consult their own professional advisers for an understanding of the difference between FRS, IFRS and accounting principles in certain other jurisdictions, and how those differences might affect the financial information presented herein. In making an investment decision, investors must rely upon their own independent examination of the Issuer, the Group, the terms of the particular series of Bonds and the recent financial information of the Issuer and the Group. Unless specified or the context otherwise requires, all financial information in this Information Memorandum is presented on a consolidated basis. The Issuer adopted IFRS from 1 April 2018.

DEFINITIONS

For the purpose of this Information Memorandum, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

"Agency Agreement"	:	The agency agreement dated 13 March 2019 between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as issuing and paying agent, transfer agent and registrar, and (3) the Trustee, as trustee, as amended, varied or supplemented from time to time
"Agents"	:	The Issuing and Paying Agent, the Registrar and the Transfer Agent, the other paying agents and the calculation agent and shall include such other agent or agents as may be appointed from time to time
"Arranger"	:	DBS Bank Ltd.
"ATM"	:	Automated teller machine
"ATM Electronic Application"	:	Application made by way of ATMs belonging to the relevant Participating Banks in accordance with the terms and conditions of this Information Memorandum and the relevant Pricing Supplement
"Bearer Bonds"	:	Bonds in bearer form
"Bondholders"	:	The holders of the Bonds
"Bonds"	:	The bonds to be issued by the Issuer under the Programme
"C Rules"	:	US Treasury Regulation §1.163-5(c)(2)(i)(C) (or substantially identical successor regulations)
"CDP"	:	The Central Depository (Pte) Limited
"CEO"	:	Chief Executive Officer
"Certificate"	:	A registered certificate representing one or more Registered Bonds of the same series, being substantially in the form set out in the Trust Deed and, save as provided in the Terms and Conditions of the Bonds, comprising the entire holding by a holder of Registered Bonds of that series
"Companies Act"	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Coupon"	:	Interest coupons relating to interest bearing Bearer Bonds
"Couponholders"	:	The holders of the Coupons
"CPF"	:	Central Provident Fund
"CPF Funds"	:	The CPF account savings of CPF members including the moneys under the CPF Investment Scheme
"CPFIS-OA"	:	CPF Investment Scheme - Ordinary Account
"D Rules"	:	US Treasury Regulation §1.163-5(c)(2)(i)(D) (or substantially identical successor regulations)
"Dealers"	:	Persons appointed as dealers under the Programme
"Definitive Bonds"	:	Bearer Bonds in definitive form
"Definitive Certificates"	:	Registered Bonds in definitive form

"Depository Agreement"	:	The agreement entered into with CDP setting out the terms and conditions for the provision of depository services by CDP
"Directors"	:	The directors of the Issuer
"Electronic Application"	:	An ATM Electronic Application, an Internet Electronic Application and other electronic means as may be specified in the "Terms and Conditions for Electronic Applications" to be appended to the relevant Pricing Supplement in respect of the public offer tranche of Straight Bonds and Post-Seasoning Bonds
"Exchange Date"	:	The date that is 40 days after the later of the Issue Date and the completion of the distribution of the Bonds, on which interests in a Temporary Global Bond will be exchangeable, in whole or in part, for interests in a Permanent Global Bond
"Exemption Regulations for Post-Seasoning Debentures"	:	Securities and Futures (Offers of Investments) (Exemption for Offers of Post-Seasoning Debentures) Regulations 2016, as amended or modified from time to time
"Exemption Regulations for Straight Debentures"	:	Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016, as amended or modified from time to time
"FRS"	:	Singapore Financial Reporting Standards
"FY"	:	Financial Year ended 31 March
"Global Bond"	:	A global Bond representing Bearer Bonds of one or more tranches of the same series, being a Temporary Global Bond and/or, as the context may require, a Permanent Global Bond
"Global Certificate"	:	A global Certificate representing Registered Bonds of one or more tranches of the same series
"Group"	:	The Issuer and its subsidiaries
"Institutional Investor"	:	Has the same meaning ascribed to it in Section 4A of the SFA
"Internet Electronic Application"	:	Application made by way of the internet banking websites of the relevant Participating Banks in accordance with the terms and conditions of this Information Memorandum and the relevant Pricing Supplement
"Issue Date"	:	The date of issue of the Bonds
"Issuer" or "Singapore Airlines"	:	Singapore Airlines Limited
"Issuing and Paying Agent"	:	Deutsche Bank AG, Singapore Branch
"ITA"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time
"MAS"	:	The Monetary Authority of Singapore
"Non-Specified Investors"	:	Persons who are not Specified Investors
"Participating Banks"	:	The banks which are named as "Participating Banks" in the relevant Pricing Supplement in respect of an offer of Straight Bonds or Post-Seasoning Bonds

"Permanent Global Bond"	:	A Global Bond representing Bearer Bonds of one or more tranches of the same series, either on issue or upon exchange of interests in a Temporary Global Bond, being substantially in the form set out in the Trust Deed
"Post-Seasoning Bonds"	:	Bonds offered to (a) Retail Investors only or (b) Retail Investors and either Institutional Investors or Relevant Persons or both, pursuant to the Exemption Regulations for Post-Seasoning Debentures after the end of the Seasoning Period pursuant to one or more re-taps
"Pricing Supplement"	:	In relation to any tranche or series of Bonds, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such tranche or, as the case may be, series of Bonds.
"Product Highlights Sheet"	:	The product highlights sheet to be prepared in relation to Straight Bonds, Seasoned Bonds and Post-Seasoning Bonds
"Programme"	:	The S$2,000,000,000 Medium Term Bond Programme of the Issuer
"Programme Agreement"	:	The programme agreement dated 13 March 2019 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) the Dealers, as dealers, as amended, varied or supplemented from time to time
"Registered Bonds"	:	Bonds in registered form
"Registrar"	:	Deutsche Bank AG, Singapore Branch
"Regulation S"	:	Regulation S under the Securities Act
"Relevant Person"	:	Has the same meaning ascribed to it in Section 275(2) of the SFA
"Retail Investors"	:	Investors in Singapore who are not Institutional Investors or Relevant Persons
"re-tap"	:	In relation to offers under the Seasoning Framework, an issuance of new Bonds after the end of the Seasoning Period that has the same terms (except for price, original tenor, size and date of issuance) and form the same series as the Bonds initially issued to Specified Investors only
"S$" or "Singapore dollars"	:	Singapore dollars, the lawful currency of the Republic of Singapore
"Seasoned Bonds"	:	Bonds offered under the Seasoning Framework which were initially issued to Specified Investors only and which have been successfully seasoned for trading by Retail Investors
"Seasoning Framework"	:	The framework for offer of bonds provided for by Part VI of Chapter 3 of the Listing Manual of the SGX-ST and the Exemption Regulations for Post-Seasoning Debentures
"Seasoning Period"	:	In relation to Bonds intended to be seasoned for trading by Retail Investors under the Seasoning Framework, the six-month period from the date of listing on the SGX-ST of the initial Bonds issued to Specified Investors only
"Securities Account"	:	Securities account maintained by a Depositor with CDP (but does not include a securities sub-account)

"Securities Act"	:	US Securities Act of 1933, as amended or modified from time to time
"SFA"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"SGX-ST"	:	The Singapore Exchange Securities Trading Limited
"SGXNET"	:	The network of the SGX-ST, a system network used by listed companies in sending information and announcements to the SGX-ST, or any other system networks prescribed by the SGX-ST
"SIAEC" or "SIA Engineering"	:	SIA Engineering Company Limited
"Singapore"	:	The Republic of Singapore
"Specified Investors"	:	Persons specified under Section 274 or Section 275 of the SFA (or such equivalent terms in the relevant jurisdictions where the Bonds are subscribed)
"SRS"	:	Supplementary Retirement Scheme
"SRS Funds"	:	Moneys contributed to SRS accounts under the SRS
"Stabilising Manager(s)"	:	The Dealer(s) named as stabilising manager(s) in the relevant Pricing Supplement
"Straight Bonds"	:	Bonds which are offered pursuant to the Exempt Regulations for Straight Debentures
"TEFRA"	:	Tax Equity and Fiscal Responsibility Act of 1982
"Temporary Global Bond"	:	A Global Bond representing Bearer Bonds of one or more tranches of the same series, being substantially in the form set out in the Trust Deed
"Transfer Agent"	:	Deutsche Bank AG, Singapore Branch
"Trust Deed"	:	The trust deed dated 13 March 2019 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time
"Trustee"	:	Perpetual (Asia) Limited
"United States" or "US"	:	United States of America
"US Internal Revenue Code"	:	United States Internal Revenue Code of 1986, as amended
"USD"	:	United States dollars, the lawful currency of the United States
"%"	:	Per cent.

The terms "Depositor" and "Depository Agent" have the same meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular, where applicable, include the plural and *vice versa*. Words importing the masculine gender, where applicable, include the feminine and neuter genders and *vice versa*. References to persons include corporations.

Any reference to a time of day and dates in this Information Memorandum is a reference to Singapore time and dates unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended, modified or re-enacted.

Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the same meaning ascribed to it under the Companies Act or the SFA, as the case may be.

Certain amounts (including percentage amounts) have been rounded for convenience, and as a result, the aggregate of certain figures may not sum to total amounts or equal quotients.

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr Peter Seah Lim Huat Mr Goh Choon Phong Mr Gautam Banerjee Mr Cheong Sae Peng Mr David John Gledhill Ms Goh Swee Chen Mr Dominic Ho Chiu Fai Mr Hsieh Tsun-yan Mr Lee Kim Shin
COMPANY SECRETARY	:	Mr Brenton Wu Ming-Kaye
REGISTERED OFFICE	:	Airline House 25 Airline Road Singapore 819829
AUDITORS TO THE ISSUER	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
ARRANGER	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018960
ISSUING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT	:	Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower Singapore 048583
TRUSTEE	:	Perpetual (Asia) Limited 16 Collyer Quay #07-01 Singapore 049318
LEGAL ADVISERS TO THE ARRANGER AND DEALERS	:	WongPartnership LLP 12 Marina Boulevard, Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
LEGAL ADVISERS TO THE ISSUER	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
LEGAL ADVISERS TO THE TRUSTEE AND THE AGENTS	:	WongPartnership LLP 12 Marina Boulevard, Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE PROGRAMME

The following general summary does not purport to be complete and is qualified in its entirety by the more detailed information provided elsewhere in this Information Memorandum and, in relation to the terms and conditions applicable to a particular series of Bonds, by a Pricing Supplement. This summary is derived from and should be read in conjunction with the Programme Agreement and the Trust Deed relating to the Bonds. The terms and conditions of the Programme Agreement and the Trust Deed prevail to the extent of any inconsistency with the terms set out in this section. Words and expressions used in this summary and not otherwise defined shall have the meanings ascribed to such words and expressions appearing elsewhere in this Information Memorandum.

Issuer . . . . Singapore Airlines Limited

Description . . . . S$2,000,000,000 Medium Term Bond Programme

Arranger . . . . DBS Bank Ltd.

Dealers . . . . DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited

Trustee . . . . Perpetual (Asia) Limited

Issuing and Paying Agent, Paying Agent, Transfer Agent and Registrar . . . . Deutsche Bank AG, Singapore Branch

Programme Size . . . . The aggregate principal amount of Bonds outstanding at any time shall not exceed S$2,000,000,000 (or its equivalent in any other currency) which amount may be increased pursuant to the Programme Agreement.

Currencies . . . . Subject to compliance with all relevant laws, regulations and directives, Bonds may be issued in Singapore dollars or any other currency as agreed between the Issuer and the relevant Dealer(s)

Issue Price . . . . At par, discount or premium

Series . . . . Bonds will be issued in series. Each series may comprise one or more tranches issued on different issue dates. In relation to Bonds other than Variable Rate Bonds, the Bonds of each series will all be subject to identical terms (including as to listing), except that the issue dates, issue prices and/or dates of the first payment of interest may be different in respect of different tranches. In relation to Variable Rate Bonds, the Bonds will be identical in all respects (including as to listing) except for their respective issue prices and rates of interest. The Bonds of each tranche will all be subject to identical terms in all respects (including as to listing).

In relation to Bonds offered under the Seasoning Framework, after the end of the Seasoning Period, pursuant to the Exemption Regulations for Post-Seasoning Debentures, new Bonds forming the same series as the initial issue of Bonds may be offered or sold to or made the subject of an invitation for subscription or purchase by (a) Retail Investors only or (b) Retail Investors and either Institutional Investors or Relevant

Persons or both, pursuant to one or more re-taps. Each such re-tap of Bonds will have the same terms (except for price, original tenor, size and date of issuance) as the Bonds initially issued to Specified Investors only.

Pricing Supplements .... Each tranche will be the subject of a Pricing Supplement which, for the purposes of that tranche only, supplements the Terms and Conditions of the Bonds and must be read in conjunction with this Information Memorandum. The terms and conditions applicable to any particular tranche of Bonds are the Terms and Conditions of the Bonds as supplemented, amended and/or replaced by the relevant Pricing Supplement.

Maturities .... Subject to compliance by the Issuer with all relevant laws, regulations and directives, Bonds shall have maturities as may be agreed between the Issuer and the relevant Dealer(s), provided that Straight Bonds and Bonds intended to be seasoned for trading by Retail Investors under the Seasoning Framework must not have a maturity of less than one year.

Method of Issue .... Bonds to be issued under the Programme may be:

(1) offered pursuant to Sections 274 and/or 275 of the SFA to Specified Investors (or such equivalent terms in other jurisdictions).

(2) offered pursuant to the Exemption Regulations for Straight Debentures, being Straight Bonds which are offered to (a) Retail Investors and (b) either Institutional Investors or Relevant Persons or both; or

Only Bonds which fall within the definition of “straight debenture” in the Exemption Regulations for Straight Debentures may be offered pursuant to the Exemption Regulations for Straight Debentures. As such, Bonds offered pursuant to the Exemption Regulations for Straight Debentures must fulfil the following requirements:

(i) have a fixed term that does not exceed 10 years;

(ii) provide for repayment of the principal sum at the end of the fixed term;

(iii) have periodic interest payments which cannot be deferred;

(iv) carry a fixed rate of interest, or a floating rate of interest comprising a reference rate and a fixed spread which cannot be decreased (the sum of which may not be less than zero);

(v) are not convertible into or exchangeable for other securities or securities-based derivatives contracts, equity interests or property, nor attached with options, warrants or similar rights to subscribe for or purchase other securities or securities-based derivatives contracts, equity interests or property;

(vi) are not redeemable before the end of the fixed term except in the circumstances referred to below;

(vii) are not asset-backed securities within the meaning of Section 262 of the SFA, or a structured note;

(viii) are not subordinated to any other debt obligation of the Issuer; and

(ix) cannot be written off, whether in whole or in part, except with the approval of a minimum percentage of holders of Bonds of the same issue as those Bonds, as specified in the Terms and Conditions of the Bonds.

The applicable circumstances referred to in (2)(vi) above are:

(a) the Bonds become redeemable when the Issuer incurs or will incur additional taxes, duties or government charges imposed, levied, collected, withheld or assessed by any authority of any country or territory in relation to the Bonds, due to (i) a change in a law, regulation, ruling, treaty or administrative pronouncement; or (ii) a change in the application or interpretation of any of the matters mentioned in sub-paragraph (i), and the redemption is for an amount that is at least equal to the sum of the principal amount at par and accrued interest; and

(b) the redemption of the Bonds is for an amount equal to the sum of the accrued interest and the greater of (i) the principal amount at par; and (ii) a make-whole amount determined by discounting the principal amount and all remaining interest payments at a discount rate comprising a reference rate and a fixed spread specified in the relevant Pricing Supplement.

In relation to each offer of Straight Bonds, not less than 20% of the Straight Bonds are to be issued to Institutional Investors and/or Relevant Persons (excluding any amount of Straight Bonds issued or to be issued to the lead manager, arranger and underwriter of the offer for their own accounts).

As at the date of this document, the Issuer meets the criteria for exemption under the Exemption Regulations for Straight Debentures. There is no assurance that the Issuer will continue to meet the criteria for exemption.

(3) offered under the Seasoning Framework.

Bonds intended to be seasoned for trading by Retail Investors under the Seasoning Framework will initially be issued to Specified Investors only and cannot be sold to Non-Specified Investors before the end of the Seasoning Period. Such Bonds may be seasoned for trading by Retail

Investors on the Main Board of the SGX-ST after the end of the Seasoning Period. There is no assurance that the Bonds will be successfully seasoned. If successfully seasoned, after the end of the Seasoning Period, pursuant to the Exemption Regulations for Post-Seasoning Debentures, Post-Seasoning Bonds may be offered or sold to or made the subject of an invitation for subscription or purchase by (a) Retail Investors only or (b) Retail Investors and either Institutional Investors or Relevant Persons or both, pursuant to one or more re-taps. The aggregate value of Post-Seasoning Bonds issued to Retail Investors through re-taps must not exceed 50% of the total value of the Bonds initially issued to Specified Investors only (excluding any amount of Bonds issued to the lead manager, arranger and underwriter of the offer for their own accounts).

Only Bonds which fall within the definition of "seasoned debenture" in the Exemption Regulations for Post-Seasoning Debentures may be seasoned for trading by Retail Investors.

As such, Bonds intended to be seasoned for trading by Retail Investors must fulfil the following requirements:

(i) have a fixed term that does not exceed 10 years;

(ii) provide for repayment of the principal sum at the end of the fixed term;

(iii) have periodic interest payments which cannot be deferred;

(iv) carry a fixed rate of interest, or a floating rate of interest comprising a reference rate and a fixed spread which cannot be decreased (the sum of which may not be less than zero);

(v) are not convertible into or exchangeable for other securities or securities-based derivatives contracts, equity interests or property, nor attached with options, warrants or similar rights to subscribe for or purchase other securities or securities-based derivatives contracts, equity interests or property;

(vi) are not redeemable before the end of the fixed term except in the circumstances referred to below;

(vii) are not asset-backed securities within the meaning of Section 262 of the SFA, or a structured note;

(viii) are not subordinated to any other debt obligation of the Issuer;

(ix) cannot be written off, whether in whole or in part, except with the approval of a minimum percentage of holders of Bonds of the same issue as those Bonds, as specified in the Terms and Conditions of the Bonds;

(x) were issued pursuant to an offer made in reliance on an exemption under Sections 274 and/or 275 of the SFA;

(xi) were part of an issue of Bonds the size of which was not less than S$150 million (or its equivalent in a foreign currency);

(xii) are listed for quotation on the SGX-ST; and

(xiii) are made available for trading by investors (including Retail Investors) on the SGX-ST pursuant to the listing rules of the SGX-ST and only after their Seasoning Period.

The applicable circumstances referred to in (3)(vi) above are:

(a) the Bonds become redeemable when the Issuer incurs or will incur additional taxes, duties or government charges imposed, levied, collected, withheld or assessed by any authority of any country or territory in relation to the Bonds, due to (i) a change in a law, regulation, ruling, treaty or administrative pronouncement; or (ii) a change in the application or interpretation of any of the matters mentioned in sub-paragraph (i), and the redemption is for an amount that is at least equal to the sum of the principal amount at par and accrued interest; and

(b) the redemption of the Bonds is for an amount equal to the sum of the accrued interest and the greater of (i) the principal amount at par; and (ii) a make-whole amount determined by discounting the principal amount and all remaining interest payments at a discount rate comprising a reference rate and a fixed spread specified in the relevant Pricing Supplement.

As at the date of this document, the Issuer meets the criteria for exemption under the Exemption Regulations for Post-Seasoning Debentures. There is no assurance that the Issuer will continue to meet the criteria for exemption.

In each case, Bonds will only be offered to non-US persons in offshore transactions (in each case, as defined in Regulation S) in reliance on Regulation S.

Distribution and Application and Payment Procedures . . . .

Bonds offered to Specified Investors only will be offered from time to time by the Issuer through the Dealers. The Issuer may sell such Bonds to the Dealers acting as principals for resale to investors or other purchasers and may also sell Bonds directly on its own behalf. Such Bonds may be distributed on a syndicated or non-syndicated basis. See the section "Subscription, Purchase and Distribution".

In relation to a series of Straight Bonds or Post-Seasoning Bonds, one or more Dealers may agree with the Issuer to

	procure subscribers for such Bonds which are offered (or intended to be offered) to, *inter alia*, Retail Investors on an underwritten basis. Offers of Straight Bonds will comprise a public offer tranche and a placement tranche. Offers of Post-Seasoning Bonds may comprise a public offer tranche only or a public offer tranche and a placement tranche. Applications for the placement tranche of Straight Bonds and Post-Seasoning Bonds are to be made directly through the relevant Dealers for that series, who will determine, at their discretion, the manner and method for applications. Payment for such Bonds is to be made in full on or about the Issue Date, unless otherwise agreed by the Issuer and the relevant Dealers. Applications for the public offer tranche of Straight Bonds and Post-Seasoning Bonds are to be made by way of Electronic Applications, as specified in the relevant Pricing Supplement. Further information will be set out in "Terms and Conditions for Electronic Applications" to be appended to the relevant Pricing Supplement. The relevant Pricing Supplement will also set out the period during which the offer will be kept open. Payment for such Bonds is to be made in full upon application. In relation to offers of Straight Bonds and Post-Seasoning Bonds, the Issuer and the relevant Dealers reserve the right to reject or accept any application in whole or in part, or to scale down or ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on their decision will be entertained. In relation to the offers of Straight Bonds and Post-Seasoning Bonds, the Issuer will announce the outcome of the offer, and where appropriate, the level of subscription, the basis of allocation and allotment and the subscription rate for the offer, prior to the listing of such Bonds on the SGX-ST. The expenses incurred in connection with the offer of the Bonds will not be specifically charged to subscribers for the Bonds, unless otherwise disclosed in the relevant Pricing Supplement.
Mandatory Redemption	Unless previously redeemed and cancelled, each Bond will be redeemed at its redemption amount on the maturity date shown on its face (if it is shown on its face to be a Fixed Rate Bond, Hybrid Bond (during the fixed rate period) or Zero Coupon Bond) or on the interest payment date falling in the redemption month shown on its face (if it is shown on its face to be a Floating Rate Bond, Variable Rate Bond or a Hybrid Bond (during the floating rate period)). The Bonds may also be redeemed at the option of the Issuer for certain taxation reasons set forth in "Terms and Conditions of the Bonds — Redemption, Purchase and Options — Redemption for Taxation Reasons".

	The relevant Pricing Supplement will indicate whether the Bonds can otherwise be redeemed prior to their maturity date at the option of the Issuer and/or the Bondholders and, if so, the terms applicable to such redemption. Straight Bonds, Bonds intended to be seasoned for trading by Retail Investors under the Seasoning Framework and Post-Seasoning Bonds may only provide for: (a) redemption for certain taxation reasons as set forth in "Terms and Conditions of the Bonds — Redemption, Purchase and Options — Redemption for Taxation Reasons"; and (b) redemption at the option of the Issuer as set forth in "Terms and Conditions of the Bonds — Redemption, Purchase and Options — Redemption at the Option of the Issuer".
Fixed Rate Bonds	Fixed Rate Bonds will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Bonds	Floating Rate Bonds will bear interest at a floating rate determined by reference to a benchmark as stated on the face of such Floating Rate Bond, being SIBOR (in which case such Bond will be a SIBOR Bond), Swap Rate (in which case such Bond will be a Swap Rate Bond) or in any other case such other benchmark as set out on the face of such Bond, as adjusted for any applicable spread. Interest periods in relation to the Floating Rate Bonds will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Variable Rate Bonds	Variable Rate Bonds will bear interest at a variable rate determined in accordance with the terms and conditions of the Bonds. Interest periods in relation to the Variable Rate Bonds will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Bonds	Hybrid Bonds will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and at maturity and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at a floating rate determined by reference to a benchmark as stated on the face of such Hybrid Bond, being SIBOR, Swap Rate or in any other case such other benchmark as set out on the face of such Bond, as adjusted for any applicable spread, in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Bonds	Zero Coupon Bonds will bear no interest.
Denominations	Bonds (other than Straight Bonds and Bonds offered under the Seasoning Framework) will be issued in minimum denominations of at least S$200,000 (or its equivalent in any other currency) each or such other denomination as the Issuer and the relevant Dealer(s) may agree.

Unless otherwise stated in the relevant Pricing Supplement, Bonds initially issued to Specified Investors only under the Seasoning Framework shall be issued in minimum denominations of at least S$200,000 (or its equivalent in any other currency) and higher integral multiples of S$1,000 (or its equivalent as aforesaid). If successfully seasoned, after the end of the Seasoning Period, such Bonds (being Seasoned Bonds) will (without the consent of the Trustee, the Bondholders or the Couponholders) be re-denominated to denominations of S$1,000 (or its equivalent in the relevant currency), unless otherwise stated in the relevant Pricing Supplement.

Unless otherwise stated in the relevant Pricing Supplement, Straight Bonds shall be issued in denominations of S$1,000 (or its equivalent in any other currency).

The Issuer may, without the consent of the Trustee, the Bondholders or Couponholders, at any time after any issue of such Bonds, (i) reduce the denomination of the Bonds into smaller divisible amounts and/or (ii) remove or reduce the minimum denomination requirement in respect of such Bonds.

See "Terms and Conditions of the Bonds — Form, Denomination and Title". Prospective investors should consider the Issuer's rights with respect to the reduction or removal of the minimum denomination of the Bonds after issuance in light of their own internal requirements as to the minimum denominations of securities they may purchase and hold, if any, and any legal or other obligations applicable to them.

Forms of the Bonds . . . . Bonds may be issued in bearer or in registered form, as specified in the relevant Pricing Supplement. Bearer Bonds will not be exchangeable for Registered Bonds, and Registered Bonds will not be exchangeable for Bearer Bonds.

Each series of Bearer Bonds will initially be represented by a Temporary Global Bond or a Permanent Global Bond which, in each case, may be deposited on the Issue Date with CDP, subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement). Interests in a Temporary Global Bond will be exchangeable, in whole or in part, as described therein, for interests in a Permanent Global Bond from the Exchange Date.

Interests in a Permanent Global Bond may be exchanged for Definitive Bonds only in the limited circumstances described therein. Any interest in a Temporary Global Bond or a Permanent Global Bond will be transferable only in accordance with the rules and procedures for the time being of CDP. Each series of Bearer Bonds shall comply with rules in substantially the same form as the D Rules unless otherwise stated in the relevant Pricing Supplement.

Each series of Registered Bonds will, unless otherwise specified in the relevant Pricing Supplement, be represented by a Global Certificate, which will be deposited on or about its Issue Date with CDP, subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Supplement).

	Application will be made to have Bonds of any series accepted for clearance and settlement through the facilities of CDP. See the section "Clearance and Settlement".
Status of the Bonds	The Bonds will constitute direct, unsecured, unsubordinated and unconditional obligations of the Issuer and shall rank *pari passu* and without any preference among themselves and at least *pari passu* with all other existing and future unsecured and unsubordinated obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Negative Pledge	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Bonds remains outstanding, it will not create or have outstanding any security (as defined in Condition 4 of the Bonds), except for any Permitted Security, on or over its undertaking, assets, property or revenues, present or future, unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed (1) are secured equally and rateably therewith to the satisfaction of the Trustee or (2) have the benefit of such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed). For the purposes of this paragraph: (1) "**Permitted Security**" means any of the following: (i) any security over any fixed asset existing as at the date of the Trust Deed and disclosed to the Trustee in writing on or prior to the date of the Trust Deed (but, except with the prior consent of the Trustee, the amount secured by such security may not be increased); (ii) any security over any fixed asset arising solely by operation of law; (iii) any security created over any fixed asset acquired by it after the date of the Trust Deed for the sole purpose of financing that acquisition and securing an amount not exceeding the cost of that acquisition; (iv) any security created over any asset to secure any of its indebtedness provided that the aggregate amount of the assets (excluding right-of-use assets) securing such indebtedness shall not at any one time exceed an amount equal to 33 per cent of the Total Fixed Assets; and (v) any other security created or outstanding over any fixed asset approved by an Extraordinary Resolution. (2) "**Aircraft Amount**" means the aggregate book value, net of depreciation, of aircraft, spares and spare engines, all as shown in the latest balance sheet of the Issuer made available to its members (whether audited or unaudited); and

(3) "**Total Fixed Assets**" means the Aircraft Amount and the aggregate book value, net of depreciation, of fixed assets (other than aircraft, spares and spare engines), investments in subsidiary companies, associated companies and joint ventures of the Issuer, and long term investments, excluding right-of-use assets, all as shown in the latest balance sheet of the Issuer made available to its members (whether audited or unaudited).

Taxation . . . . All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(i) Other connection: by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of it being connected with Singapore otherwise than by reason only of the holding of such Bond or Coupon or the receipt of any sums due in respect of such Bond or Coupon (including, without limitation, the holder being a resident of, or having a permanent establishment in, Singapore);

(ii) Presentation more than 30 days after the Relevant Date: more than 30 days after the Relevant Date (as defined in Condition 8 of the Bonds) except to the extent that the holder thereof would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or

(iii) Declaration of Residence: by or on behalf of a holder to whom payment may be made free and clear of such withholding or deduction by making a declaration of residence or other similar claim for exemption and does not make such declaration or claim.

Listing of the Bonds . . . . Each series of Bonds may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST, subject to all necessary approvals having been obtained. The Programme also permits Bonds to be issued on an unlisted basis or to be admitted for listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be decided by the Issuer provided that for so long as the rules of the SGX-ST, the Exemption Regulations for Straight Debentures and/or the Exemption Regulations for Post-Seasoning Debentures (as the case may be) require, all issues of Straight Bonds, Bonds intended to be seasoned for trading by Retail Investors under the Seasoning Framework and Post-Seasoning Bonds are to be listed on the SGX-ST.

Trading of the Bonds . . . .

Save as disclosed below, if the application to the SGX-ST to list a particular series of Bonds is approved, such Bonds listed on the SGX-ST will be traded on the SGX-ST in a board lot size of at least S$200,000 (or its equivalent in other currencies).

Bonds intended to be seasoned for trading by Retail Investors under the Seasoning Framework will initially be issued to Specified Investors only and traded in board lot sizes of at least S$200,000 (or its equivalent in foreign currencies). After the end of the Seasoning Period and after receiving confirmation from the SGX-ST that the Bonds are eligible for trading by Retail Investors, subject to fulfilment of the applicable conditions and provided the Issuer does not withdraw the Bonds from the Seasoning Framework, the Bonds will be seasoned for trading by Retail Investors and such Seasoned Bonds will commence trading on the Main Board of the SGX-ST in board lot sizes of S$1,000 (or its equivalent in foreign currencies).

For the purposes of trading on the Main Board of the SGX-ST, each board lot of Straight Bonds will comprise S$1,000 (or its equivalent in foreign currencies) in principal amount of such Bonds.

In relation to Straight Bonds, Seasoned Bonds and Post-Seasoning Bonds, upon the listing of and quotation for such Bonds on the Main Board of the SGX-ST, the Bonds will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Bonds effected through the SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time. Copies of the "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited" are available from CDP.

Bonds may also be traded over-the-counter on the Debt Securities Clearing and Settlement System.

Selling Restrictions . . . .

The offer and sale of Bonds and the delivery of this Information Memorandum is restricted in certain jurisdictions. See the section "Subscription, Purchase and Distribution" and any additional selling and transfer restrictions set out in the relevant Pricing Supplement.

Bearer Bonds will be issued in compliance with the D Rules unless (i) the relevant Pricing Supplement states that Bearer Bonds are issued in compliance with the C Rules or (ii) Bearer Bonds are issued other than in compliance with the D Rules or the C Rules but only in circumstances in which the Bonds will not constitute "registration-required obligations" for US federal income tax purposes, which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which the TEFRA rules are not applicable.

Governing Law	The Bonds will be governed by, and construed in accordance with, the laws of Singapore and shall be issued under the Trust Deed.

TERMS AND CONDITIONS OF THE BONDS

*The following is the text of the terms and conditions (the "**Conditions**") of the Bonds that, save for the words in italics and, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Bonds in definitive form (if any) issued in exchange for the Global Bond(s) or Global Certificate representing each series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such definitive Bonds or on the Certificates relating to such Registered Bonds. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Pricing Supplement. Those definitions will be endorsed on the definitive Bonds or Certificates, as the case may be. References in the Conditions to "Bonds" are to the Bonds of one series only, not to all Bonds that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Bonds and in the relevant Pricing Supplement.*

*Only Bonds which fall within the definition of "**seasoned debenture**" in the Securities and Futures (Offers of Investments) (Exemption for Offers of Post-Seasoning Debentures) Regulations 2016 (the "**Exemption Regulations for Post-Seasoning Debentures**") may be seasoned for trading by Retail Investors under the Seasoning Framework. Only Bonds which fall within the definition of "straight debenture" in the Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016 (the "**Exemption Regulations for Straight Debentures**") may be offered pursuant to the Exemption Regulations for Straight Debentures.*

The Bonds are constituted by a Trust Deed dated 13 March 2019 (as may be further amended or supplemented as at the date of issue of the Bonds (the "**Issue Date**"), the "**Trust Deed**") among Singapore Airlines Limited (the "**Issuer**"), and Perpetual (Asia) Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Bondholders (as defined below), and (where applicable) the Bonds are issued with the benefit of a deed of covenant (the "**Deed of Covenant**") dated 13 March 2019, relating to the Bonds executed by the Issuer and as amended, varied or supplemented from time to time. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Bonds, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 13 March 2019 has been entered into in relation to the Bonds among the Issuer, the Trustee, Deutsche Bank AG, Singapore Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent(s)**". Copies of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement (as defined in the Trust Deed) and the Deed of Covenant are available for inspection free of charge during usual business hours at the principal office of the Trustee for the time being and at the specified offices of the Paying Agents and the Transfer Agents for the time being.

The Bondholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Bonds in bearer form and, where applicable in the case of such Bonds, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement, (where applicable) the relevant Calculation Agency Agreement and (where applicable) the Deed of Covenant.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Bonds of the Series of which this Bond forms part (in these Conditions, the "**Bonds**") are issued in bearer form (the "**Bearer Bonds**") or in registered form ("**Registered Bonds**"), in each case in the Denomination Amount(s) shown hereon. The Issuer may, without the consent of the Trustee, the Bondholders or the Couponholders, at any time after any issue of the Bonds, (i) reduce the denomination of such Bonds into smaller divisible amounts and/or (ii) remove or reduce the minimum denomination requirement in respect of such Bonds; and notwithstanding Condition 15 and Clause 23 of the Trust Deed and all other provisions in these Conditions and the Trust Deed, the Issuer may, without the consent of the Trustee, the Bondholders or the Couponholders, make any and all modifications to these Conditions and the Trust Deed it deems necessary or appropriate to implement the foregoing and the Trustee shall, upon request of the Issuer, consent to all such modifications. Any such reduction, removal or modification shall be binding on all Bondholders and all Couponholders and, if the Trustee so requires, shall be notified to the Bondholders as soon as practicable.

(ii) *All Registered Bonds shall have the same Denomination Amount. Subject to the right of the Issuer to re-denominate and/or remove the minimum denomination in Condition 1, Bonds (except for Bonds which are intended to be "seasoned debentures" (as defined in the Exemption Regulations for Post- Seasoning Debentures) or intended to be offered pursuant to the Exemption Regulations for Straight Debentures) will be (unless otherwise specified in the relevant Pricing Supplement) issued in minimum denominations of S$200,000 (or its equivalent in another currency) and integral multiples of S$1,000 (or its equivalent in another currency) in excess thereof, subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency. Such Bonds which are listed on SGX-ST will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.*

Subject to the right of the Issuer to re-denominate and/or remove the minimum denomination in Condition 1, Bonds which are intended to be "seasoned debentures" will initially be (unless otherwise specified in the relevant Pricing Supplement) issued in minimum denominations of S$200,000 (or its equivalent in another currency) and integral multiples of S$1,000 (or its equivalent in another currency) in excess thereof, subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency. Such Bonds will be listed and traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time. If seasoned for retail trading, after the end of the seasoning period (as defined in the Exemption Regulations for Post-Seasoning Debentures), such Bonds will (unless otherwise specified in the relevant Pricing Supplement and without the consent of the Trustee, the Bondholders or the Couponholders) be redenominated to denominations of S$1,000 (or its equivalent in the relevant currency), subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency. Such Bonds will then be traded on the SGX-ST in a board lot size of S$1,000 (or its equivalent in the relevant currency) or such other amount as may be allowed or required from time to time.

Bonds which are offered pursuant to the Exemption Regulations for Straight Debentures will be (unless otherwise specified in the relevant Pricing Supplement) issued in minimum denominations of S$1,000 (or its equivalent in another currency), subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency. Such Bonds will be listed and traded on the SGX-ST in a minimum board lot size of S$1,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.

(iii) This Bond is a Fixed Rate Bond, a Floating Rate Bond, a Variable Rate Bond, a Hybrid Bond or a Zero Coupon Bond, a combination of any of the foregoing or any other kind of Bond, depending upon the Interest Basis shown hereon.

(iv) Bearer Bonds are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Bonds that do not bear interest in which case references to interest, Coupons and Talons in these Conditions are not applicable.

(v) Registered Bonds are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Registered Bonds by the same holder.

(b) Title

(i) Subject as set out below, title to the Bearer Bonds and the Coupons and Talons appertaining thereto shall pass by delivery.

(ii) Title to the Registered Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond, Coupon or Talon shall be deemed to be and may be treated as its absolute owner of such Bond, Coupon or Talon, as the case may be, for all purposes whether or not such Bond, Coupon or Talon is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

(iv) For so long as any of the Bonds is represented by a Global Bond (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Bond or Global Certificate is issued in the name of The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of the Depository as the holder of a particular principal amount of such Bonds (in which regard any certificate or other document issued by the Depository as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Bonds other than with respect to the payment of principal, premium (if any), interest and any other amounts in respect of the Bonds, for which purpose the bearer of the Global Bond or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such Bonds in accordance with and subject to the terms of the Global Bond or, as the case may be, Global Certificate (and the expressions "**Bondholder**" and "**holder of Bonds**" and related expressions, where the context requires, shall be construed accordingly). Bonds which are represented by the Global Bond or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the Depository.

(v) In these Conditions, "**Global Bond**" means the relevant Temporary Global Bond representing each Series or the relevant Permanent Global Bond representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of the Depository, "**Bondholder**" means the bearer of any Bearer Bond or the person in whose name a Registered Bond is registered (as the case may be), "**holder**" (in relation to a Bond, Coupon or Talon) means the bearer of any Bearer Bond, Coupon or Talon or the person in whose name a Registered Bond is registered (as the case may be), "**Series**" means (a) (in relation to Bonds other than Variable Rate Bonds) a Tranche, together with any further Tranche or Tranches, which (1) are expressed to be consolidated and forming a single series and (2) are identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest, and (b) (in relation to Variable Rate Bonds) Bonds which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Bonds which are identical in all respects (including as to listing).

(vi) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. Transfers of Registered Bonds

(a) Transfer of Registered Bonds

Subject to Conditions 2(d) and 2(e) below, one or more Registered Bonds may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Bonds to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Bonds and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder upon request. No transfer of a Registered Bond will be valid unless and until entered on the Register.

(b) Exercise of Options or Partial Redemption in Respect of Registered Bonds

In the case of an exercise of an Issuer's or Bondholders' option in respect of, or a partial redemption of, a holding of Registered Bonds represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Bonds of the same holding having different terms, separate Certificates shall be issued in respect of those Bonds of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Bonds to a person who is already a holder of Registered Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(a) or (b) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined below) or Purchase Notice (as defined below) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice, Purchase Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice, Purchase Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "**business day**" means a day, other than a Saturday, Sunday or gazetted public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Exchange Free of Charge

Exchange and transfer of Bonds and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the Bondholder of any tax or other governmental charges that may be imposed in relation to it (or the giving by the Bondholder of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(e) **Closed Periods**

No Bondholder may require the transfer of a Registered Bond to be registered (i) during the period of 15 days prior to any date on which Bonds may be called for redemption by the Issuer at its option pursuant to Condition 7(d), (ii) after any such Bond has been called for redemption, (iii) during the period of 15 days ending on (and including) any date on which payment is due or (iv) during the period of seven days ending on (and including) any Record Date (as defined below).

(f) **Consent**

Personal data or information provided to the Issuer, the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Calculation Agent or the Trustee or their agents (whether directly from a person acquiring an interest in the Bonds or a Bondholder or indirectly through their agents or otherwise, and whether or not pursuant to a request from the Issuer, the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Calculation Agent or the Trustee or their agents), and personal data or information relating to (if any) employees, officers, shareholders or beneficial owners of any such person acquiring an interest in the Bonds or the Bondholder provided by such person or the Bondholder or otherwise collected by or on behalf of the Issuer, the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Calculation Agent or the Trustee in connection with such acquisition or any other matter in relation to the Bonds (collectively the "**Data**") may be held by or on behalf of the Issuer, the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Calculation Agent, the Trustee, their Affiliates, their respective agents (each a "**Recipient**") and/or any third party engaged by the Recipient to provide administrative, computer or other services or products. Each of the foregoing persons may collect, use, disclose, process and transfer such Data so as to enable each of the aforesaid persons to: (i) administer, carry out their respective duties and obligations (including, without limitation, operational, administrative or risk management requirements), or to enforce their respective rights and remedies, in connection with any matter in relation to the Bonds or any local or foreign order, rule, regulation or law applicable to the respective parties; (ii) implement any corporate action related to the Bonds; (iii) carry out internal analysis; (iv) carry out any investor relations communication; and (v) comply with requests from any local or foreign regulator or authority. By acceptance of an interest in a Bond, each such person and each Bondholder consents to all such use and warrants that it has obtained legally valid consents from all relevant individuals to allow the Recipients and those third parties to collect, use, disclose, process and/or transfer Data as described above, and also agrees to provide written evidence of such consents upon reasonable request from a Recipient.

3. Status

The Bonds and the Coupons constitute direct, unsecured, unsubordinated and unconditional obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and at least *pari passu* with all other existing and future unsecured and unsubordinated obligations (other than subordinated obligations and priorities created by law) of the Issuer.

4. Negative Pledge

The Issuer has covenanted in the Trust Deed that so long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer shall not create or have outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**security**"), except for any Permitted Security, on or over its undertaking, assets, property or revenues, present or future, unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed (1) are secured equally and rateably therewith to the satisfaction of the Trustee or (2) have the benefit of such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined below).

"**Permitted Security**" means any of the following:

(i) any security over any fixed asset existing as at the date of the Trust Deed and disclosed to the Trustee in writing on or prior to the date of the Trust Deed (but, except with the prior consent of the Trustee, the amount secured by such security may not be increased);

(ii) any security over any fixed asset arising solely by operation of law;

(iii) any security created over any fixed asset acquired by it after the date of the Trust Deed for the sole purpose of financing that acquisition and securing an amount not exceeding the cost of that acquisition;

(iv) any security created over any asset to secure any of its indebtedness provided that the aggregate amount of the assets (excluding right-of-use assets) securing such indebtedness shall not at any one time exceed an amount equal to 33 per cent of the Total Fixed Assets; and

(v) any other security created or outstanding over any fixed asset approved by an Extraordinary Resolution.

In this Condition 4:

(a) "**Aircraft Amount**" means the aggregate book value, net of depreciation, of aircraft, spares and spare engines, all as shown in the latest balance sheet of the Issuer made available to its members (whether audited or unaudited); and

(b) "**Total Fixed Assets**" means the Aircraft Amount and the aggregate book value, net of depreciation, of fixed assets (other than aircraft, spares and spare engines), investments in subsidiary companies, associated companies and joint ventures of the Issuer, and long term investments, excluding right-of-use assets, all as shown in the latest balance sheet of the Issuer made available to its members (whether audited or unaudited).

5. Interest and other Calculations

(I) **Interest on Fixed Rate Bonds**

(a) **Interest Rate and Accrual**

Subject to Condition 5(I)(b) below, each Fixed Rate Bond bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Bond at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Bond payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Bond in each year and on the Maturity Date shown on the face of such Bond if that date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Interest Payment Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Bond), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount shown on the face of the Bond.

Interest will cease to accrue on each Fixed Rate Bond from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or the Redemption Amount, as the case may be) shown on the face of the Bond is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8).

(b) **Calculations**

In the case of a Fixed Rate Bond, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of such Bond. The amount of interest payable per Calculation Amount (as defined in Condition 5(IV)(e)) for any Fixed Rate Interest Period (as defined below) in respect of any Fixed Rate Bond shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Bond and rounding the resultant figure to the nearest sub-unit of the Relevant Currency (as defined in Condition 5(IV)(e)).

For the purposes of these Conditions, "**Fixed Rate Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(II) **Interest on Floating Rate Bonds or Variable Rate Bonds**

(a) **Interest Payment Dates**

Each Floating Rate Bond or Variable Rate Bond bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Bond, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Bond (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Bond for any Interest Period (as defined below) relating to that Variable Rate Bond shall be payable on the first day of that Interest Period.

If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Bond or Variable Rate Bond from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(II) to (but excluding) the Relevant Date.

(b) **Rate of Interest - Floating Rate Bonds**

(i) Each Floating Rate Bond bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Bond, being SIBOR (in which case such Bond will be a SIBOR Bond), Swap Rate (in which case such Bond will be a Swap Rate Bond) or in any other case such other Benchmark as is set out on the face of such Bond. Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Bond. The "**Spread**" is the percentage rate per annum specified on the face of such Bond as being applicable to the rate of interest for such Bond. The rate of interest so calculated shall be subject to Condition 5(IV)(a) below.

The rate of interest payable in respect of a Floating Rate Bond from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Bond will be determined by the Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Bonds which are SIBOR Bonds:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided on the face of such Floating Rate Bond) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Bonds. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;

(C) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Bonds which are Swap Rate Bonds:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Calculation Agent and the Issuer and as adjusted by the Spread (if any); and

(C) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Calculation Agent and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Bonds for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Bonds which are not SIBOR Bonds or Swap Rate Bonds or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate Bonds is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate Bonds is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Bond to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) **Rate of Interest - Variable Rate Bonds**

(i) Each Variable Rate Bond bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Bond on the first day of an Interest Period relating to that Variable Rate Bond is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Bond on the last day of an Interest Period relating to that Variable Rate Bond is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Bond for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9 a.m. (local time in the Relevant Financial Centre) on the ninth business day nor later than 3 p.m. (local time in the Relevant Financial

Centre) on the third business day prior to the commencement of each Interest Period, the Issuer and the VRN Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Bond is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Bond is agreed between the Issuer and the VRN Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Bond for such Interest Period (and, in the event of the Issuer and the VRN Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Bond for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Bond is agreed between the Issuer and the VRN Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Bond for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the VRN Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Bond for such Interest Period; and

(2) if the Issuer and the VRN Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Bond for such Interest Period by 3 p.m. (local time in the Relevant Financial Centre) on the third business day prior to the commencement of such Interest Period, or if there shall be no VRN Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Bond for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Bond is determined but not later than 10.30 a.m. (local time in the Relevant Financial Centre) on the next following business day:

(1) notify the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Bond for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Bond to be notified by the Issuing and Paying Agent to the relevant Bondholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Bond or no VRN Relevant Dealer in respect of the Variable Rate Bond(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Bond(s), being (in the case of Variable Rate Bonds which are denominated in Singapore Dollars) SIBOR (in which case such Variable Rate Bond(s) will be SIBOR Bond(s)) or Swap Rate (in which case such Variable Rate Bond(s) will be Swap Rate Bond(s)) or (in any other case or in the case of Variable Rate Bonds which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Variable Rate Bond(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Bond. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Bond as being applicable to the rate of interest for such Variable Rate Bond. The rate of interest so calculated shall be subject to Condition 5(IV)(a) below. The Fall Back Rate payable from time to time in respect of each Variable Rate Bond will be determined by the Calculation Agent in accordance with the provisions of Condition 5(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Bond on the first day of an Interest Period relating to such Variable Rate Bond, the Issuer will pay the Agreed Yield applicable to such Variable Rate Bond for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Bond on the last day of an Interest Period relating to such Variable Rate Bond, the Issuer will pay the Interest Amount for such Variable Rate Bond for such Interest Period on the last day of such Interest Period.

(vi) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(III) Interest on Hybrid Bond

(a) Interest Rate and Accrual

Each Hybrid Bond bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Bond.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Bond, each Hybrid Bond bears interest on its principal amount outstanding from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Bond payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Bond in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Bond), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Bond.

(iii) Where the due date of redemption of any Hybrid Bond falls within the Fixed Rate Period, interest will cease to accrue on the Bond from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.

(iv) In the case of a Hybrid Bond, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Bond during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Bond, each Hybrid Bond bears interest on its principal amount outstanding from the first day of the Floating Rate Period, and such interest will be payable in arrear on each date ("**Interest Payment Date**") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Bond (the

"**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Bond falls within the Floating Rate Period, interest will cease to accrue on the Bond from (and including) the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.

(iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Bond during the Floating Rate Period as though references therein to Floating Rate Bonds are references to Hybrid Bonds.

(IV) Rate of Interest, Interest Amounts, Redemption Amount and Definitions

(a) Determination of Rate of Interest and Calculation of Interest Amounts and (if required to be calculated) Redemption Amount

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount in respect of any Bonds, determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the Floating Rate Bonds, Variable Rate Bonds or (where applicable) Hybrid Bonds for the relevant Interest Period or (if required to be calculated) calculate the Redemption Amount in respect of such Bonds. The Interest Amounts shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Bond and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination or calculation, as the case may be, of the Rate of Interest, the Interest Amounts and (if required to be calculated) the Redemption Amount by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification of Rate of Interest and Interest Amounts

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount to be notified to the Issuing and Paying Agent, the Issuer, the Trustee and the Registrar as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Bonds and Hybrid Bonds, at the request and expense of the Issuer and to the extent practicable, the Issuing and Paying Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount to be notified to the Bondholders in accordance with Condition 13 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Floating Rate Bonds, Variable Rate Bonds or, as the case may be, the Hybrid Bonds become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Bonds, Variable Rate Bonds or, as the case may be, the Hybrid Bonds shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) **Determination of Rate of Interest by the Trustee**

If the Calculation Agent does not at any material time determine the Rate of Interest, Interest Amount or Redemption Amount, provided it has been informed of such failure and it has been indemnified and/or prefunded and/or secured to its satisfaction, the Trustee shall determine or procure the determination of such Rate of Interest, Interest Amount or Redemption Amount in accordance with the provisions of this Condition 5(IV). In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent. For the avoidance of doubt, the Trustee shall not be responsible to Bondholders or any other person for any loss arising from any such calculation or for any delay in making such calculation or determination of such Rate of Interest or Interest Amount or Redemption Amount.

(d) **Calculation Agent and Reference Banks**

The Issuer will procure that, so long as any Floating Rate Bond, Variable Rate Bond or Hybrid Bond remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and so long as any Floating Rate Bond, Variable Bond, Hybrid Bond or Zero Coupon Bond remains outstanding, there shall be at all times a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts or (if required to be calculated) the Redemption Amount, the Issuer will appoint the local office of a bank or merchant bank operating in the Relevant Financial Centre and engaged in the local inter-bank market to act as such in its place. A Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

(e) **Definitions**

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means:

(i) (in the case of Bonds denominated in Singapore Dollars) a day (other than a Saturday, Sunday or a gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore; and

(ii) (in the case of Bonds denominated in a currency other than Singapore Dollars), a day (other than a Saturday, Sunday or a gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Bond, or if no such amount is so specified, the Denomination Amount of such Bond as shown on the face thereof;

"**Day Count Fraction**" means, in respect of a calculation of an amount of interest on any Bond for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual— ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D_2 will be 30;

(v) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vi) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period,
unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30; and

(vii) if "**Actual/Actual-ICMA**" is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Bond;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Bond;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Calculation Agent in the inter-bank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which payments in respect of the Bonds of the relevant Series are to be made as indicated in the applicable Pricing Supplement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Bond, Variable Rate Bond or Hybrid Bond, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**VRN Relevant Dealer**" means, in respect of any Variable Rate Bond, the dealer party to the Programme Agreement (as defined in the Trust Deed) with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Bond pursuant to the Programme Agreement.

6. Payments

(a) **Principal and Interest in respect of Bearer Bonds**

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Bonds will, subject as mentioned below, be made against presentation and surrender of the relevant Bonds or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(b) **Principal and Interest in respect of Registered Bonds**

(i) Payments of principal in respect of Registered Bonds shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest on Registered Bonds shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**") provided, however, that interest payable on any interest bearing Bond at maturity or redemption shall be payable in immediately available funds to the person to whom principal shall be payable. Payments of interest on each Registered Bond shall be made in the relevant currency by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank.

(c) **Payments subject to laws**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(d) **Appointment of Agents**

The Issuing and Paying Agent appointed by the Issuer and its specified office are listed below.

The Issuer reserves the right at any time to vary or terminate the appointment of any of the Issuing and Paying Agent and/or the Calculation Agent in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore and (ii) a Calculation Agent where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given by the Issuer to the Bondholders in accordance with Condition 13.

The Agency Agreement may be amended by the Issuer, the Paying Agents, the Registrar, the Transfer Agents, the Calculation Agent and the Trustee, without the consent of any Bondholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Paying Agents, the Registrar, the Transfer Agents, the Calculation Agent and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Paying Agents, the Registrar, the Transfer Agents, the Calculation Agent and the Trustee, materially and adversely affect the interests of the Bondholders. Any such amendment shall be binding on the Bondholders and the Couponholders.

(e) **Unmatured Coupons and Unexchanged Talons**

(i) Bearer Bonds which comprise Fixed Rate Bonds and Hybrid Bonds should be surrendered for payment together with all unmatured Coupons (if any) relating to such Bonds (and, in the case of Hybrid Bonds, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within the prescription period relating thereto under Condition 9.

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Bond comprising a Floating Rate Bond, Variable Rate Bond or Hybrid Bond, unmatured Coupons relating to such Bond (and, in the case of Hybrid Bonds, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Bond, any unexchanged Talon relating to such Bond (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Bond comprising a Floating Rate Bond, Variable Rate Bond or Hybrid Bond is presented for redemption without all unmatured Coupons, and where any Bearer Bond is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Bonds, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Bond is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Bond or Certificate representing it, as the case may be.

(f) **Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Bond, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) **Non-Business Days**

Subject as provided in the relevant Pricing Supplement and/or in these Conditions, if any date for the payment in respect of any Bond or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of such delay.

7. Redemption, Purchase and Options

(a) **Final Redemption**: Unless previously redeemed or purchased and cancelled as provided below, this Bond will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Bond is shown on its face to be a Fixed Rate Bond, Hybrid Bond (during the Fixed Rate Period) or Zero Coupon Bond) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Bond is shown on its face to be a Floating Rate Bond, Variable Rate Bond or Hybrid Bond (during the Floating Rate Period)).

(b) **Purchase at the Option of Issuer**

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Bonds, Floating Rate Bonds, Variable Rate Bonds or Hybrid Bonds at their Redemption Amount (i) (in the case of Fixed Rate Bonds, Floating Rate Bonds, Variable Rate Bonds or Hybrid Bonds) on any date on which interest is due to be paid on such Bonds or (ii) (in the case of Zero Coupon Bonds) on any date prior to the Maturity Date as provided for on the face of such Bond, and the Bondholders shall be bound to sell such Bonds to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Bondholders within the Issuer's Purchase Option Period shown on the face hereof. Such Bonds may be held, resold or surrendered to the Issuing and Paying Agent or, as the case may be, the Registrar for cancellation. The Bonds so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10, 11 and 15.

In the case of a purchase of some only of the Bonds, the notice to Bondholders shall also contain the certificate numbers of the Bearer Bonds to be purchased or, in the case of Registered Bonds, shall specify the principal amount of Registered Bonds drawn and the holder(s) of such Registered Bonds, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Bonds are listed on the Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange (if any) in relation to the publication of any purchase of Bonds.

(c) **Purchase at the Option of Bondholders**

(i) Each Bondholder shall have the option to have all or any of his Variable Rate Bonds purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Bonds accordingly. To exercise such option, a Bondholder shall deposit (in the case of Bearer Bonds) any Variable Rate Bonds to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Bonds) the Certificate representing such Variable Rate Bonds to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the Bondholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Bonds or Certificates representing such Variable Rate Bonds so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Bonds or Certificates representing such Variable Rate Bonds may be held, resold or surrendered for cancellation, in the case of Bearer Bonds, by surrendering each such Variable Rate Bond (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent, and in the case of Registered Bonds, by surrendering the Certificate representing such Variable Rate Bonds to the Registrar. The Variable Rate Bonds so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10, 11 and 15.

(ii) If so provided hereon, each Bondholder shall have the option to have all or any of his Fixed Rate Bonds, Floating Rate Bonds, Hybrid Bonds or Zero Coupon Bonds purchased by the Issuer at their Redemption Amount (i) (in the case of Fixed Rate Bonds, Floating Rate Bonds or Hybrid Bonds) on any date on which interest is due to be paid on such Bonds or (ii) (in the case of Zero Coupon Bonds) on any date prior to the Maturity Date as provided for on the face of such Bond, and the Issuer will purchase such Bonds accordingly. To exercise such option, a Bondholder shall deposit (in the case of Bearer Bonds) any Bonds to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Bonds) the Certificate representing such Bonds to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent the Registrar or any Transfer Agent (as applicable) within the Bondholders' Purchase Option Period shown on the face hereof. Any Bonds or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Bonds may be held, resold or surrendered for cancellation, in the case of Bearer Bonds, by surrendering such Bond (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of the Registered Bonds, by surrendering the Certificate representing such Bonds to the Registrar. The Bonds so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10, 11 and 15.

(d) **Redemption at the Option of the Issuer**

If so provided, the Issuer may, on giving irrevocable notice to the Bondholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Bonds at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Bonds shall be at the Optional Redemption Amount specified hereon together with interest accrued to (but excluding) the date fixed for redemption.

All Bonds in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Bondholders shall also contain the certificate numbers of the Bearer Bonds or, in the case of Registered Bonds, shall specify the principal amount of Registered Bonds drawn and the holders of such Registered Bonds, to be redeemed, which shall have been drawn in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Bonds are listed on the Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange (if any) in relation to the publication of any redemption of Bonds.

(e) **Redemption at the Option of Bondholders**

If so provided hereon, the Issuer shall, at the option of the holder of any Bond, redeem such Bond on the date or dates so provided at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Bonds) such Bond (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Bonds) the Certificate representing such Bonds with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) within the Bondholders' Redemption Option Period shown on the face hereof. Any Bond or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) **Redemption for Taxation Reasons**

The Issuer may redeem all (but not some only) of the Bonds on any Interest Commencement Date or Interest Payment Date (as the case may be) or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their Redemption Amount (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Persons of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisers of recognised standing which shall be addressed to the Trustee to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence that the satisfaction of the conditions precedent to the right of the Issuer so to redeem has occurred, in which event it shall be conclusive and binding on the Bondholders.

(g) **Early Redemption and Late Payment for Zero Coupon Bonds**

(i) Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Bond at any time before the Maturity Date shall be an amount equal to the sum of:

(1) the Reference Price; and

(2) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the Maturity Date or (as the case may be) the date upon which the Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 7(g)(i).

(ii) If the Redemption Amount payable in respect of any Zero Coupon Bond is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(1) the Reference Price; and

(2) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Trustee has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

(h) **Purchases**

The Issuer and its related corporations may at any time purchase Bonds (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Bonds purchased by the Issuer or any of its related corporations may be surrendered by the purchaser through the Issuer to, in the case of Bearer Bonds, the Issuing and Paying Agent and, in the case of Registered Bonds, the Registrar for cancellation or may at the option of the Issuer or relevant related corporation be held or resold. The Bonds so purchased, while held by or on behalf of the Issuer or any of its related corporations, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10, 11 and 15.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislature, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) **Cancellation**

All Bonds purchased by or on behalf of the Issuer or any of its related corporations may be surrendered for cancellation, in the case of Bearer Bonds, by surrendering each such Bond together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Bonds, by surrendering the Certificate representing such Bonds to the Registrar and in each case, if so surrendered, shall, together with all Bonds redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and all unexchanged Talons attached thereto or surrendered therewith). Any Bonds or Certificates so surrendered for cancellation may not be reissued or resold.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(a) **Other connection**: by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of it being connected with Singapore otherwise than by reason only of the holding of such Bond or Coupon or the receipt of any sums due in respect of such Bond or Coupon (including, without limitation, the holder being a resident of, or having a permanent establishment in, Singapore); or

(b) **Presentation more than 30 days after the Relevant Date**: more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or

(c) **Declaration of Residence**: by or on behalf of a holder to whom payment may be made free and clear of such withholding or deduction by making a declaration of residence or other similar claim for exemption and does not make such declaration or claim.

As used in these Conditions, "**Relevant Date**" in respect of any Bond or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders in accordance with Condition 13 that, upon further presentation of the Bond or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 8 or pursuant to any undertaking given by the Issuer in addition to or substitution for it under the Trust Deed.

9. Prescription

Claims against the Issuer for payment in respect of the Bonds and Coupons shall be prescribed and become void unless made within three years (in the case of Bonds and Coupons which are denominated in Singapore Dollars) or five years (in the case of Bonds and Coupons which are denominated in a currency other than Singapore Dollars) from the appropriate Relevant Date for payment.

10. Events of Default

The Trustee at its discretion may (but is not obliged to), and (i) if so requested in writing by the holders of at least 25 per cent in principal amount of the Bonds then outstanding or (ii) if so directed by an Extraordinary Resolution, shall, in each case, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Bonds are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, if any of the following events ("**Events of Default**") occurs and is continuing:

(a) the Issuer fails to pay (i) any principal sum payable on or in respect of any of the Bonds within seven days of its due date, or (ii) interest on or in respect of the Bonds within 14 days of its due date; or

(b) the Issuer does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if capable of remedy, is not in the opinion of the Trustee remedied within 30 days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer by the Trustee; or

(c) an order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or for the judicial management of the Issuer or the Issuer ceases or makes a decision to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, re-organisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution; or

(d) (i) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, Provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more events mentioned above in this paragraph (d) have occurred equals or exceeds S$50,000,000 or its equivalent; or

(e) the Issuer is (or is, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or expressly declares its intention to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the debts of the Issuer; or

(f) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of Singapore is not taken, fulfilled or done, unless such consent is no longer required or applicable; or

(g) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer on or over all or a material part of the assets of the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, judicial manager or other similar person); or

(h) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the undertaking, property, assets or revenues of the Issuer and is not discharged or stayed within 30 days (or such longer period as the Trustee may permit); or

(i) it is or will become unlawful for the Issuer to perform or comply with any one or more of its payment or other material obligations under the Bonds or the Trust Deed; or

(j) any governmental authority or agency or court seizes, compulsorily acquires, expropriates or nationalises all or a material part of the assets of the Issuer; or

(k) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

11. Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Bonds and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent in principal amount of the Bonds outstanding, and (b) it shall have been prefunded and/or indemnified and/or secured to its satisfaction. No Bondholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

12. Replacement of Bonds, Certificates, Coupons and Talons

Should any Bond, Certificate, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange or other relevant regulatory requirements, at the specified office of the Issuing and Paying Agent (in the case of Bearer Bonds, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Bondholders in accordance with Condition 13 below, upon payment by the claimant of the costs, fees, expenses and duties incurred in connection with the replacement and on such terms as to evidence, security, indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Bond, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid by the claimant to the Issuer on demand the amount paid or payable by the Issuer in respect of such Bond, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Bonds, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

13. Notices

All notices to the Bondholders will be valid if published in a leading English language daily newspaper published in Singapore (expected to be The Business Times) or so long as the Issuer or the Bonds are listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), published or announced on the website of the SGX-ST (www.sgx.com). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which any Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made, in such newspaper or on the website of the SGX-ST as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the Bondholders in accordance with this Condition 13.

Until such time as any Definitive Bonds (as defined in the Trust Deed) are issued, there may, so long as the Bonds are represented by a Global Bond or a Global Certificate and such Global Bond or Global Certificate is or are issued in the name of the Depository, be substituted for such publication in such newspapers or announcement on the SGX-ST the delivery of the relevant notice to (subject to the agreement of the Depository) the Depository for communication by it to the Bondholders, except that if the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Bondholders on the third day after the day on which the said notice was given to the Depository.

Notices to be given by any Bondholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relevant Bond or Bonds, with the Issuing and Paying Agent (in the case of Bearer Bonds) or the Registrar (in the case of Certificates). Whilst the Bonds are represented by a Global Bond or a Global Certificate, such notice may be given by any Bondholder to the Issuing and Paying Agent or, as the case may be, the Registrar through the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Bondholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

14. Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

15. Meetings of Bondholders, Modification and Waiver

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Bondholders holding not less than 10 per cent in principal amount of the Bonds of any Series for the time being outstanding and after being indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses shall, convene a meeting of the Bondholders of that Series. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (a) to sanction the exchange or substitution for the Bonds of, or the conversion of the Bonds into, shares, bonds or other obligations or securities of the Issuer or any other entity, (b) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor or guarantor under the Trust Deed, (c) to amend the dates of maturity or redemption of the Bonds or any date for payment of interest or Interest Amounts on the Bonds, (d) to reduce or cancel the Redemption Amount or any premium payable on redemption of the Bonds, (e) to reduce the rate or rates of interest in respect of the Bonds, (f) to vary the currency or currencies of payment or denomination of the Bonds, (g) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (h) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass the Extraordinary Resolution, (i) to direct the Trustee to give notice to the Issuer that the Bonds are immediately due and repayable in accordance with Condition 10 of the Bonds, or (j) for the purpose of making a modification to the Trust Deed, the Bonds or the Coupons which would have the effect of amending the proviso to paragraph 2 of Schedule 5 to the Trust Deed, in which case the necessary quorum at the meeting or any adjourned meeting shall be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not, and all the Couponholders of the relevant Series. "**Extraordinary Resolution**" means a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of an administrative, formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or that is required by the Depository, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any other Transaction Documents that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, waiver or authorisation shall be binding on the Bondholders and the Couponholders and, unless the Trustee agrees otherwise, any modification, waiver or authorisation shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 13.

(c) **Entitlement of the Trustee**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver and authorisation), the Trustee shall have regard to the interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or otherwise to the tax consequences thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders, except to the extent provided for in Condition 8.

(d) These Conditions may be amended, modified, or varied in relation to any Series of Bonds by the terms of the relevant Pricing Supplement in relation to such Series.

16. Indemnification of the Trustee, Contracting with the Issuer and Compliance with Anti-Money Laundering and Terrorism Policies

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trust Deed contains provisions relating to compliance by the Trustee with laws, policies and regulations relating to, amongst others, anti-money laundering, terrorism and criminal activities and as such, the payment obligations of the Trustee are subject to such laws, policies and regulations. The Agency Agreement contains provisions relating to compliance by the Issuing and Paying Agent, Transfer Agent, Registrar and Trustee with laws, policies and regulations relating to, amongst others, anti-money laundering, terrorism and criminal activities and as such, the payment obligations of the Issuing and Paying Agent, Transfer Agent, Registrar and Trustee are subject to such laws, policies and regulations.

17. Contracts (Rights of Third Parties) Act

No person shall have the right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

18. Governing Law and Jurisdiction

(a) **Governing Law**

The Trust Deed, the Bonds, the Coupons and the Talons shall be governed by, and be construed in accordance with, Singapore law.

(b) **Jurisdiction**

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Bonds, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Bonds, Coupons or Talons may be brought in such courts.

RISK FACTORS

This Information Memorandum contains forward-looking statements that involve risks and uncertainties. The following section does not describe all of the risk factors relating to an investment in the Bonds. Prospective investors in the Bonds should carefully read this Information Memorandum in its entirety, including the following risk factors (some of which are familiar to investors generally but which have been included as additional guidance for Retail Investors). If any of the following risk factors develop into actual events, the business, operational results, financial position, performance or prospects of the Issuer or the Group could be materially and adversely affected. In such cases, the ability of the Issuer and/or the Group to comply with their obligations under the Trust Deed and the Bonds may be adversely affected. Further, the market price of the Bonds could decline, and investors may lose all or part of their investments in the Bonds.

RISKS RELATING TO THE ISSUER

RISKS RELATING TO SINGAPORE AIRLINES

Geo-political Risks

Singapore Airlines' business consists substantially of carriage of passengers and freight globally. It will be affected if there is a widespread reduction in the demand for air travel arising from geo-political events that cause customers to reduce or avoid air travel, or that prevent the Issuer from delivering its services. For example, instability in global markets may contribute to periods of increased global economic uncertainty. In 2018, the US administration called for substantial changes to trade agreements and imposed significant increases in tariffs on goods imported into the US, including from China, in response to which China imposed tariffs of similar value on goods imported into China from the US. Uncertain and unfavourable economic conditions and, in particular, future political and economic factors which have the effect of reducing expenditure for air travel and freight services, may materially and adversely affect the Issuer's business, financial condition and results of operations or prospects.

Epidemic, Calamity and Terrorism Risks

The outbreak of any contagious disease with human-to-human airborne or contact propagation effects (e.g. mutation of Avian Flu H5N1, Ebola, Middle East respiratory syndrome coronavirus, etc) that escalates into a regional or global pandemic may have an adverse impact on all airlines, including Singapore Airlines which may operate to or from such affected areas/regions. Air travel will be severely reduced even though international and national response plans to address such events have been developed or are in development. Other natural calamities such as earthquakes, floods, volcanic eruptions or tsunamis may devastate destinations and significantly reduce travel to those areas for a period of time. Terrorism and war (and threats of terrorism and war) and civil/political strife may also contribute to a fear of travelling by air, or visiting particular destinations, resulting in a sharp fall in demand for air travel. These events may also result in the closure or restriction of access to airspace or airports. Given that Singapore Airlines' services depend on the availability of these facilities, its business and operations could be adversely affected by the occurrence of such events.

Economic Risks

International air transportation is intimately linked and correlated with economic growth. The growth or decline in economic activity directly affects demand for business travel by air and for cargo space. Economic downturns can also impact leisure travel as discretionary income is affected.

Since a substantial portion of airline travel, for both business and leisure, is discretionary, the airline industry tends to experience adverse financial performance during an economic downturn. Yields may also experience a decline as airlines may offer fare sales in certain markets to stimulate demand.

The Group's business depends substantially on the general economic conditions in Asia. As the airline industry is generally characterised by high fixed costs, including aircraft costs such as aircraft depreciation, lease rentals, maintenance and repair costs, a drop in revenue levels as a result of a slower economic cycle could have an adverse impact on the Group's financial performance. It is difficult to predict the duration and effects of an economic downturn, which may be aggravated by volatility in the financial sector and the capital markets, leading to significant market-wide liquidity problems. These conditions may adversely affect the Group's financial condition and/or results of operations in the future.

Competition Risks

Singapore Airlines' hub location in Changi, Singapore, enjoys geographical advantages in linking traffic between regions. Changi Airport faces competition from the development and growth of other hub airports in the Asia-Pacific and/or the Middle East that may draw traffic away or allow traffic to by-pass Changi Airport. A decline in traffic may be experienced by Singapore Airlines should international air traffic patterns shift to other airports and by-pass Changi Airport.

The international aviation market is highly competitive. As an international full service carrier, Singapore Airlines competes for passengers with other major full service airlines. Any liberalisation of traffic rights or change of traffic pattern in respect of a major route that the Group operates will result in increasing competition or loss in demand on that route. A significant and prolonged reduction in yields or loss of market share to competitors would impact Singapore Airlines' operational results.

Airlines with different business models continue to pose potential threats to full service airlines. Such business models include low cost airlines and all premium class airlines offering similar routes. Low cost airlines may compete on short haul sectors of up to approximately four hours, or on long haul sectors including Asia-Europe or Asia-Australia.

Regulatory Risks

Safety, environmental and similar regulations impose significant requirements and compliance costs on Singapore Airlines' business. For Singapore Airlines to maintain its air operator's certificate, it has to comply with regulations in Singapore and elsewhere. These regulations deal mainly with safety issues from aircraft airworthiness to training of crew. Governments across the world have also become more active in regulatory intervention on issues ranging from environmental protection to anti-corruption and consumer welfare. Changes in such regulations, or the administration of such regulations, could have an adverse impact on the Group's business by increasing costs, impeding normal service, restricting market access and benefiting its competitors. In the event that the Group does not fully comply with such laws and regulations in the conduct of its business or operations, there can be no assurance that any such non-compliance would not have a material and adverse effect on the Group's business, operational results, financial position, performance or prospects. In addition, such laws and regulations may be ambiguous and their interpretations and applications may potentially be detrimental to the Group. In some instances, governments may adopt restrictive policies with respect to the issuance of certain permits and approvals.

Airport Services Related Price Risk

Air traffic control, airport, transit and take-off and landing fees, as well as security charges are costs that can be reduced only to a limited extent, if at all, and represent a significant part of the Group's operating costs. The Group cannot guarantee that such costs will not continue to increase or that it will not incur new costs in Singapore or elsewhere. New costs could arise if, for example, airport, noise or landing charges and fees were to be levied based on environmental criteria such as aircraft noise or emission levels, or if airlines were forced to assume additional security responsibilities. Furthermore, it is possible that security regulations worldwide could be further tightened, particularly if terrorist attacks occur, and that security charges or other costs arising from security measures at airports around the world, could increase further.

If the Group is unable to pass any increases in charges, fees or other costs on to its customers, these increases could have a material and adverse effect on the Group's business, operational results, financial position, performance or prospects.

Jet Fuel Price Risk

Historically, fuel costs have been subject to wide price fluctuations based on geopolitical issues and supply and demand. Due to the variety of factors that affect the price of fuel, the cost of fuel cannot be predicted with any degree of certainty.

The Group's earnings are affected by changes in the price of jet fuel. The objective of the Group's fuel risk management programme, as defined by the Board Executive Committee, is to manage volatility in fuel prices. In meeting this objective, the fuel risk management programme allows for the judicious use of approved instruments such as swaps, options and collar contracts with approved counterparties and within approved credit limits.

For FY2018, a change in price of one USD per barrel of jet fuel would have affected the Group's annual fuel costs by S$53.2 million. This is on the assumption that uplifted fuel volume remains constant and the effects of hedging are excluded.

Equipment Failure Risk

The Group's operations result in the normal wear and tear of its aircraft. The Group's equipment, information technology ("**IT**") systems and other assets may also break down. Consequently, the Group's aircraft, equipment, IT systems and other assets used in its operations require periodic downtime for repairs and maintenance. If the frequency of or time required for such repairs and maintenance exceeds the scheduled period, the Group's operations and financial performance may be adversely affected.

In general, the cost of maintaining an aircraft in good operating condition increases with the age of the aircraft. As the Group's aircraft fleet ages, the Group will incur increased maintenance costs. Older aircraft cost more to maintain because they have sustained more wear and tear over time.

In addition, if any extraordinary or extensive repairs to the Group's aircraft, equipment, IT systems or other assets are required, due to any catastrophic event or otherwise, the Group's aircraft, equipment, IT systems or other assets would not be available for use or deployment. While insurance proceeds may cover the costs associated with such repairs, they would only compensate for the loss of use of some of the assets to a limited degree. In the event of any such extraordinary or extensive repairs, the Group's operations could experience major disruptions. The loss of its aircraft, equipment, IT systems or other assets or the inability to use its aircraft, equipment, IT systems or other assets may materially and adversely affect its business, operational results, financial position, performance or prospects.

The Group is dependent on its IT systems and third party telecommunications systems, including websites, reservations, departure control, operational systems, online booking and revenue management systems, to provide integrated services to its customers. The provision of the Group's services depends on the stability of its IT systems, and the external infrastructure network and systems of its third party providers. Both the IT systems and the external infrastructure network and systems may be vulnerable to damages or interruptions in operation due to fires, power losses, telecommunications systems failures, break-ins (whether physical or into its systems), compromises in internal controls, fraudulent activities, computer viruses, the failure of security measures or back-up systems, or other events beyond the Group's control.

Cyber Risk

The Group's cybersecurity measures may not detect or prevent all attempts to compromise its IT systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardise the security of information stored in and transmitted by its IT systems or that the Group otherwise maintains. Breaches of the Group's cybersecurity measures could result in unauthorised access to its IT and other systems, misappropriation of information or data (including personal data), deletion or modification of client information, or a denial-of-service or other interruption to its business operations. While the Group has disaster recovery and business continuity plans in place, any disruption in its IT systems may result in the loss of important data and ticket sales, increased costs, and may materially and adversely affect its reputation and business.

The Group relies heavily on the internet. Any disruption in internet networks could prevent or deter people from using the internet to conduct transactions. Such disruption in turn may adversely affect the Group's business, operational results, financial position, performance or prospects.

Labour Risk

The successful implementation of the Group's strategy is dependent on its ability to retain a talented and motivated team of senior professional managers and key management staff, and continue having a strong employer brand to attract new talent. The inability of the Group to hire and retain talents in critical positions may materially and adversely affect the Group's business and operations, including growth prospects.

The Group's business requires it to employ highly skilled, dedicated and efficient pilots, cabin crew and other ground staff for its operations. From time to time, the airline industry has experienced a shortage of skilled personnel, especially pilots. The Group competes against all other airlines, including major full-service airlines, for these highly skilled personnel and as such it faces significant competition in attracting and retaining pilots. If the Group is unable to hire, train and retain qualified employees, the Group's business and operations may be materially and adversely affected. As at the date of this Information Memorandum, the Group has not encountered any major labour disputes with its employees and generally enjoys positive relations with its employees.

As the Group is based in Singapore, it is obliged to comply with labour laws in Singapore which, among other things, permit collective bargaining arrangements, with its unionised staff. Maintaining a collaborative relationship between management, staff and unions is vital in ensuring that the Group's strategies and objectives are met.

If the Group's employee relations deteriorate, and there are labour disputes, it may have to incur significant costs to resolve such disputes, which could have a material and adverse effect on its business, operational results, financial position, performance or prospects.

Joint Venture Risk

From time to time the Group enters into joint ventures to establish strategic alliances and may incur obligations and liabilities as a result. Such obligations and liabilities may continue notwithstanding the termination, or disposal by the Group of its interest in, the joint venture. Disagreements may occur between the Group and a joint venture partner regarding the business and operations of the joint venture which may not be resolved amicably. In addition, a joint venture partner of the Group may (i) have economic or business interests or goals that are not aligned with those of the Group; (ii) take actions contrary to the Group's instructions, requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; (v) have disputes with the Group as to the scope of their responsibilities and obligations; or (vi) be involved in incidents of non-compliance with regulatory requirements, resulting in an adverse impact to the reputation of the joint venture.

If a joint venture partner of the Group (i) is unable to fulfil its contractual obligations or (ii) experiences a decline in creditworthiness, the performance of the Group's joint venture entity may be materially and adversely affected which in turn may materially and adversely affect the Group's business, operational results, financial position, performance or prospects.

Strategy Risk

The Group's future plans involve numerous uncertainties and risks. These include but are not limited to, the Group successfully entering into and developing new businesses which may be complementary, or which may add value to the Group's business. For example, in August 2018, the Group established a joint venture to launch a flight training centre for pilot training in Singapore and in March 2018, the Group announced a joint venture to engage in travel-related retail operations in Singapore. These plans may require substantial capital expenditure, the incurrence of working capital requirements and additional financial resources and commitments.

There is no assurance that these plans will achieve the expected results or outcome such as an increase in revenue that will be commensurate with the Group's investment costs, or the ability to generate any cost savings, operational efficiencies and/or productivity improvements to its operations.

The Group's commitments in binding aircraft orders could also prove less profitable than expected at the time of ordering. As at 31 December 2018, the Group had firm orders for 169 aircraft, with options and/or purchase rights for a further 37 aircraft. If there are delays in the deliveries and commercial introduction of the Group's ordered aircraft, or if the investment in these additional aircraft do not generate the expected levels of returns, either because of a weaker revenue environment, or if certain aircraft in their operations exceed the planned operating costs or fail to meet anticipated technical performance levels, the Group's business, operating results, financial position, performance or prospects could be adversely affected.

If (i) the results or outcome of the Group's plans do not meet its expectations, (ii) the Group fails to achieve a sufficient level of revenue or (iii) the Group fails to manage its costs efficiently, the Group will not be able to recover its investment and its future financial performance, business operations and/or financial condition would be adversely affected.

Litigation Risk

The Group's operations involve inherent risks to both persons and property. For example, an aviation accident could result in the loss of life and/or the loss of cargo. Defending private actions can be costly and time-consuming. If a judgment against the Group were to be rendered, the Group may be exposed to substantial financial liabilities, which may not be covered or adequately covered by insurance.

Due to risks of litigation, the Group is also exposed to liability arising from the normal operations of its airline business. To meet the cost of such contingencies, the Group is presently insured against liability towards passengers and third parties arising in connection with the operation of its aircraft.

Reputation or Brand Damage Risk

Singapore Airlines' brand name and those with which it is associated have significant commercial value. Damage to these brand names and/or Singapore Airlines' wider reputation could have a material adverse effect on its business, operational results, financial position, performance or prospects. For example, Singapore Airlines relies on positive brand recognition to attract customers and investors. Any damage to Singapore Airlines' reputation, brand image or brand name, and damage to other brands with which it is associated, whether through a single event or a series of events, could have a material and adverse effect on Singapore Airlines' ability to market its services and attract and retain customers.

Foreign Currency Risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For FY2018, these accounted for 56.8% of total revenue and 53.0% of total operating expenses. The Group's largest currency exposures are to USD, Euro, Pound Sterling, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Renminbi and Korean Won. For FY2018, the Group generated a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs - all conventionally denominated and payable in USD.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for USD and Singapore dollars. The Group also uses foreign currency forward contracts and option contracts to hedge a portion of its future foreign exchange exposure.

Interest Rate Risk

The Group's earnings are also affected by changes in interest rates due to the impact that such changes have on interest income and expense from short-term deposits and other interest-bearing financial assets and liabilities. The Group enters into interest rate swap contracts and interest rate cap contracts to manage interest rate costs on its financial assets and liabilities, with the prior approval of the Board Executive Committee or Boards of the subsidiary companies of the Group.

Market Rate Risk

As at 31 March 2018, the Group owned investments of S$503.8 million, out of which S$338.8 million are subject to market rate risk. The market rate risk associated with these investments is the potential loss resulting from a decrease in market prices.

Counterparty and Credit Risk

Counterparty risks are managed by limiting aggregated exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counterparties.

The Group has an independent Group Debts Review Committee to review the follow up actions on outstanding receivables. On a day-to-day basis, the respective Finance divisions have the primary responsibility for measuring and managing specific risk exposures.

There are no significant concentrations of credit risk other than from counterparties of cash and bank balances and derivative instruments, where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through International Air Transport Association ("**IATA**") accredited sales agents. The credit risk of such sales agents is relatively small owing to broad diversification. Receivables and payables among airlines are generally settled either bilaterally or via the IATA clearing house. Receivables and payables are generally netted at weekly intervals, which leads to a clear reduction in the risk of default.

Liquidity Risk

As at 31 December 2018, the Group had at its disposal, cash and short-term deposits amounting to S$1,324.6 million. In addition, the Group had available short-term credit facilities of about S$1,659.2 million. The Group also has a Medium Term Note Programme ("**MTN Programme**") under which it may issue notes to meet liquidity requirements. As at 31 December 2018, the size of the MTN Programme was S$5,000.0 million and S$1,370.0 million was un-utilised. Under the MTN Programme, notes issued by the Issuer may have varying maturities as agreed with the relevant financial institutions. Should any of the Group's existing credit/borrowing facilities be cancelled, reduced or otherwise not be made available to the Group, the Group's liquidity and cash flow position may be materially and adversely affected.

RISKS ASSOCIATED WITH AN INVESTMENT IN THE BONDS

There may be no active trading market for the Bonds

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. The lack of liquidity may have a severely adverse effect on the market value of the Bonds.

Bonds offered under the Seasoning Framework may be seasoned for trading by Retail Investors on the Main Board of the SGX-ST after the end of the Seasoning Period. There is no assurance that the Bonds will be successfully seasoned or that successful seasoning of the Bonds will result in increased trading liquidity in such Bonds.

Following an issuance of the Bonds, a Dealer may make a market in such Bonds. However, such Dealer is not obliged to do so, and any market-making activities by such Dealer with respect to such Bonds may be discontinued at any time without notice.

Fluctuation of Market Value of Bonds

Trading prices of the Bonds are influenced by numerous factors, including (a) the market for similar securities, (b) the operating results and/or financial condition of the Issuer and/or its subsidiaries and/or associated companies (if any) and (c) political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material and adverse effect on the operating results and/or the financial condition of the Issuer, its subsidiaries and associated companies (if any).

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets or may materially and adversely affect the market price of any series or tranche of the Bonds.

Inflation Risk

Bondholders may suffer erosion on the real return of their investments due to inflation. Bondholders may have an anticipated real rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual real returns, as the principal repayment and interest payments on the Bonds may not keep pace with inflation.

Singapore Taxation Risk

The Bonds to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the “Taxation on the Bonds” section of this Information Memorandum. However, there is no assurance that such Bonds will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Anti-money laundering and terrorism

The Trustee may take and instruct any delegate to take any action which the Trustee considers appropriate so as to comply with any applicable law, regulation, request of a public or regulatory authority or policy which relates to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to sanctioned persons or entities, including but not limited to the interception and investigation of transactions. There is a risk that such action may delay or prevent the processing of payment instructions, the settlement of transactions or the Trustee’s performance of its obligations under the Trust Deed. In such circumstances, the Trust Deed provides that any delay in the payment by the Issuer under the Trust Deed or the Bonds which is caused by the Trustee taking such action shall not in itself constitute an Event of Default under the Bonds or a breach of any provision of the Trust Deed or the Bonds and that the Issuer shall not be liable for any further interest (including default interest) on the Bonds resulting from such non-payment.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Bonds may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee and/or the Issuing and Paying Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Bonds, the Issuer may not, in such circumstances, be able to fulfill its obligations to the Bondholders and the Couponholders.

There is no assurance that the Issuer will have sufficient cash flow to meet payment obligations under the Bonds

There is no assurance that the Issuer will have sufficient cash flow to meet payment obligations under the Bonds as and when they fall due, in the event the Issuer suffers a material deterioration in its financial condition. In such event, the ability of the Issuer to comply with its payment obligations under the Trust Deed and the Bonds may be adversely affected.

The Bonds are not secured

The Bonds and the Coupons relating to them constitute direct, unsecured, unsubordinated and unconditional obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves and at least *pari passu* with all other existing and future unsecured and unsubordinated obligations (other than subordinated obligations and priorities created by law) of the Issuer.

Accordingly, on a winding-up of the Issuer at any time prior to maturity of any Bonds, the Bondholders will not have recourse to any specific assets of the Issuer and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Bonds and/or Coupons owed to the Bondholders and there can be no assurance that there would be sufficient value in the assets of the Issuer after meeting all claims ranking ahead of the Bonds, to discharge all outstanding payment and other obligations under the Bonds and/or Coupons owed to the Bondholders.

Bonds may be issued at a substantial discount or premium

The market value of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Bonds are redeemable in the event of certain withholding taxes being applicable

No assurances are made by the Issuer as to whether or not payments on the Bonds may be made without withholding taxes or deductions applying from the date of issue of the first tranche of Bonds for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any political subdivision therein, territory, possession thereof or authority therein or thereof having power to tax.

Although, pursuant to the Terms and Conditions of the Bonds, the Issuer is required to gross up payments on account of any such withholding taxes or deductions, the Issuer also has the right to redeem the Bonds at any time subject to certain specified exceptions in the event that it has or will become obliged to pay additional amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement.

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Bonds, the merits and risks of investing in the relevant Bonds and the information contained or incorporated by reference in this Information Memorandum or any applicable amendment or supplement to this Information Memorandum, any Pricing Supplement or any Product Highlights Sheet;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Bonds and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Bonds, including Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Bonds are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk based capital or similar rules.

Modifications, waivers and events of default

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Bonds also provide that the Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of an administrative, formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or that is required by CDP and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any other Transaction Documents (as defined in the Trust Deed) that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders.

Further, the terms and conditions of the Bonds provide that if an event of default under the Bonds as set out in Condition 10 of the Bonds occurs and is continuing, the Trustee shall give notice to the Issuer that the Bonds are immediately due and payable if so requested in writing by the holders of at least 25 per cent. in principal amount of the Bonds then outstanding.

Accordingly, Bondholders of any series holding in aggregate less than 25 per cent. of the principal amount of the Bonds of that series outstanding would not be able to instruct the Trustee to declare the Bonds of such series immediately due and payable under Condition 10 of the Bonds unless the requisite threshold in terms of the percentage of the Bonds then outstanding is satisfied.

The Bonds may be represented by Global Bonds or, as the case may be, Global Certificates and holders of a beneficial interest in a Global Bond or, as the case may be, Global Certificate must rely on the procedures of CDP

The Bonds will be in the form of a Global Certificate or Global Bond, as the case may be, and no Definitive Certificates or Definitive Bonds will be issued under any circumstances unless CDP is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or CDP has announced an intention permanently to cease business and no alternative clearing system is available or CDP has notified the Issuer that it is unable or unwilling to act as depository for the Bonds and to continue performing its duties set out in the Depository Agreement as amended, varied or supplemented from time to time and no alternative clearing system is available or an event of default, enforcement event or analogous event entitling a securities account holder or the Trustee to declare the Bonds to be due and payable as provided in the Terms and Conditions of the Bonds has occurred and is continuing.

Prospective investors who wish to apply for the public offer tranche of Straight Bonds and Post-Seasoning Bonds must have a direct Securities Account with CDP or a securities sub-account and/or investment account with a Depository Agent. For the purpose of the initial allocation of such Bonds, investors under the public offer tranche must already have, or must open, a direct Securities Account with CDP or a securities sub-account and/or investment account with a Depository Agent. An investor's ability to pledge his interest in the Bonds to any person or otherwise take action in respect of his interest may be affected by the lack of any Definitive Certificates or Definitive Bonds, as the case may be.

The standard terms and conditions of the securities sub-account and/or investment account of a Depository Agent may permit it to take a security interest in, or to impose other restrictions on, the Bonds credited to the account or to exercise a lien, right of set-off or similar claim against investors in respect of moneys held in any of an investor's accounts maintained with it to secure any amounts which may be owing by such investor to it.

All notices to the Bondholders will be valid if published in a leading English language daily newspaper published in Singapore (expected to be The Business Times) or so long as the Issuer or the Bonds are listed on the SGX-ST, published or announced on the website of the SGX-ST (www.sgx.com). Notices to Bondholders may also be given individually by recorded delivery mail to the addresses of the Bondholders, where the identity and addresses of such Bondholders are known to the Issuer. Where the Bonds are held by an investor in a securities sub-account and/or investment account with a Depository Agent, for notices given by recorded delivery mail, such investor will have to rely on his Depository Agent to distribute notices to him. The Issuer, the Arranger, the Dealers and the Trustee accept no responsibility for any failure or delay on the part of the Depository Agents in doing so or in respect of the performance of the contractual duties of any Depository Agent to investors. For so long as any of the Bonds is represented by (i) a Global Bond and such Global Bond is held by CDP or (ii) a Global Certificate and such Global Certificate is issued in the name of CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Bonds (in which regard any certificate or other document issued by CDP as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Registrar, the Trustee and all other agents of the Issuer and the Trustee as the holder of such principal amount of Bonds standing to the account of such person for all purposes other than with respect to the payment of principal, premium (if any), interest, distribution, redemption, purchase and/or any other amounts in respect of the Bonds, the right to which shall be vested, as against the Issuer, solely in the registered holder of the Global Certificate or the bearer of the Global Bond, as the case may be. Bonds which are represented by the Global Certificate or Global Bond, as the case may be, will be exchangeable or transferable only in accordance with the rules and procedures for the time being of CDP. Where the Bonds are held by an investor in his direct Securities Account with CDP, payments from the Issuer in respect of the Bonds will be credited through CDP. Where the Bonds are held by an investor in a securities sub-account and/or investment account with a Depository Agent, the investor will have to rely on his Depository Agent to credit his account with payments. The Issuer, the Arranger, the Dealers, the Trustee, the Registrar, the Issuing and Paying Agent and any other agent accept no responsibility for any failure or delay on the part of the Depository Agents in doing so or in respect of the performance of the contractual duties of any Depository Agent to investors.

Holders of beneficial interests in a Global Certificate or Global Bond will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled to appoint appropriate proxies. Similarly, holders of beneficial interests in a Global Certificate or Global Bond will not have a direct right under the Global Certificate or Global Bond to take enforcement action against the Issuer except in certain limited circumstances in respect of the relevant Bonds and will have to rely on their rights under the Trust Deed.

Bondholders should be aware that Definitive Bonds or, as the case may be, Definitive Certificates which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade

Bonds may be issued with a minimum denomination. The Pricing Supplement of a tranche of Bonds may provide that, for so long as the Bonds are represented by a Global Bond or, as the case may be, a Global Certificate and CDP so permits, the Bonds will be tradable in nominal amounts (a) equal to, or integral multiples of, the minimum denomination, and (b) the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

Definitive Bonds and Definitive Certificates will only be issued in limited circumstances as set out in the risk factor "*The Bonds may be represented by Global Bonds or, as the case may be, Global Certificates and holders of a beneficial interest in a Global Bond or, as the case may be, Global Certificate must rely on the procedures of CDP*". The Pricing Supplement may provide that, if Definitive Bonds or, as the case may be, Definitive Certificates are issued, such Bonds will be issued in respect of all holdings of Bonds equal to or greater than the minimum denomination. However, Bondholders should be aware that Definitive Bonds or, as the case may be, Definitive Certificates that have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive Bonds or, as the case may be, Definitive Certificates will in no circumstances be issued to any person holding Bonds in an amount lower than the minimum denomination.

The Trustee may request that the Bondholders provide pre-funding, indemnity and/or security to its satisfaction

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 10 of the Bonds and the taking of enforcement steps pursuant to Condition 11 of the Bonds), the Trustee may, at its discretion, request the Bondholders to provide pre-funding and/or an indemnity and/or security to its satisfaction before it takes action on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not pre-funded, indemnified and/or secured to its satisfaction. Negotiating and agreeing to any pre-funding, indemnity and/or security can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of pre-funding, indemnity or security to it, in breach of the terms of the Trust Deed constituting the Bonds and/or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations.

Exchange rate risks and exchange controls may result in Bondholders receiving less interest or principal than expected

The Issuer will pay principal and interest on the Bonds in the currency specified. This presents certain risks relating to currency conversions if a Bondholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Bonds are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Bonds are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Bonds are denominated would decrease (i) the Investor's Currency equivalent yield on the Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Bondholders may receive less interest or principal than expected, or no interest or principal.

The value of the Bonds could be adversely affected by a change in Singapore law or administrative practice

The Terms and Conditions of the Bonds are based on Singapore law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of this Information Memorandum and any such change could materially and adversely impact the value of any Bonds affected by it.

Application of Singapore insolvency and related laws to the Issuer may result in a material adverse effect on the Bondholders

There can be no assurance that the Issuer will not become bankrupt or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer, the application of certain provisions of Singapore insolvency and related laws may have a material and adverse effect on the Bondholders. Without being exhaustive, below are some matters that could have a material and adverse effect on the Bondholders.

Where the Issuer is insolvent and undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer. It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement. Further, an application by the Issuer for a moratorium may not in itself constitute an event of default under the terms and conditions of the Bonds and the Trustee may not be able to declare the Bonds immediately due and payable upon the occurrence of such an event. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to sue the Issuer, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

In respect of company-initiated creditor schemes of arrangement, recent amendments have also introduced cram-down provisions for where there is a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class. In such a scenario, Bondholders may be bound by a scheme of arrangement to which they may have dissented.

RISKS RELATING TO PARTICULAR TYPES OF BONDS

A wide range of Bonds may be issued under the Programme. A number of these Bonds may have features which contain particular risks for potential investors. Set out below is a description of certain such features.

Changes in market interest rates may adversely affect the value of Fixed Rate Bonds

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The market price of Variable Rate Bonds with a multiplier or other leverage factor may be volatile

Bonds with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Bonds which are subject to optional redemption by the Issuer may have a lower market value than Bonds that cannot be redeemed

The Bonds may be redeemed at the option of the Issuer pursuant to the Terms and Conditions of the Bonds. An optional redemption feature is likely to limit the market value of Bonds. During any period when the Issuer may elect to redeem Bonds, the market value of such Bonds generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

CAPITALISATION

The following table sets out the capitalisation of the Group as at 31 December 2018, based on the unaudited balance sheet of the Group for third financial quarter ended 31 December 2018.

	As at 31 December 2018
	(S$ million)
Share capital of Singapore Airlines - issued and fully paid [1]	1,856.1
General reserves	11,079.6
Treasury shares	(171.5)
Foreign currency translation reserve	(35.2)
Share-based compensation reserve	20.1
Fair value reserve	(342.9)
Capital reserve	(142.4)
Equity holders' funds	12,263.8
Long-term liabilities	
Notes payable	3,629.3
Loans	1,285.8
Short-term liabilities	
Loans	149.6
Total Indebtedness	5,064.7
Total Capitalisation	17,328.5

(1) As at 31 December 2018, 1,199,851,018 ordinary shares (including treasury shares) and one special share had been issued.

Save as disclosed above, there has been no material change to the capitalisation and indebtedness of the Group since 31 December 2018.

THE ISSUER

INTRODUCTION

Singapore Airlines traces its history to the birth of Malayan Airways Limited in May 1947. Singapore Airlines' first flight in its own name took place on 1 October 1972.

Shares in the capital of Singapore Airlines were listed on the SGX-ST in December 1985. Its market capitalisation was approximately S$11.15 billion[1] as at 31 December 2018. The substantial shareholder (as shown in the Register of Substantial Shareholders) of Singapore Airlines, Temasek, directly holds approximately 55.5% of the total share capital of Singapore Airlines. Temasek is wholly-owned by the government of Singapore.

Singapore Airlines provides commercial airline services to destinations in Asia, America, Australia, Europe, Middle East, Africa, and New Zealand from its hub at Singapore's Changi Airport. For FY2018, Singapore Airlines carried more than 19 million passengers. The three Singapore-based airlines in the Group, namely Singapore Airlines, SilkAir and Scoot, together carried more than 33 million passengers during FY2018.

Group net profit for FY2018 improved 147.8% year-on-year to S$893 million from S$360 million for FY2017. The increase was mainly attributable to a higher operating profit, the absence of SIA Cargo's provision for competition-related matters and the impairment of the Tigerair brand and trademarks in the previous financial year, which were partially offset by the absence of SIA Engineering's gain on divestment of its 10.0% stake in Hong Kong Aero Engine Services Ltd ("**HAESL**") and special dividends received from HAESL.

As at 31 March 2018, the major subsidiaries of the Group were SIAEC, SIA Cargo, SilkAir and Scoot. SIA Cargo was subsequently reintegrated into Singapore Airlines on 1 April 2018 for improved efficiency and synergy. SIAEC is listed on the SGX-ST. The operating results of the main companies in the Group for the financial year ended 31 March 2018 are as follows:

Operating Profit	**FY2018 (S$ million)**	**FY2017 (S$ million)**
Singapore Airlines	703	386
SIAEC	76	72
SIA Cargo	148	3
SilkAir	43	101
Scoot	77	67

Singapore Airlines is the world's most awarded airline. Some of the awards won by the Group are set out on pages 56 to 57 of its Annual Report for FY2018. Singapore Airlines aims to be one of the favourite airlines among business and leisure travellers in numerous international rankings, highlighting its continued focus on product innovation and service excellence.

In addition to global and regional "Best Airline" awards which Singapore Airlines has won in rankings covering diverse markets, numerous other accolades have been received in categories such as in-flight entertainment, food and beverages, ground services, safety and company management, among others.

PRINCIPAL ACTIVITIES OF SINGAPORE AIRLINES

The principal activities of the Group consist of passenger and cargo air transportation, engineering services, training of pilots, air charters and tour wholesaling and related activities.

1 Based on closing price of S$9.42 as at 31 December 2018.

The table below shows the contribution of various business units to the Group's revenue for FY2018 and FY2017.

Analysis by business activity (Group)

	Revenue		Operating Profit	
	FY2018 (S$ million)	FY2017 (S$ million)	FY2018 (S$ million)	FY2017 (S$ million)
Airline operations	14,185.2	13,473.2	823.1	554.6
Engineering services	1,094.9	1,104.1	76.4	72.0
Cargo operations	2,220.1	1,955.6	148.1	3.1
Others	116.4	84.5	21.1	9.6
	17,616.6	16,617.4	1,068.7	639.3
Inter-segment transactions	(1,810.5)	(1,748.9)	(11.4)	(16.5)
Total	15,806.1	14,868.5	1,057.3	622.8

Source: Annual Report of the Issuer for FY2018.

Passenger Airline Operations

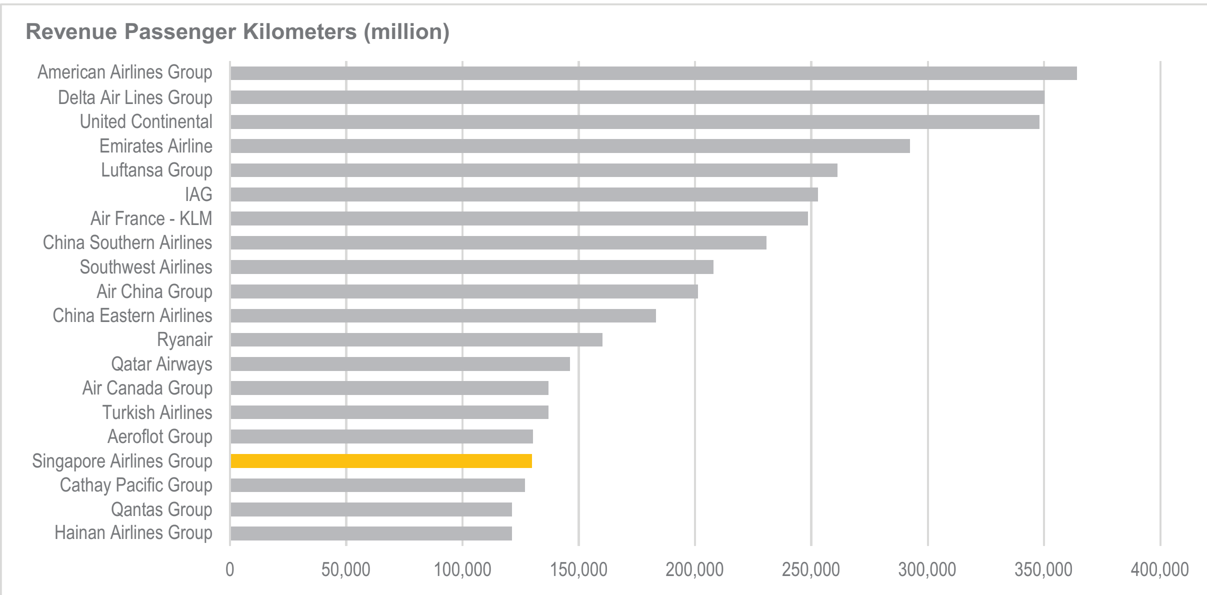
The table below summarises certain key indicators of Singapore Airlines' passenger business for FY2018, FY2017, FY2016, FY2015 and FY2014:

	FY2018	FY2017	FY2016	FY2015	FY2014
Passengers carried (thousand)	19,505	18,990	19,029	18,737	18,628
Revenue passenger-km (million)	95,855.0	92,913.8	94,267.4	94,209.2	95,064.3
Available seat-km (million)	118,126.7	117,662.3	118,366.5	120,000.8	120,502.8
Passenger load factor (%)	81.1	79.0	79.6	78.5	78.9

Revenue passenger-km	=	Number of passengers carried x distance flown (in km)
Available seat-km	=	Number of available seats x distance flown (in km)
Passenger load factor	=	Revenue passenger-km expressed as a percentage of available seat-km

Source: Annual Report of the Issuer for FY2018.

Singapore Airlines Group is one of the world's largest airline group. It was ranked 17th largest in terms of revenue passenger kilometres ("**RPKs**") in 2017.



Source: Flight Global World Airlines Ranking 2017

Singapore Airlines has a geographically diversified revenue base from passenger operations. For FY2018 and FY2017, Singapore Airlines derived 66.5% and 66.3%, respectively, of its passenger revenue from routes to destinations outside East Asia. This diversification has reduced reliance on a particular country or region and enabled Singapore Airlines to reallocate capacity when required and enhanced the stability of Singapore Airlines' revenue stream.

Passenger Revenue by Route Region[2,3]

	FY2018 (S$ million)	%	FY2017 (S$ million)	%
East Asia	3,291.2	33.5	3,241.8	33.7
Americas	1,384.7	14.1	1,409.2	14.7
Europe	2,249.0	22.9	2,130.9	22.2
South West Pacific	1,969.6	20.1	1,849.9	19.3
West Asia and Africa	922.1	9.4	975.1	10.1
Passenger Revenue	9,816.6	100.0	9,606.9	100.0

Source: Annual Report of the Issuer for FY2018.

Passenger Revenue Share by Area of Original Sale[3,4]

	FY2018 (S$ million)	%	FY2017 (S$ million)	%
East Asia	5,256.3	53.5	5,280.1	55.0
Americas	659.9	6.7	621.6	6.5
Europe	1,607.9	16.4	1,574.8	16.4
South West Pacific	1,676.0	17.1	1,543.0	16.0
West Asia and Africa	616.5	6.3	587.4	6.1
Passenger Revenue	9,816.6	100.0	9,606.9	100.0

Source: Annual Report of the Issuer for FY2018.

Other Business Activities

Apart from airline operations, the Group's other principal business activities are undertaken by its subsidiaries, as described in the section below titled "Major Subsidiaries".

STRATEGIC OVERVIEW

Business Strategy

Singapore Airlines' business strategies support and sustain its mission statement: "We are a global company dedicated to providing air transportation services of the highest quality and to maximising returns for the benefit of its shareholders and employees".

Singapore Airlines focuses on its core airline business, with key stakes in airline-related services in order to maintain high quality and safety standards. Singapore Airlines also supplements its organic growth through partnerships[5] and strategic stakes in other airlines, and related businesses that provide alternative sources of income.

Singapore Airlines holds a 20.0% stake in Virgin Australia Holdings Limited and has a 49.0% stake in Vistara, a joint venture airline with Tata Sons Limited in India. Singapore Airlines' fully-owned subsidiary, Scoot, also has a joint venture airline in Thailand, NokScoot. Scoot has a 49.0% stake in NokScoot with the rest owned by Thai carrier Nok Air and related parties. These airlines are part of the Group's multi-hub strategy which provide access to new markets and allow the Group to tap into new traffic flows.

2 Revenue by route region is defined as revenue derived from a route originating from Singapore with its final destination in countries and territories covered by the region and *vice versa*. For example, the Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region.

3 East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, Malaysia, Myanmar, People's Republic of China, Philippines, Singapore, South Korea, Thailand, Taiwan and Vietnam. Americas comprises USA. Europe consists of Denmark, England, France, Germany, Italy, Russia, Spain, Sweden, Switzerland, the Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, India, Maldives, South Africa, Sri Lanka and United Arab Emirates.

4 Revenue by area of original sale is defined as revenue originating in the area in which the sale is made.

5 As of 31 December 2018, Singapore Airlines maintains 38 codeshare partners providing access to 291 offline points.

In 2017, Singapore Airlines embarked on its three-year Transformation Programme, to ensure that it remains competitive and is better positioned for the future in a changing operating environment.

A full-time Transformation Office with a team of dedicated staff members was established to review business strategies and operational efficacy, with a focus on revenue-generation initiatives, enhancements to operational efficiency and improvements in organisational structure. The team has been working across the organisation and has identified over 90 initiatives to be pursued, each with detailed action plans.

In July 2017, Scoot and Tiger Airways completed their merger as a single airline under a common Air Operator Certificate and a single Scoot brand, concluding integration efforts that began in May 2016 when they were brought under a common holding company, Budget Aviation Holdings. A single operating licence provides Scoot with greater flexibility to optimise capacity for a combined network by adjusting capacity and aircraft deployment based on route demand and seasonal fluctuations. The merger helped to streamline operations, allowing Scoot to optimise resources more efficiently. With the ability to respond more swiftly to market demand and trends, Scoot is also able to cover an even larger network and sustain long-haul operations through greater regional passenger feed. For customers, the Group believes that the merger has translated to a more seamless travel experience, improved connectivity with more destination options, and greater value fares.

In October 2017, Singapore Airlines and Lufthansa Group launched their joint venture co-operation that allows customers to choose from a wider range of travel itineraries and fare products.

In April 2018, SIA Cargo was re-integrated back as a division within Singapore Airlines to improve efficiency and offer greater flexibility for staff deployment by maximising synergies with the larger Singapore Airlines business. It was also announced in May 2018 that SilkAir will undergo a major cabin project upgrade starting from 2020 and be merged into Singapore Airlines after a sufficient number of aircraft have been fitted with the new products. This is consistent with the ongoing efforts to optimise the Group's network.

In August 2018, Singapore CAE Flight Training Pte. Ltd., a joint venture between Singapore Airlines and CAE for a flight training centre for Boeing pilot training in Singapore, commenced operations with Singapore Airlines transferring four of its full-flight Boeing aircraft simulators to the joint venture. Additional new CAE-built training equipment for Boeing 737 MAX and 787 aircraft type full-flight simulators and flight training devices will be deployed by June 2019. The additional training facilities will complement the Group's existing pilot training venture with Airbus[6].

Singapore Airlines also established a joint venture, KrisShop Pte Ltd, with SATS Ltd. and 3Sixty (Singapore) (legally known as DFASS (Singapore) Pte. Ltd.), which launched its operations in December 2018. The joint venture will transform KrisShop into an e-commerce platform that covers in-flight duty-free and ground-based duty-paid goods, as well as pre-order services, with on-board and ground-based deliveries. Singapore Airlines holds 70% of the entity with the rest split equally between SATS Ltd. and 3Sixty (Singapore).

In December 2018, Singapore Airlines announced the acquisition of a minority stake in Australia-founded Data Republic, in a move to further enhance its digital capabilities. Singapore Airlines will be working with Data Republic and its partners to provide organisations with a practical means to collaborate and innovate at speed using Data Republic's unique secure data sharing technology.

Singapore Airlines' key business strategies aim to:

- achieve steady capacity growth in a cyclical business and build a portfolio of airlines and a diversified route network to protect against regional business downturns;
- improve and upgrade customers' travel experience on the ground and in the air, through continual product and service improvements and fleet renewal;
- sustain growth with Singapore as the premier air hub with optimal flight connectivity for its customers;

---

[6] Airbus Asia Training Centre is a joint venture owned 55% by Airbus and 45% by Singapore Airlines. Eight full flight simulators are installed for A320, A330, A350, and A380 aircraft types serving over 60 customers including Singapore Airlines.

- make effective use of alliances and other partnerships for greater marketing and distribution reach beyond the services that it operates;
- enhance digital capabilities to tap new revenue generation opportunities and raise operational efficiency;
- develop human resources, with a strong emphasis on training, to deliver superior customer service; and
- strive for sustainable improvements in cost efficiency through continuous focus on streamlining business processes.

Financial Strategy

Singapore Airlines' financial strategies are driven by the dual objectives to maintain a flexible and prudent financial structure that facilitates the commercial activities of the Issuer and to enhance shareholder value.

Singapore Airlines targets gearing and debt service levels that are, in the foreseeable future, consistent with or better than the best airlines among its peers globally, providing the Issuer with the financial flexibility to pursue its business strategies.

Maintenance of adequate liquidity for the Issuer's needs is a critical objective. Singapore Airlines retains liquidity in the form of cash and other liquid resources, committed credit facilities and access to debt markets through its multi-currency Medium Term Note Programme, bank loans and any other cost-effective financing structures. The majority of aircraft on Singapore Airlines' balance sheet are unencumbered.

Singapore Airlines' operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and counterparty risks. Its overall risk management approach is to moderate the effects of such volatility on its financial performance. These financial risks are described in more detail in the section "Risk Factors".

The Board Executive Committee sets directions, policies and guidelines pertaining to financial strategy, including management of surplus funds, liquidity management, financing and financial risk management.

FLEET AND ROUTE NETWORK

Fleet

Singapore Airlines has a modern fleet with relatively few aircraft and engine types. Such fleet commonality reduces maintenance and training costs. As at 31 December 2018, Group's operating fleet consisted of 203+ aircraft, as follows:

Aircraft Type	Owned	Operating Lease	Number of Aircraft	Average Age in Years (y) and Months (m)	On firm order	On Option / Purchase Rights
Singapore Airlines:						
777-200	7		7	15 y 2 m		
777-200ER	5		5	16 y 9 m		
777-300	5		5	15 y 1 m		
777-300ER	24	3	27	9 y 3 m		
A380-800	15	4	19	6 y 1 m		
A330-300		18	18	5 y 5 m		
A350-900 XWB	29		29	1 y 5 m	37	
787-10	8		8	0 y 6 m	39	6
777-9					20	6
747-400F	7		7	15 y 1 m		
Sub-total	**100**	**25**	**125***	**6 y 7 m#**	**96**	**12**
SilkAir:						
A319		2	2	8 y 9 m		
A320		8	8	7 y 10 m		
737-800	8	9	17	3 y 10 m		
737 Max 8	5		5	1 y 0 m	32	14
Sub-total	**13**	**19**	**32**	**4 y 8 m**	**32**	**14**
Scoot:						
787-8	10		10	2 y 5 m	2	
787-9	8		8	2 y 10 m	2	
A319		2	2	9 y 11 m		
A320	4	21	25	6 y 8 m		
A320neo	1		1	0 y 3 m	37	11
Sub-total	**23**	**23**	**46^**	**5 y 1 m**	**41**	**11**
Total	**136**	**67**	**203**	**6 y 0 m#**	**169**	**37**

\+ The operating fleet excludes one A350-900XWB under Singapore Airlines and one A320neo under Scoot, which had been delivered but had not entered into service as at 31 December 2018.
* This excludes five 777-200s on lease to other carriers.
^ This excludes aircraft on lease to other carriers.
\# Average for operating passenger fleet.

New aircraft will be added to the fleet in the coming years. As at 31 December 2018, Singapore Airlines had firm orders for 96 aircraft, with options and/or purchase rights for a further 12 aircraft. The contractual aircraft delivery schedule is as follows:

- 37 A350-900XWB - Deliveries scheduled between 2019 and 2024.
- 39 Boeing 787-10 - Deliveries starting from 2019 and 2025.
- 20 Boeing 777-9 - Deliveries starting from 2022.

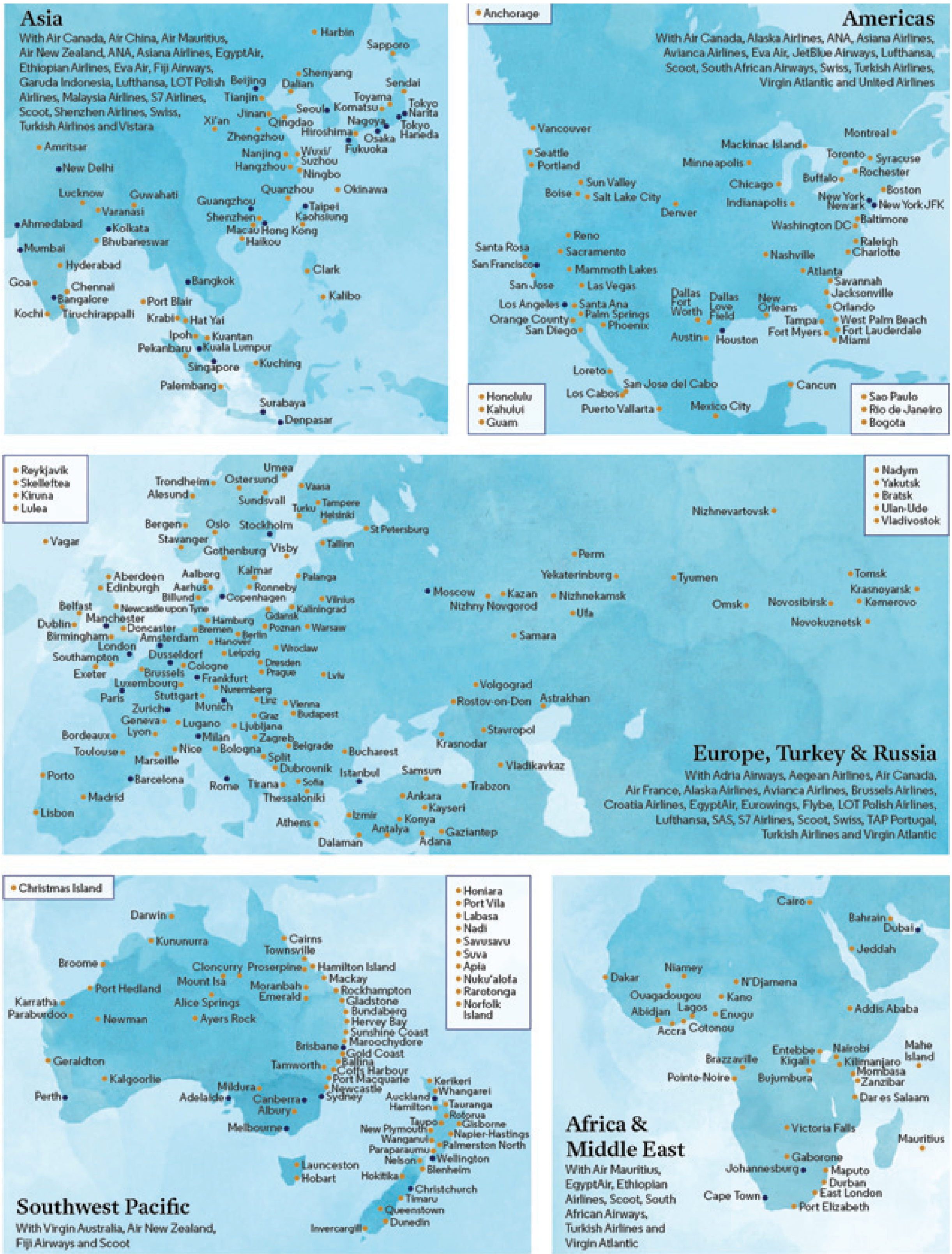
In addition, as at 31 December 2018, SilkAir had firm orders for 32 Boeing 737 Max 8 aircraft plus purchase rights for a further 14 such aircraft, Scoot had firm orders for 2 Boeing 787-9 aircraft, 2 787-8 aircraft, and 37 Airbus A320NEOs plus options for a further 11 such aircraft.

The new aircraft will replace older aircraft, to ensure that the Group maintains a modern and fuel-efficient fleet of aircraft, and to provide the airline with additional expansion opportunities to ensure that Singapore Airlines retains its industry-leading position.

To hedge its exposure to aircraft residual value risk, Singapore Airlines has, from June 1997, used the sale and leaseback market to dispose of some of its aircraft. In a sale and leaseback transaction, an investor purchases the aircraft and leases it back to Singapore Airlines via an operating lease for an agreed fixed term. In certain cases, aircraft are also acquired on direct operating leases. As at 31 December 2018, 67 aircraft in the Group's operating fleet were on operating leases, of which 25 were leased by the Issuer.

Route Network

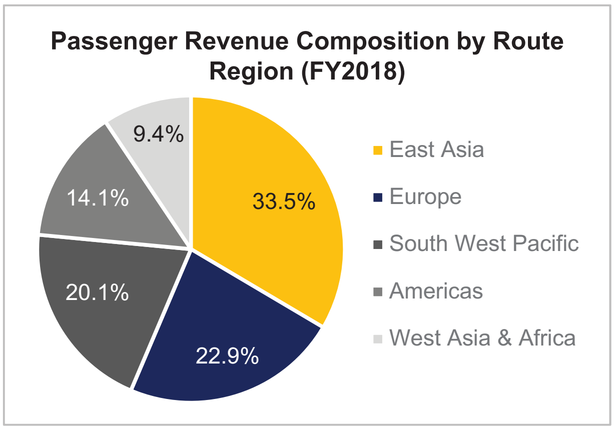
Singapore Airlines operates an extensive and well-connected international route network. As at 31 December 2018, Singapore Airlines' route network, including SilkAir and Scoot covered 139 passenger destinations in 37 countries and territories, including Singapore. Seattle will be added to the network in 2019.

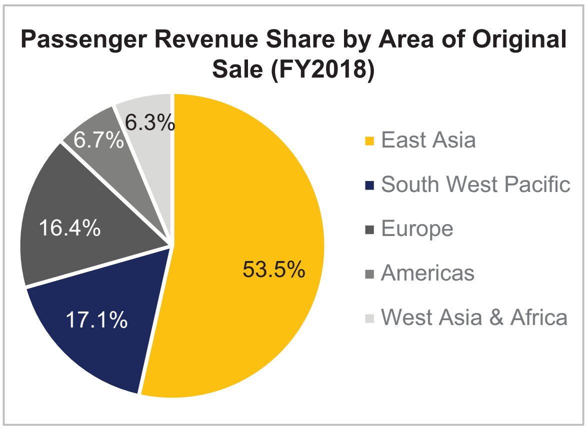


Legend ● Destinations served by Singapore Airlines ● Destinations served by codeshare airlines ☐ Destinations beyond map borders

Singapore Airlines' network growth strategy is premised on pursuing sustainable, profitable growth across a well-diversified network. The network diversification minimises the impact of localised economic shock.

For FY2018, the split in passenger revenue from each route region and area of original sale were as follows:





Singapore Airlines has focused on developing Singapore's importance as a hub and carries a substantially larger traffic share than suggested by the size of its home market. Singapore's strategic geographical location places Singapore Airlines in a position to take advantage of strong growth in the Asia region and emerging markets such as China, India and Indonesia. A high frequency of services to key metro-city destinations, together with a dedication to offer premium service products, have helped to attract and retain higher yielding business travellers.

CUSTOMER SERVICE

Singapore Airlines' brand is designed to project a personality committed to success and excellence as embodied in the 'Singapore Girl' - Singapore Airlines' famous icon that symbolises the grace and warmth of its service to its customers. Singapore Airlines' focus on building its brand awareness and customer loyalty has contributed to its consistent growth. By adhering to its longstanding policy of maintaining a young and modern fleet, together with award-winning service, Singapore Airlines believes in providing customers with a superior air travel experience and focuses on constantly improving standards in all classes of travel.

In November 2017, Singapore Airlines debuted new cabin products for its Airbus A380 fleet. The new products include luxury Suites, each occupying a space of 50-52 square feet (which is more than 60% larger than the previous product), as well as Business Class seats that provide couple seating and spacious stowage area. Partnership with luxury brands around the world also allows its customers travelling in Suites and First Class cabins to enjoy specially designed soft furnishings, amenities and glassware by Lalique and service ware by Wedgwood. In Business Class, customers can experience a range of Penhaligon's toiletries and look forward to a refined dining experience with all meals served on Narumi-designed porcelain-ware.

In March 2018, Singapore Airlines unveiled its all-new regional Business Class products fitted on its new Boeing 787-10 fleet. The new seats recline directly into a full-flat bed, and are arranged in a forward-facing 1-2-1 staggered configuration to provide every customer direct aisle access. Whether travelling alone or with a partner, adjustable dividers at the centre seats also provide for a customised level of privacy to suit individual preferences.

Customers flying on Singapore Airlines' new A380s, 787-10s and Airbus A350-900s are offered even greater control over their in-flight entertainment ("**IFE**") experience with myKrisWorld, a new IFE interactive feature. This personalised IFE experience includes features which are new in the industry, making Singapore Airlines the first to offer these to customers. Such features include content recommendations based on customer preferences and viewing history, and KrisFlyer members being able to bookmark and resume content, as well as customise and save preferences on myKrisWorld for subsequent flights.

With the aim to be the leading digital airline in the world, Singapore Airlines launched a Digital Innovation Blueprint, in January 2018, to boost digital capabilities through partnerships with governmental agencies and collaborations with start-ups, established incubators and accelerators. One of the many innovations launched is KrisPay, the world's first blockchain-based airline loyalty digital wallet. This programme allows KrisFlyer members to spend their miles on daily items, creating loyalty and familiarity with the Singapore Airlines brand.

As part of its commitment to continual product and service enhancements and focus on personalised service for passengers, Singapore Airlines is the world's first airline to launch a network-wide pre-ordering meal service for premium class passengers in December 2018.

MAJOR SUBSIDIARIES

Singapore Airlines conducts its other principal business activities through the subsidiaries described below:

SIAEC GROUP

The following table sets out certain key financial information for SIAEC for the periods indicated:

	FY2018 (S$ million)	FY2017 (S$ million)	Change %
Total revenue	1,094.9	1,104.1	- 0.8
Total expenditure	1,018.5	1,032.1	- 1.3
Operating profit	76.4	72.0	+ 6.1
Profit attributable to equity holders of the company	184.1	332.4*	- 44.6

* Profit attributable to equity holders of the company of S$332.4M in FY2017 included the impact of a gain on divestment of HAESL. Before the divestment, profit attributable to equity holders of the company was S$172.0M in FY2017.

SIAEC is a major provider of aircraft maintenance, repair and overhaul ("**MRO**") services in the Asia-Pacific region. SIAEC has a client base of more than 80 international carriers and aerospace equipment manufacturers. It provides line maintenance services at 34 airports in 7 countries, as well as airframe and component services on some of the most advanced and widely used commercial aircraft in the world. Apart from MRO services, SIAEC also offers a comprehensive and integrated suite of solutions under its fleet management services.

SIAEC was listed on the SGX-ST on 12 May 2000. Its market capitalisation as at 31 December 2018 was S$2.5 billion.[7] Singapore Airlines held 77.7% of the total share capital of SIAEC as at 31 December 2018.

Approximately 40% to 45% of SIAEC Group revenue for FY2018 was derived from non-Group companies and the remainder from the Group.

A key business strategy of SIAEC is to extend its ability to provide a broad range of maintenance, repair and overhaul services to its customers through alliances and partnerships. As at 31 December 2018, SIAEC had 29 subsidiary, joint venture and associated companies, 24 of which were established in partnership with well-established aerospace companies and other strategic partners. These strategic partnerships include joint ventures with the world's leading aircraft manufacturers Airbus and Boeing for heavy maintenance and fleet management services respectively.

SIA CARGO

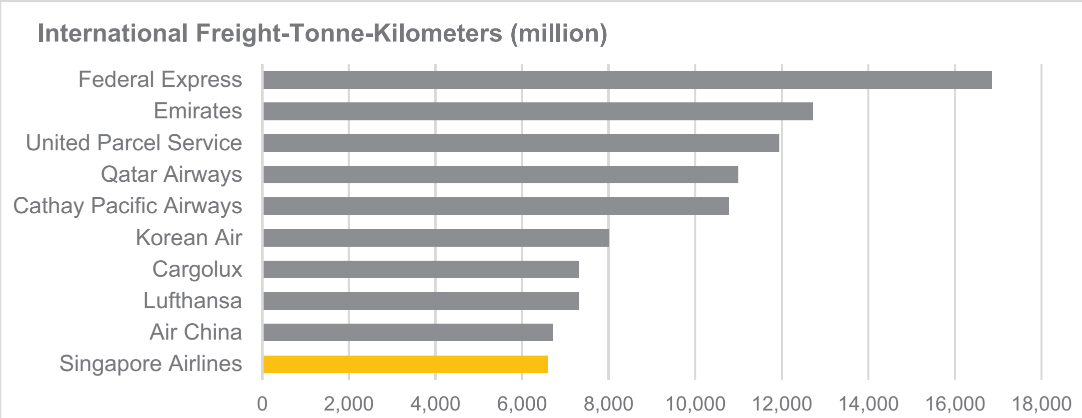
The following table sets out certain key financial information for SIA Cargo for the periods indicated:

	FY2018 (S$ million)	FY2017 (S$ million)	Change %
Total revenue	2,220.1	1,955.6	+ 13.5
Total expenditure	2,072.0	1,952.5	+ 6.1
Operating profit	148.1	3.1	n.m.
Profit/(Loss) after taxation	139.0	(125.9)	n.m.

7 Based on closing price of S$2.27 as at 31 December 2018.

SIA Cargo operated as a division of Singapore Airlines until 30 June 2001 when it was incorporated as a wholly-owned subsidiary of Singapore Airlines. It operated a fleet of seven Boeing 747-400 freighters as at 31 December 2018. It also manages and markets the bellyhold capacity of all airlines within the Group, namely Singapore Airlines, SilkAir and Scoot.

SIA Cargo's operation was ranked tenth largest in the world in 2017 measured by international freight-tonne-kilometres ("**FTKs**") flown.



Source: IATA, World Air Transport Statistics 2017

SIA Cargo's key service capabilities include the following areas:

- superior and highly reliable uplift and delivery for both small and large shipments, including guaranteed uplift services to meet customers' time-sensitive needs;
- expertise in transporting various specialised commodities such as race cars for Formula One, aerospace engines, odd-sized oil and gas equipment, as well as live animals including horses for races around the world;
- professional and safe handling of time and temperature sensitive shipments via its CEIV Pharma certified network and Coolport at its Singapore hub;
- an extensive global network offering delivery capabilities to major destinations worldwide;
- continuous enhancement of information technology applications to improve information handling and efficiency and increased shipment visibility for its customers;
- professional and safe handling of time and temperature sensitive pharmaceutical shipments via THRUCOOL, SIA Cargo's dedicated pharmaceutical service, available on its CEIV Pharma certified network; and
- short and efficient connection for flights at its hub in Singapore to ensure minimal time spent for shipments getting across the world.

In FY2017, loss after taxation took into account certain provisions for the air cargo competition cases, including the provision for a fine of EUR75 million (approximately S$112 million) imposed by the European Commission, which had re-adopted an earlier decision in the European Union air cargo competition law case involving several cargo airlines, including SIA Cargo.

SIA Cargo was recognised as "Best Air Cargo Carrier in Asia" at the 2018 Asian Freight, Logistics and Supply Chain Awards, as well as Changi Airlines Awards 2018 – Top Airline Group by Cargo Carriage and Top Airline by Absolute Cargo Growth.

As at 31 December 2018, SIA Cargo served over 144 cities in more than 39 countries.

SILKAIR

The following table sets out certain key financial information for SilkAir for the periods indicated:

	FY2018 (S$ million)	FY2017 (S$ million)	Change %
Total revenue	1,020.3	990.3	+ 3.0
Total expenditure	977.8	889.5	+ 9.9
Operating profit	42.5	100.8	- 57.8
Profit after taxation	28.5	59.1	- 51.8

SilkAir is a Singapore-based regional airline that serves destinations in the Asia-Pacific region from its base at Changi International Airport. As the regional wing of Singapore Airlines, SilkAir extends the Group's footprint in Asia by offering connections from Singapore to many diverse points in the region with its fleet of narrow-bodied A320/A319, Boeing 737-800NG, and Boeing 737-8Max aircraft. In its 29th year of operation, as at 31 December 2018, SilkAir's network had matured steadily with more than 400 scheduled services per week between Singapore and 48 points in Australia, Indonesia, Cambodia, China, India, Malaysia, Maldives, Myanmar, Nepal, Philippines, Thailand, Vietnam, Laos, Sri Lanka and Japan.

The SilkAir network is fully integrated with that of Singapore Airlines, offering optimum flight connectivity through Singapore. SilkAir's business strategy is to offer a two-class, full service product of the highest quality, while applying the best industry cost management practices to maximise operating margins. SilkAir operated, as at 31 December 2018, a fleet of 8 A320, 2 A319, 17 Boeing 737-800NG and 5 Boeing 737-8Max aircraft; with 32 Boeing 737-8MAX aircraft on firm order. SilkAir is currently transitioning to an all-737 fleet and is undergoing a significant investment programme to upgrade its cabin products as part of a multi-year initiative that will ultimately see it merged into Singapore Airlines.

SCOOT

The following table sets out certain key financial information for Scoot for the periods indicated:

	FY2018 (S$ million)	FY2017 (S$ million)	Change %
Total revenue	1,581.1	1,388.7	+ 13.9
Total expenditure	1,503.7	1,321.3	+ 13.8
Operating profit	77.4	67.4	+ 14.8
Profit after taxation	15.7	21.6	- 27.3

Scoot, a Singapore-based long-haul low cost carrier ("**LCC**") launched in 2012, merged with Tigerair Singapore in July 2017 and retained the Scoot brand. As at 31 December 2018, Scoot's network encompasses 66 destinations across 18 countries and territories.

Scoot established its new long haul carrier in Thailand, NokScoot, a joint venture between Scoot and Nok Air which started commercial flights from Bangkok's Don Mueang airport in the second half of 2014. Nok Air and its related parties own 51% of NokScoot while Scoot owns the remaining 49%. NokScoot received its Air Operator Certificate in October 2014.

Scoot has carried over 50 million passengers and currently operates a fleet of 18 state-of-the-art, widebody Boeing 787 Dreamliners and 30 young and modern Airbus A320 family aircraft, with 4 Boeing 787 Dreamliners and 37 Airbus A320neo aircraft on order.

Scoot's relentless drive for innovation was rewarded with a number of accolades. Airlineratings.com ranked Scoot the best LCC in Asia Pacific for four consecutive years, from 2015 to 2018, while Skytrax considers Scoot one of the world's top 10 LCCs in 2015 and 2018.

SELECTED FINANCIAL INFORMATION

The following tables present selected financial information for the Group and the Issuer for FY2018, FY2017, FY2016 and FY2015.

GROUP

Profit and Loss Statement:

	FY2018 (S$ million)	FY2017 (S$ million)	FY2016 (S$ million)	FY2015 (S$ million)
Revenue	15,806.1	14,868.5	15,238.7*	15,565.5
Expenditure	14,748.8	14,245.7	14,557.5*	15,156.1
Operating Profit	1,057.3	622.8	681.2	409.4
Profit Before Taxation	1,101.0	518.6	972.4	442.9
Profit Attributable to Equity Holders	892.9	360.4	804.4	367.9

Balance Sheet:

	FY2018 (S$ million)	FY2017 (S$ million)	FY2016 (S$ million)	FY2015 (S$ million)
Cash and Bank Balances	2,568.3	3,380.5	3,972.4	5,042.7
Total Assets	27,549.2	24,720.0	23,846.6*	23,921.6
Total Liabilities	12,929.9	11,249.8	10,713.7*	10,911.5
Equity Holders' Funds	14,251.2	13,083.0	12,754.7	12,463.6
Non-controlling Interests	368.1	387.2	378.2	466.5

Cash Flow Statement:

	FY2018 (S$ million)	FY2017 (S$ million)	FY2016 (S$ million)	FY2015 (S$ million)
Profit before taxation	1,101.0	518.6	972.4	442.9
Net cash provided by operating activities	2,610.9	2,532.9	3,005.5	2,067.2
Net cash used in investing activities	(4,581.3)	(2,943.5)	(2,699.7)	(1,813.2)
Net cash provided by / (used in) financing activities	1,187.9	(224.6)	(1,321.4)	(140.5)
Net cash (outflow) / inflow	(782.5)	(635.2)	(1,015.6)	113.5
Cash and cash equivalents at the beginning of the year	3,380.5	3,972.4	5,042.7	4,883.9
Effect of exchange rate changes	(29.7)	43.3	(54.7)	45.3
Cash and cash equivalents at the end of the year	2,568.3	3,380.5	3,972.4	5,042.7

* Amount presented per FY2017 Annual Report. Revenue, expenditure, assets and liabilities figures were restated in FY2017 Annual Report. More details can be found in Note 40 of the FY2017 Annual Report.

SINGAPORE AIRLINES (ISSUER)

Profit and Loss Statement:

	FY2018 (S$ million)	FY2017 (S$ million)	FY2016 (S$ million)	FY2015 (S$ million)
Revenue	11,583.8	11,094.2	11,686.1	12,418.4
Expenditure	10,880.6	10,707.8	11,201.0	12.078.2
Operating Profit	703.2	386.4	485.1	340.2
Profit Before Taxation	901.4	579.3	766.2	563.1
Profit After Taxation	789.3	514.0	672.0	540.3

Balance Sheet

	FY2018 (S$ million)	FY2017 (S$ million)	FY2016 (S$ million)	FY2015 (S$ million)
Cash and Bank Balances	2,144.6	2,733.2	3,239.2	4,435.1
Total Assets	25,557.6	22,975.5	21,918.5*	21,466.2
Total Liabilities	12,085.6	10,461.9	9,910.3*	9,886.9
Equity Holders' Funds	13,472.0	12,513.6	12,008.2	11,579.3

* Amount presented per FY2017 Annual Report. Revenue, expenditure, assets and liabilities figures were restated in FY2017 Annual Report. More details can be found in Note 40 of the FY2017 Annual Report.

FINANCIAL REVIEW

The following sets out a financial review for each of FY2018, FY2017 and FY2016 and for the third financial quarter ended 31 December 2018 and 31 December 2017.

FY2016 COMPARED WITH FY2015

Singapore Airlines (Issuer)

	FY2016 (S$ million)	FY2015 (S$ million)	Change %
Revenue	11,686.1	12,418.4	- 5.9
Expenditure	11,201.0	12,078.2	- 7.3
Operating Profit	485.1	340.2	+ 42.6
Non-operating items	281.1	227.0	+ 23.8
Profit before taxation and exceptional items	766.2	567.2	+ 35.1
Exceptional items	–	(4.1)	n.m.
Profit before taxation	766.2	563.1	+ 36.1
Taxation	(94.2)	(22.8)	n.m.
Profit after taxation	672.0	540.3	+ 24.4

Issuer's Revenue

The Issuer's revenue decreased by 5.9 per cent. to S$11,686 million mainly due to lower passenger revenue and other incidental revenue. The decrease in passenger revenue was the result of a 3.4 per cent. reduction in passenger yield (excluding fuel surcharge), partly offset by a 0.1 per cent. increase in passenger traffic.

Issuer's Operating Expenditure

The Issuer's operating expenditure in FY2016 decreased by 7.3 per cent., to S$11,201 million, substantially attributable to lower fuel costs. Expenditure on fuel (before hedging) was S$1,443 million lower due to a 40.9 per cent. decrease in the weighted average fuel price, partly offset by the strengthening of the USD against the Singapore dollar.

Issuer's Operating Profit

The Issuer's operating profit increased from S$340 million in FY2015 to S$485 million in FY2016.

Non-Operating Items

Non-operating items comprised mainly dividends from subsidiaries, associated companies and long-term investments, and impairment losses. The increase of 23.8 per cent. in FY2016 was principally due to an absence of impairment losses on the Issuer's investment in Singapore Flying College Pte Ltd (S$43 million), and two grounded 777-200 aircraft (S$22 million) that were accounted for in FY2015.

Singapore Airlines (Group)

	FY2016 (S$ million)	FY2015 (S$ million)	Change %
Revenue	15,228.5*	15,565.5	- 2.2
Expenditure	14,547.3*	15,156.1	- 4.0
Operating Profit	681.2	409.4	+ 66.4
Non-operating items	291.2	(1.0)	n.m.
Profit before taxation and exceptional items	972.4	408.4	+ 138.1
Exceptional items	–	34.5	n.m.
Profit before taxation	972.4	442.9	+ 119.6
Taxation	(120.6)	(36.2)	+ 233.1
Profit after taxation	851.8	406.7	+ 109.4
Profit attributable to equity holders	804.4	367.9	+ 118.6

Group Earnings and Financial Position

The Group continued to face strong headwinds during the financial year with intense competition in key markets, caused in part by weak economic activity and relatively rapid capacity growth in the industry, placing downward pressure on yields as evident from aggressive fare promotional activities.

Jet fuel prices fell 41.3 per cent. year-on-year to an average of USD62 per barrel, translating to substantial cost relief for the Group amidst a weak yield environment.

The Group's revenue fell S$338 million against last year to S$15,228 million, mainly attributable to lower revenue from cargo and airline operations. Cargo revenue deteriorated largely from yield contraction (-11.6 per cent.), partially cushioned by higher load carried (+2.6 per cent.). Revenue from airline operations was lower, weighed down by a decline in passenger revenue from the Issuer, on the back of softer yields, and other incidental revenue. On the other hand, higher passenger revenue from Scoot and SilkAir from expanded operations, coupled with the incorporation of Tiger Airways' full year results in FY2016 mitigated some of the decline. Engineering services revenue fell mainly as a result of lower overhaul activities.

The Group's expenditure decreased by S$609 million (-4.0 per cent.) year-on-year to S$14,547 million, primarily from a S$1,053 million reduction in net fuel cost. Average jet fuel price before hedging tumbled 41.3 per cent. against last year, translating into fuel cost savings of S$2,152 million. Higher fuel hedging loss (-S$591 million), the strengthening of the USD against the Singapore dollar (-S$298 million), and a 4.0 per cent. increase in uplifted fuel volume (-S$210 million) partially eroded the fuel cost savings. Non-fuel costs increased S$444 million (+4.6 per cent.), mainly attributable to an increase in aircraft maintenance and overhaul costs, staff costs, and expenditure arising from SilkAir's and Scoot's capacity growth.

Consequently, the Group's operating profit improved by S$271 million (+66.1 per cent.) to S$681 million for FY2016. Except for SIA Cargo, operating performance for all the major companies in the Group improved over last year. The Issuer earned an operating profit of S$485 million in the financial year, up S$145 million compared to last year. SIA Cargo's operating loss widened by S$28 million compared to the prior year, largely from yield erosion on the back of the weak air freight market, partially alleviated by lower fuel costs.

The Group reported a net profit attributable to equity holders of S$804 million in FY2016, a S$436 million or 118.6 per cent. improvement over the net profit recorded in FY2015. Group operating profit increased S$271 million (+66.1 per cent.) year-on-year to $681 million. Dividends received from long-term investments were higher (+S$102 million)[8], while the Group's share of losses of associated companies were reduced by S$118 million. In addition, there was a refund for a fine paid by SIA Cargo in a prior year (+S$117 million). These favourable factors were partly offset by higher tax expenses in the year (-S$84 million), an absence of exceptional gains (-S$35 million) realised in the last financial year, and weaker results from joint venture companies (-S$29 million).

8 Dividends from long-term investments were $90 million higher, primarily attributable to special dividend declared by Everest Investment Holdings Limited, formerly known as Abacus International Holdings Limited, following sale of its 65.0 per cent. investment in Abacus International Pte Ltd to Sabre Technology Enterprises II Ltd.

* Amount presented per FY2016 Annual Report. Revenue and expenditure figures were restated in FY2017 Annual Report. More details can be found in Note 40 of the FY2017 Annual Report.

As at 31 March 2016, equity attributable to owners of the Issuer increased by S$291 million or 2.3 per cent. to S$12,755 million, largely due to profit for the financial year (+S$804 million), and fair value movements on cash flow hedges (+S$121 million) and available-for-sale financial assets (+S$109 million). These were partially offset by acquisition of a non-controlling interest in Tiger Airways (-S$335 million), payment of dividends (-S$315 million) and purchase of treasury shares (-S$85 million). The fair value change on cash flow hedges was primarily attributable to fair value changes on fuel hedges, while the movement on available-for-sale financial assets was mainly due to a fair value adjustment for SIAEC's interest in HAESL arising from the proposed divestment of its 10 per cent. stake in HAESL to Rolls-Royce Overseas Holdings Limited and Hong Kong Aircraft Engineering Company Limited.

The Group's total assets decreased by S$152 million or 0.6 per cent. to S$23,770 million as at 31 March 2016, mainly attributable to a decrease in cash balances (-S$1,070 million) and trade debtors (-S$270 million), partially offset by an increase in property, plant and equipment (+S$620 million), investments (+S$345 million) and a loan to an associated company (+S$62 million). The decrease in cash balances largely arose from capital expenditure (-S$2,909 million), additional investment in Tiger Airways in the Voluntary General Offer (-S$458 million), redemption of the five-year retail bonds (-S$300 million), and payment of dividends (-S$315 million), partially funded by operational cash inflows (+S$3,005 million). Net asset value per share increased 2.8 per cent. to S$10.96.

The Group's total liabilities decreased by S$355 million or 3.2 per cent. to S$10,637 million as at 31 March 2016. The decrease was attributable to the repayment of the retail bonds (-S$300 million) and reduction in derivative liabilities (-S$292 million), partially offset by an increase in sales in advance of carriage (+S$162 million), deferred account (+S$84 million) and deferred taxation (+S$82 million).

The Group's net liquid assets[9] decreased by S$179 million to S$3,293 million as at 31 March 2016, attributable to a reduction in cash and bank balances (-S$1,070 million), partially offset by higher short-term investments (+S$499 million), and a reduction in total debt (+S$392 million) arising primarily from the redemption of the S$300 million retail bonds. Total debt to equity ratio decreased by 0.03 times to 0.11 times as at 31 March 2016.

For FY2016, the Board recommended a final dividend of 35 cents per share. Including the interim dividend of 10 cents per share paid on 27 November 2015, the total dividend for FY2016 was 45 cents per share. This amounted to a payout of approximately S$524 million based on the number of issued shares as at 31 March 2016. The total ordinary dividend per share of 45 cents translated to a payout ratio of 65.1 per cent., a decrease of 4.9 percentage points compared to FY2015 payout ratio of 70.0 per cent.

Capital expenditure was S$2,909 million, 11.9 per cent. higher than last year. About 98 per cent. of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of S$3,501 million (+5.9 per cent.) was 1.2 times of capital expenditure. The increase in internally generated cash flow was mainly attributable to higher cash flow from operations, partially offset by lower proceeds from disposal of aircraft, spares and spare engines, and dividends received from associated and joint venture companies.

Group Liquidity & Cash Flow Statement

	FY2016 (S$ million)	FY2015 (S$ million)
Profit before taxation	972.4	442.9
Net cash provided by operating activities	3,005.5	2,067.2
Net cash used in investing activities	(2,699.7)	(1,813.2)
Net cash used in financing activities	(1,321.4)	(140.5)
Net cash (outflow)/inflow	(1,015.6)	113.5
Cash and cash equivalents at the beginning of the year	5,042.7	4,883.9
Effect of exchange rate changes	(54.7)	45.3
Cash and cash equivalents at the end of the year	3,972.4	5,042.7

The Group's primary sources of liquidity and capital resources were cash from operations and issued share capital. The Issuer declared interim and final dividends in FY2016.

9 Net liquid assets is defined as the sum of cash and bank balances and short-term investments, net of finance lease commitments, loans and bonds issued.

Net cash provided by operating activities amounted to S$3,006 million for the year ended 31 March 2016.

Net cash used in investing activities for the year ended 31 March 2016 amounted to S$2,700 million, an increase of S$887 million. Capital expenditure increased by S$309 million to S$2,909 million. Purchase of long-term and short-term investments totalled S$535 million. Proceeds from disposal of aircraft and other property, plant and equipment were S$493 million. Dividends of S$195 million were received from investments and associated and joint venture companies.

Net cash used in financing activities was S$1,321 million for the year ended 31 March 2016. Total dividends paid by the group were S$359 million to shareholders of the Issuer and non-controlling interests of subsidiary companies. S$300 million was used for repayment of bonds. Acquisition of non-controlling interests in Tiger Airways amounted to S$459 million.

Cash and cash equivalents decreased from S$5,043 million as at 31 March 2015 to S$3,972 million as at 31 March 2016, after a S$55 million negative effect from exchange rate changes. As at 31 March 2016, S$970 million were cash and cash balances and S$3,002 million were placed in fixed deposits.

FY2017 COMPARED WITH FY2016

Singapore Airlines (Issuer)

	FY2017 (S$ million)	FY2016 (S$ million)	Change %
Revenue	11,094.2	11,686.1	- 5.1
Expenditure	10,707.8	11,201.0	- 4.4
Operating Profit	386.4	485.1	- 20.3
Non-operating items	192.9	281.1	- 31.4
Profit before taxation	579.3	766.2	- 24.4
Taxation	(65.3)	(94.2)	- 30.7
Profit after taxation	514.0	672.0	- 23.5

Issuer's Revenue

The Issuer's revenue decreased by 5.1 per cent. to S$11,094 million, mainly due to a decrease in passenger revenue and lower incidental revenue, partially compensated by a one-time credit upon a change in the timing of revenue recognition from unutilised tickets. Passenger revenue slipped on the back of a 3.8 per cent. contraction in passenger yield and a 1.4 per cent. decline in passenger carriage (measured in available seat-kilometres). Passenger load factor was 79.0 per cent., falling 0.6 percentage points, as capacity (measured in available seat-kilometres) reduction of 0.6 per cent. trailed the reduction in passenger carriage.

Issuer's Operating Expenditure

The Issuer's operating expenditure in FY2017 decreased by 4.4 per cent. to S$10,708 million, primarily from fuel cost savings of $670 million, while non-fuel costs increased mainly from staff expenses, and aircraft maintenance and overhaul costs.

Issuer's Operating Profit

The Issuer's operating profit decreased from S$485 million in FY2016 to S$386 million in FY2017.

Non-Operating Items

The reduction in non-operating items was mainly due to lower dividends from long-term investments (-S$90 million).

Singapore Airlines (Group)

	FY2017 (S$ million)	FY2016 (S$ million)	Change %
Revenue	14,868.5	15,238.7*	- 2.4
Expenditure	14,245.7	14,557.5*	- 2.1
Operating Profit	622.8	681.2	- 8.6
Non-operating items	(104.2)	291.2	- 135.8
Profit before taxation	518.6	972.4	- 46.7
Taxation	(76.7)	(120.6)	- 36.4
Profit after taxation	441.9	851.8	- 48.1
Profit attributable to equity holders	360.4	804.4	- 55.2

Group Earnings and Financial Position

During the financial year, the operating landscape in the industry continued to be tough amid geopolitical uncertainties and tepid economic conditions. Intense competition and overcapacity in the market persisted, exerting pressure on yields as aggressive promotional activities were launched to bolster loads.

Group revenue fell S$370 million (-2.4 per cent.) year-on-year to S$14,869 million. Revenue from Singapore Airlines was lower, largely weighed down by softer yields (-3.8 per cent.), and coupled with the absence of income earned upon the release to Airbus of seven aircraft delivery slots last year. These were partially eased by a one-time credit upon a change in the timing of revenue recognition from unutilised tickets. Revenue increased against the prior year for Budget Aviation Holdings ("**BAH**")[10] and SilkAir, boosted by passenger carriage growth from expanded operations, albeit with a dilution in yield. Cargo revenue declined largely from yield contraction (-10.7 per cent.), cushioned in part by higher load carried (+5.9 per cent.).

Group expenditure decreased S$312 million (-2.1 per cent.) year-on-year to S$14,246 million. The lower fuel hedging loss and average jet fuel price provided an S$891 million saving to the Group. Nonetheless, the increase in fuel volume uplifted (S$102 million) and a stronger USD against the Singapore dollar (S$10 million) partially offset the aforementioned saving, resulting in a decline of S$780 million in net fuel cost, or 17.2 per cent. Non-fuel costs increased S$468 million (+4.7 per cent.), partly attributable to double-digit capacity expansion at BAH and SilkAir.

Consequently, the Group's operating profit was S$58 million lower at S$623 million (-8.6 per cent.) for FY2017. With the exception of Singapore Airlines and SIA Engineering, operating performance for all other major companies in the Group improved over last year. Singapore Airlines earned an operating profit of S$386 million in FY2017, down S$99 million compared to FY2016. SIA Cargo reported its first operating profit for six years, of S$3 million.

Equity attributable to owners of the Issuer increased by S$328 million (+2.6 per cent.) to S$13,083 million as at 31 March 2017, largely due to fair value movement on cash flow hedges (+S$369 million), net profit for the financial year (+S$360 million) and treasury shares reissued pursuant to the voluntary general offer ("**VGO**") of Tiger Airways (+S$287 million), partially offset by payment of dividends (-S$521 million), purchase of treasury shares (-S$134 million), and fair value movement in investments (-S$100 million). The fair value movement on cash flow hedges of S$369 million was mainly attributable to the reduction in fair value losses incurred on outstanding fuel hedges and foreign exchange hedges. The decline in fair value movement in investments was mainly due to the realisation of the gain on HAESL, pursuant to SIA Engineering's completion of the divestment.

Total Group assets increased by S$873 million (+3.7 per cent.) to S$24,720 million. The increase was mainly attributable to an increase in property, plant and equipment (+S$2,290 million), investment in associated companies (+S$155 million) and derivative assets (+S$96 million), partially offset by a reduction in cash balances (-S$592 million), investments (-S$496 million) and assets held for sale (-S$398 million). The reduction in cash balances arose primarily from capital expenditure

* Amount presented per FY2017 Annual Report. Revenue and expenditure figures were restated in FY2017 Annual Report. More details can be found in Note 40 of the FY2017 Annual Report.

10 BAH comprises Scoot and Tiger Airways.

(-S$3,945 million), payment of dividends (-S$521 million), additional investment in associated companies (-S$225 million), and repayment of borrowings (-S$192 million). These were partially offset by cash flows generated from operations (+S$2,533 million), proceeds from maturity of investments net of additional acquisition (+S$532 million), issuance of bonds (+S$430 million), sale of assets held for sale (+S$406 million), and monies received from exercise by Tiger Airways' shareholders of the options to subscribe for SIA shares pursuant to the VGO (+S$301 million).

Total Group liabilities increased by S$536 million (+5.0 per cent.) to S$11,250 million as at 31 March 2017, primarily arising from the increase in notes payable (+S$430 million) and provision for competition related matters (+S$132 million).

The Group's net liquid assets[11] decreased by S$940 million to S$2,353 million as at 31 March 2017, attributable to a reduction in cash and bank balances (-S$592 million) and an increase in total debt (-S$220 million) arising primarily from the issuance of bonds (-S$430 million), offset by repayment of prior borrowings (+S$192 million). Total debt to equity ratio increased by 0.01 times to 0.12 times as at 31 March 2017.

For FY2017, the Board recommended a final dividend of 11 cents per share. Including the interim dividend of 9 cents per share paid on 24 November 2016, the total dividend for FY2017 was 20 cents per share. This amounted to a payout of approximately S$236 million based on the number of issued shares as at 31 March 2017. The total ordinary dividend per share of 20 cents translated to a payout ratio of 65.6 per cent., a decrease of 0.4 percentage points compared to the FY2016 payout ratio of 66.0 per cent.

Capital expenditure was S$3,945 million, 35.6 per cent. higher than FY2016. Approximately 96 per cent. of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of S$2,707 million (-22.7 per cent.) was 0.7 times of capital expenditure. The decrease in internally generated cash flow was mainly attributable to lower cash flow from operations, as well as lower proceeds from the disposal of aircraft, spares and spare engines.

Group Liquidity & Cash Flow Statement

	FY2017 (S$ million)	FY2016 (S$ million)
Profit before taxation	518.6	972.4
Net cash provided by operating activities	2,532.9	3,005.5
Net cash used in investing activities	(2,943.5)	(2,699.7)
Net cash used in financing activities	(224.6)	(1,321.4)
Net cash outflow	(635.2)	(1,015.6)
Cash and cash equivalents at the beginning of the year	3,972.4	5,042.7
Effect of exchange rate changes	43.3	(54.7)
Cash and cash equivalents at the end of the year	3,380.5	3,972.4

The Group's primary sources of liquidity and capital resources were cash from operations and issued share capital, supported with debt market issuance by the Issuer. The Issuer declared interim and final dividends in FY2017.

Net cash provided by operating activities amounted to S$2,533 million for FY2017.

Net cash used in investing activities for the year ended 31 March 2017 amounted to S$2,944 million, an increase of S$244 million from the previous year. Capital expenditure increased by S$1,036 million to S$3,945 million. S$1,038 million was incurred for the purchase of short-term investments, S$1,570 million received from disposal of short-term investments, and S$406 million received from disposal of assets held for sale.

Net cash used in financing activities was S$225 million for FY2017. Total dividends paid by the group were S$559 million to shareholders of the Issuer and non-controlling interests of subsidiary companies. Bonds of S$430 million were issued. Proceeds from exercise of share options pursuant to the Voluntary Conditional General Offer of Tiger Airways amounted to S$301 million.

11 Net liquid assets is defined as the sum of cash and bank balances and short-term investments, net of finance lease commitments, loans and bonds issued.

Cash and cash equivalents decreased from S$3,972 million as at 31 March 2016 to S$3,381 million as at 31 March 2017, after a S$43 million positive effect from exchange rate changes. As at 31 March 2017, S$994 million were cash and cash balances and S$2,387 million were placed in fixed deposits.

FY2018 COMPARED WITH FY2017[12]

Singapore Airlines (Issuer)

	FY2018 (S$ million)	FY2017 (S$ million)	Change %
Revenue	11,583.8	11,094.2	+ 4.4
Expenditure	10,880.6	10,707.8	+ 1.6
Operating Profit	703.2	386.4	+ 82.0
Non-operating items	198.2	192.9	+ 2.7
Profit before taxation	901.4	579.3	+ 55.6
Taxation	(112.1)	(65.3)	+ 71.7
Profit after taxation	789.3	514.0	+ 53.6

Issuer's Revenue

The Issuer's revenue increased by 4.4 per cent. to S$11,584 million, driven partly by a S$210 million (+2.2 per cent.) improvement in passenger flown revenue. Passenger carriage (measured in revenue passenger-kilometres) grew 3.2 per cent., while yield declined 1.0 per cent. Passenger load factor rose 2.1 percentage points year-on-year to 81.1 per cent. Higher incidental revenue supported the improvement in revenue. The Issuer's performance was boosted by early results from the transformation initiatives. For example, the implementation of a new revenue management system, a new airfare pricing structure and the establishment of a centralised pricing unit helped increase revenue.

Issuer's Operating Expenditure

The Issuer's operating expenditure in FY2018 increased by 1.6 per cent., to S$10,881 million, driven by an increase in net fuel cost and staff costs on higher provision for profit sharing bonus. Cost improvements were seen as a result of process efficiencies, and initiatives such as those to save fuel and reduce waste. In addition, a dedicated Customer Experience Division was formed to further sharpen the Issuer's focus on the customer journey and delivery of more personalised services.

Issuer's Operating Profit

The Issuer's operating profit increased from S$386 million in FY2017 to S$703 million in FY2018.

Singapore Airlines (Group)

	FY2018 (S$ million)	FY2017 (S$ million)	Change %
Revenue	15,806.1	14,868.5	+ 6.3
Expenditure	14,748.8	14,245.7	+ 3.5
Operating profit	1,057.3	622.8	+ 69.8
Non-operating items	43.7	(104.2)	+ 141.9
Profit before taxation	1,101.0	518.6	+ 112.3
Taxation	(164.2)	(76.7)	+ 114.1
Profit after taxation	936.8	441.9	+ 112.0
Profit attributable to equity holders	892.9	360.4	+ 147.8

12 Financial comparison referenced to FY2018 Annual Report.

Group Earnings and Financial Position

During the financial year, improving economic conditions contributed to higher passenger and cargo carriage by the Group, although intense competition in key operating markets remained. Cost pressures intensified, partly due to rising fuel prices.

Group revenue rose S$937 million (+6.3 per cent.) year-on-year to S$15,806 million. Revenue from Singapore Airlines was higher, driven by growth in passenger carriage (+3.2 per cent.), partly offset by lower yield (-1.0 per cent.), and incidental income arising from changes in estimated breakage rates for the KrisFlyer programme ($178 million). These were partially negated by the absence of up-front recognition of revenue from unutilised tickets recorded in the previous year (S$145 million).

Scoot and SilkAir reported revenue gains, boosted by passenger carriage growth from expanded operations, albeit with some dilution in yield. Cargo revenue rose by S$266 million, lifted by higher loads carried (+5.3 per cent.) and yield (+8.9 per cent.), on strength in trade conditions in the year.

Group expenditure rose S$503 million (+3.5 per cent.) year-on-year to S$14,749 million. Higher fuel prices and fuel volume uplifted contributed S$671 million, partially offset by a fuel hedging gain versus a loss last year (S$439 million), and a weaker USD against the Singapore dollar (S$80 million), resulting in an increase of S$152 million in net fuel cost (+4.1 per cent.). Non-fuel costs increased S$351 million (+3.3 per cent.), partly attributable to double-digit capacity expansion at Scoot and SilkAir.

The Group's operating profit was S$434 million higher at S$1,057 million (+69.8 per cent.) for FY2018. With the exception of SilkAir, operating performance for all other major companies in the Group improved over last year. Singapore Airlines earned an operating profit of S$703 million in the financial year, a S$317 million improvement compared to last year. SIA Cargo reported an operating profit of S$148 million, S$145 million higher year-on-year.

Net profit for the Group rose S$533 million (+147.8 per cent.) to S$893 million, largely driven by the better operating profit, the absence of SIA Cargo's provision for competition-related matters (+S$132 million), write-down of Tigerair related brand and trademarks (+S$98 million), and gain from SIA Engineering's divestment of HAESL and special dividends received from HAESL (-S$178 million), which were recorded in the prior year.

As at 31 March 2018, equity attributable to owners of the Issuer increased by S$1,168 million (+8.9 per cent.) to S$14,251 million, largely due to a higher net profit for the financial year (+S$893 million) and fair value movement on cash flow hedges (+S$548 million), partially offset by payment of dividends (-S$248 million). The fair value movement on cash flow hedges of S$548 million was mainly attributable to fair value gains in the year, against losses last year, on outstanding fuel hedges, partly offset by higher losses in foreign exchange hedges.

The Group's total assets increased by S$2,829 million (+11.4 per cent.) to S$27,549 million. The increase was mainly attributable to an increase in property, plant and equipment (+S$3,391 million) and derivative assets (+S$514 million), partially offset by a reduction in cash balances (-S$812 million) and investments (-S$442 million). Cash balances fell, primarily from higher capital expenditure (-S$5,210 million) and payment of dividends (-S$248 million). These were financed by cash flows generated from operations (+S$2,611 million), issuance of bonds (+S$1,600 million), and proceeds from the disposal and maturity of investments, net of acquisitions (+S$470 million).

The Group's total liabilities increased by S$1,680 million (+14.9 per cent.) to S$12,930 million as at 31 March 2018, primarily arising from the increase in medium term notes payable (+S$1,600 million) and sales in advance of carriage (+S$791 million), partly offset by lower trade creditors (-S$479 million), deferred revenue (-S$152 million) and derivative liabilities (-S$139 million).

The Group's liquidity position turned from net liquid assets of S$2,353 million a year ago to a net debt of S$401 million as at 31 March 2018, attributable to a reduction in cash and bank balances (-S$812 million) and short-term investments (-S$382 million), and an increase in total debt from the issuance of medium term notes (+S$1,600 million). Total debt to equity ratio increased by 0.10 times to 0.22 times as at 31 March 2018.

For FY2018, the Board recommended a final dividend of 30 cents per share. Including the interim dividend of 10 cents per share paid on 5 December 2017, the total dividend for FY2018 was 40 cents per share. This amounted to a payout of approximately S$473 million based on the number of issued shares as at 31 March 2018. The total ordinary dividend per share of 40 cents translated to a payout ratio of 53.0 per cent., a decrease of 12.6 percentage points compared to FY2017 payout ratio of 65.6 per cent.

Capital expenditure was S$5,210 million, 32.1 per cent. higher than last year. Approximately 97 per cent. of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of S$2,959 million (+9.3 per cent.) was approximately 60 per cent. of capital expenditure. The increase in internally generated cash flow was mainly attributable to higher cash flow from operations, as well as higher proceeds from the disposal of aircraft, spares and spare engines.

Group Liquidity & Cash Flow Statement

	FY2018 (S$ million)	FY2017 (S$ million)
Profit before taxation	1,101.0	518.6
Net cash provided by operating activities	2,610.9	2,532.9
Net cash used in investing activities	(4,581.3)	(2,943.5)
Net cash provided by/(used in) financing activities	1,187.9	(224.6)
Net cash outflow	(782.5)	(635.2)
Cash and cash equivalents at the beginning of the year	3,380.5	3,972.4
Effect of exchange rate changes	(29.7)	43.3
Cash and cash equivalents at the end of the year	2,568.3	3,380.5

The Group's primary sources of liquidity and capital resources were cash from operations and issued share capital, supported with debt market issuances by the Issuer. The Issuer declared interim and final dividends in FY2018.

Net cash provided by operating activities for FY2018 was S$2,611 million.

Net cash used in investing activities increased by S$1,638 million to S$4,581 million for the year ended 31 March 2018. Capital expenditure increased by S$1,265 million. Purchase of short-term investments totalled S$688 million and proceeds from disposal of short-term investments were S$1,127 million.

Net cash provided by financing activities was S$1,188 million for FY2018, funded mainly by the proceeds from issuance of bonds amounting to S$1,600 million. Total dividends paid by the Group were S$298 million to shareholders of the Issuer and non-controlling interests of subsidiary companies.

Cash and cash equivalents decreased from S$3,381 million as at 31 March 2017 to S$2,568 million as at 31 March 2018, of which S$30 million was attributable to the negative effect of exchange rate changes. As at 31 March 2018, S$759 million were cash and cash balances and S$1,809 million were placed in fixed deposits.

GROUP FINANCIAL RESULTS FOR NINE MONTHS ENDED 31 DECEMBER 2018 COMPARED WITH RESTATED GROUP FINANCIAL RESULTS FOR NINE MONTHS ENDED 31 DECEMBER 2017

Singapore Airlines (Group)

Financial results for nine months ended 31 December for	**FY2019 (S$ million)**	**FY2018 (restated) (S$ million)**	**Change %**
Revenue	12,248.1	11,788.8	+ 3.9
Expenditure	11,434.5	10,573.4	+ 8.1
Operating Profit	813.6	1,215.4	- 33.1
Non-operating items	(159.0)	21.7	- 832.7
Profit before taxation	654.6	1,237.1	- 47.1
Taxation	(147.1)	(184.5)	- 20.3
Profit after taxation	507.5	1,052.6	- 51.8
Profit attributable to equity holders	480.1	1,020.5	- 53.0

Financial position as at	31 December 2018 (S$ million)	31 March 2018 (restated) (S$ million)
Cash and Bank Balances	1,324.6	2,568.3
Total Assets	27,510.8	25,892.5
Total Liabilities	14,857.4	12,664.1
Equity Holders' Funds	12,263.8	12,860.3
Non-controlling Interests	389.6	368.1

Group Earnings and Financial Position

As required by the listing rules of the SGX-ST, the Group will apply Singapore Financial Reporting Standards (International) ("**SFRS(I)**") with effect from 1 April 2018. The Group's financial statements for FY2019 will be prepared in accordance with SFRS(I), and IFRS issued by the International Accounting Standards Board. Therefore, figures in FY2018 are restated to adhere to the transition requirements in IFRS1 First-time Adoption of IFRS[13].

For the third quarter of FY2019, transformation momentum spurred revenue growth and ex-fuel costs were well controlled amid capacity expansion. However, risks in the global business environment may hinder demand.

Revenue grew by $634 million (+5.5 per cent.), after adjusting for $175 million of non-recurring revenue items recorded last year (comprising KrisFlyer breakage rate adjustments and compensation for changes in aircraft delivery slots). Expenditure for the nine months increased $861 million (+8.1 per cent.) on higher fuel costs and capacity growth. Ex-fuel costs were $254 million higher (+3.3 per cent.), well within the Group's capacity growth of 5.9 per cent.

The Group's operating profit for the nine months ended 31 December 2018 declined $402 million (-33.1 per cent.) to $814 million. Excluding the fuel price increase of 32.6 per cent. and the prior year's non-recurring revenue items of $175 million, operating profit for the Group would have been $1,307 million, $267 million higher year-on-year.

Operating profit for the Issuer fell $268 million (-25.4 per cent.) to $787 million. While improvement in flown revenue (+$475 million) during the nine-month period, principally on passenger traffic growth (+6.4 per cent.), was sufficient to offset the increase in net fuel costs (-$461 million), the absence of the prior year's non-recurring revenue (-$175 million) and increase in ex-fuel costs (-$101 million) arising from expansion in operations resulted in the decline.

SilkAir and Scoot reported weaker operating results, predominantly due to higher net fuel costs. Led by an 8.1 per cent. increase in traffic, passenger flown revenue for SilkAir grew by $18 million (+2.5 per cent.). However, net fuel cost rose $31 million, exacerbated by higher ex-fuel costs from 4.5 per cent. capacity growth. In the same period, Scoot's operating expenditure increased $243 million, of which $115 million was net fuel cost, as capacity expanded by 16.5 per cent. This was ahead of revenue growth of $186 million contributed mostly by gains in passenger traffic (+16.8 per cent.).

Equity attributable to the owners of the Issuer decreased by $596 million (4.6 per cent.) to $12,264 million as at 31 December 2018 largely due to the fair value movement on cash flow hedges (-$644 million) and dividends paid (-$450 million), partially offset by net profit for the period (+$480 million). The fair value movement on cash flow hedges of $644 million was mainly attributable to fair value loss on outstanding fuel hedges (-$834 million), partially offset by fair value gain on foreign exchange derivative contracts (+$219 million).

Total Group assets increased by $1,618 million (6.2 per cent.) to $27,511 million. The increase was mainly attributable to an increase in property, plant and equipment (+$3,444 million), partially offset by a reduction in cash and bank balances (-$1,244 million) and derivative assets (-$474 million). The reduction in cash balances arose primarily from capital expenditure (-$4,573 million) and dividends paid (-$450 million), partially funded by proceeds from borrowings (+$1,974 million) and cash flows from operations (+$1,779 million).

13 Please refer to Notes to Financial Statements – 2(c) Adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) – in the FY2018 Annual Report.

Total Group liabilities increased by $2,193 million (17.3 per cent.) to $14,857 million as at 31 December 2018, primarily arising from the increase in borrowings (+$1,937 million) and derivative liabilities (+$311 million), partially offset by a decrease in sales in advance of carriage (-$61 million) and current tax payable (-$42 million).

Group Liquidity & Cash Flow Statement

Nine months ended 31 December for	**FY2019** **(S$ million)**	**FY2018 (restated)** **(S$ million)**
Profit before taxation	654.6	1,237.1
Net cash provided by operating activities	1,778.9	1,683.6
Net cash used in investing activities	(4,407.9)	(3,881.7)
Net cash provided by financing activities	1,375.3	1,220.8
Net cash outflow	(1,253.7)	(977.3)
Cash and cash equivalents at the beginning of the period	2,568.3	3,380.5
Effect of exchange rate changes	10.0	(9.9)
Cash and cash equivalents at the end of the period	1,324.6	2,393.3

The Group's primary sources of liquidity and capital resources were cash from operations and issued share capital, supported with debt market issuances by the Issuer. The Issuer declared interim dividend for the period 1 April 2018 to 31 December 2018.

Net cash provided by operating activities for the nine months ended 31 December 2018 was S$1,779 million.

Net cash used in investing activities was S$4,408 million for the nine months ended 31 December 2018. This was largely attributable to capital expenditure of S$4,573 million, purchase of short-term investments of S$678 million and investment in associated and joint venture companies of $244 million, partially offset by proceeds from disposal of short-term investments of S$735 million.

Net cash provided by financing activities for the nine months ended 31 December 2018 was S$1,375 million. This was largely attributable to issuance of medium term notes of S$600 million and proceeds from borrowings of S$1,380 million, partially offset by $483 million dividends paid to shareholders of the Issuer and non-controlling interests of subsidiary companies.

Cash and cash equivalents decreased from S$2,568 million as at 31 March 2018 to S$1,325 million as at 31 December 2018, after a S$10 million positive effect from exchange rate changes. As at 31 December 2018, S$571 million were cash and cash balances and S$754 million were placed in fixed deposits.

TREND INFORMATION AND PROFIT FORECAST OR PROFIT ESTIMATE

Overall passenger bookings in the forward months are tracking capacity growth, however uncertainties surrounding US-China tariffs and their consequent effects on global trade flows, as well as Brexit, are clouding the overall demand outlook for both passenger and cargo. The Issuer will continue to be nimble and proactive in responding to pockets of weakness or opportunity by rebalancing supply across the network.

To reduce volatility on fuel prices, the Group has hedged 80% of its fuel requirement in Jet Fuel Singapore for the fourth quarter of FY2019, and up to 45% of the Group's projected annual fuel consumption in Brent oil up to FY2024.

The Group's three-year transformation programme helped enhance customer experience and grow revenue, while realising operational and cost efficiencies. The recent opening of KrisLab will enable the Group to fully embrace digitalisation and technology in all aspects of its business operations.

Please also refer to the section entitled "Risk Factors" of this Information Memorandum.

Save as disclosed in this Information Memorandum, the Group is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Information Memorandum to be not necessarily indicative of the future operating results or financial condition of the Group in respect of the current financial year.

BOARD OF DIRECTORS AND EMPLOYEES OF SINGAPORE AIRLINES

BOARD MEMBERS

The Board of Directors comprises nine members who are responsible for supervising the management (the "**Management**") of Singapore Airlines. The Board meets at least four times a year. It holds separate Strategy Sessions to assist the Management in developing its plans and strategies for the year. The Board of Directors has six standing committees: the Board Executive Committee, the Board Audit Committee, the Board Compensation and Industrial Relations Committee, the Board Nominating Committee and the Board Safety and Risk Committee and the Customer Experience and Technology Committee. These committees have written charters. The address of each of the Directors of the Issuer, in their capacity as Directors of the Issuer, is Airline House, 25 Airline Road, Singapore 819829.

Peter Seah Lim Huat
Chairman

Appointed Director and Deputy Chairman on 1 September 2015, and Chairman on 1 January 2017. Mr Seah is the Chairman of DBS Bank Ltd, DBS Group Holdings Ltd, Singapore Health Services Ltd and LaSalle College of the Arts Limited. A banker for more than 30 years, Mr Seah was with the former Overseas Union Bank between 1977 and 2001, retiring as Vice-Chairman and CEO. Prior to that, he was with Citibank N.A. Between December 2001 and December 2004, Mr Seah served as President and CEO of Singapore Technologies Pte Ltd. Mr Seah was awarded the Distinguished Service Order in 2012 and the Public Service Star (Bintang Bakti Masyarakat) in 1999, and made a Justice of the Peace in 2003.

Goh Choon Phong
Director and CEO

Appointed Director on 1 October 2010 and CEO on 1 January 2011. Mr Goh joined the Issuer in 1990 and has held senior management positions in various divisions in Singapore and overseas, ranging from Marketing to Information Technology to Finance and Cargo. Prior to his appointment as CEO, Mr Goh was Executive Vice President for Marketing and the Regions and also served as President of Singapore Airlines Cargo Pte Ltd from 2006 to 2010, Senior Vice President Finance, from 2004 to 2006, and Senior Vice President Information Technology, from 2003 to 2004. Mr Goh's other directorships and appointments include Chairman of Budget Aviation Holdings Pte Ltd, which owns and manages Scoot, Director of SIA Engineering Company Limited and Mastercard Incorporated, Member of the National University of Singapore ("**NUS**") Board of Trustees and the Board of Governors of the International Air Transport Association, of which he is a Member of the Strategy and Policy Committee, the Audit Committee and Chair Committee. Mr Goh is also a member of the Executive Committee of the Association of Asia Pacific Airlines and the MIT Presidential CEO Advisory Board, made up of CEOs from leading companies in a variety of industries around the world. He was a Board Member of Mount Alvernia Hospital, from 2006 to 2015, and Virgin Australia Holdings Limited, from 2014 to 2015. Mr Goh was the 2015 recipient of the Centre for Aviation's 'Asia-Pacific Airline CEO of the Year Award'. In 2016 he received the 'CEO Lifetime Achievement Award' from the Airline Passenger Experience Association as well as the 'Eisenhower Global Innovation Award' from the Business Council for International Understanding. He was also named the 'Outstanding Chief Executive Officer of the Year' in the Singapore Business Awards 2017, and in 2018 was named 'Person of the Year' by Orient Aviation magazine.

Gautam Banerjee
Director

Appointed Director on 1 January 2013. Mr Banerjee is the Senior Managing Director of Blackstone Group and the Chairman of Blackstone Singapore. He was with professional services firm PricewaterhouseCoopers ("**PwC**") Singapore for over 30 years, including as its Executive Chairman for Singapore and in various leadership positions within the firm in India and the Asia Pacific region. Mr Banerjee retired from PwC Singapore on 31 December 2012. Apart from his executive role in Blackstone, he serves as Vice Chairman of the Singapore Business Federation, Chairman of raiSE and Listings Advisory Committee of the Singapore Exchange, and is a Board Member of Piramal Enterprises Limited, India, The Indian Hotels Company Limited, Singapore Telecommunications

Limited, GIC Private Limited and Defence Science and Technology Agency. He served on the Corporate Governance Council of the MAS, Companies Act Reform Steering Committee and the Economic Strategies Committee chaired by the Finance Minister of Singapore from 2009 to 2010. Mr Banerjee was a Nominated Member of Parliament in Singapore between 2007 and 2009. In 2014, Mr Banerjee was awarded the Public Service Medal by the Singapore Government and an Honorary Doctor of Laws by the University of Warwick, England.

Cheong Sae Peng
Director

Appointed Director on 1 June 2017. Mr Cheong is Chairman and CEO of SC Global Developments Pte Ltd, a leading luxury high-end residential developer in Singapore. He has more than 35 years of experience in real estate, banking and international finance. Mr Cheong established SC Global in 1996 as a real estate and hotel advisory and direct investment group, specialising in structuring large and complex transactions worldwide. He took SC Global Developments Ltd public in 1999 and built it into a leading high-end residential developer in Singapore with a market capitalisation of more than USD1 billion. He subsequently took it private through a general offer in 2013. Mr Cheong previously worked with Citibank (Singapore) as Head of Real Estate Finance for Singapore and with Credit Suisse First Boston as a Director and Regional Real Estate Head for Asia, excluding Japan. Mr Cheong previously served as a Board Member of Republic Polytechnic, Singapore Turf Club, Singapore Dance Theatre and Raffles Girls' Secondary School. He was also a Council Member of the Singapore Business Federation, and served two terms as President of the Real Estate Developers' Association of Singapore.

David John Gledhill
Director

Appointed Director on 1 September 2018. Mr Gledhill is Group Chief Information Officer, as well as Head of Group Technology & Operations, in DBS Bank. Under his leadership, DBS Bank has consistently delivered business value through the innovative use of technology. He has over 30 years of experience in the financial service industry and has spent over 20 years in Asia. Prior to joining DBS in 2008, he worked for 20 years at JP Morgan, holding senior regional positions in Technology and Operations in Singapore, Tokyo and London. He is a Director of Singapore Clearing House Pte Ltd and a member of the IBM Advisory Board, as well as a member of National Super Computing Centre Steering Committee. He is also a Board Member of NUS Institute of Systems Science, and Board Advisor to Singapore Management University School of Information Systems and NUS School of Computing.

Goh Swee Chen
Director

Appointed Director on 1 January 2019. Ms Goh is a Director of CapitaLand Ltd. She was the Chairman of Shell Companies in Singapore, following many senior roles with Shell across Singapore, China, and the Netherlands since 2003. Prior to joining Shell, she was with Procter & Gamble for 14 years, in Malaysia, Japan, and Singapore, after being with IBM Australia and USA. Ms Goh has a Master of Business Administration from the University of Chicago Booth School of Business; she was conferred the Chicago Booth Distinguished Alumni Award in 2018. She completed her Bachelor of Science in Information Science from Victoria University of Wellington in New Zealand. Ms Goh is on the Board of Trustees of the Singapore University of Technology and Design, a Director of the Institute of Human Resource Professionals and the Human Capital Leadership Institute Pte Ltd, Vice President of the Singapore National Employers Federation, President of Global Compact Network Singapore, Council Member of National Arts Council, Advisory Board Member of the Centre for Livable Cities and Member of the Legal Service Commission.

Dominic Ho Chiu Fai
Director

Appointed Director on 1 May 2017. Mr Ho is the Chairman of DBS Bank (China) Limited. He began his career as an auditor with KPMG in 1975 in the US city of Houston, covering a wide range of industries. He retired in 2007 as Co-Chairman of KPMG, China and Hong Kong. During his career with KPMG, Mr Ho was regarded as its China business specialist. He advised on China's offshore oil industry, participated in the formation of China's taxation system, was involved in initial public offerings ("**IPOs**") of Chinese companies and assisted foreign companies with their investments in China. In the 1990s, he was commissioned by the Chinese Government to lead a team to perform a feasibility study of the Chinese aviation industry aimed at restructuring it ahead of the launch of airline IPOs. Mr Ho is currently a Director of DBS Bank (Hong Kong) Limited, Hang Lung Properties Limited and Underwriters Laboratories Inc. and a past Member of the Corruption Prevention Advisory Committee of Hong Kong's Independent Commission Against Corruption, and a past Member of Hong Kong's Insurance Advisory Committee.

Hsieh Tsun-yan
Director

Appointed Director on 1 September 2012. Mr Hsieh is the Chairman and Lead Counselor of LinHart Group, a leadership advisory and counselling firm founded by Mr Hsieh in 2008. Mr Hsieh has extensive experience in international business, leadership development and corporate transformation. He was with management consulting firm, McKinsey & Company, for 28 years and held posts in Singapore, Toronto and Copenhagen. He holds joint appointment as Provost Chair Professor (Practice) at the NUS Business School and the Lee Kuan Yew School of Public Policy. His past board roles include Bharti Airtel Limited, India, Sony Corporation, Japan, the Singapore International Foundation, the Singapore Symphony Orchestra, Covenant House Canada and the University Health Network Foundation in Toronto.

Lee Kim Shin
Director

Appointed Director on 1 September 2016. Mr Lee is a lawyer and the Managing Partner of Allen & Gledhill LLP. He has been with Allen & Gledhill for more than 30 years, with a year spent serving as a Judicial Commissioner of the Singapore High Court in 2014. Mr Lee was appointed Senior Counsel in January 2015. He is a Member of the Governing Board of Duke-NUS Medical School Singapore, a Member of the Governing Council of the Singapore Institute of Directors, and a Member of the main committee of the Yellow Ribbon Fund. Mr Lee is currently a Director of Allen & Gledhill Regulatory & Compliance Pte Ltd, Eastern Development Holdings Pte Ltd, Eastern Development Private Limited and Epimetheus Limited.

EMPLOYEES

As at 31 December 2018, the Group had a staff strength of 26,853 around the world, including the staff strength of Singapore Airlines of 16,085.

The Issuer has put in place long term incentive plans, which are share based remuneration programmes as part of its plan to motivate and retain senior executives and management responsible for planning and executing the Issuer's strategic objectives and to align their interests with the interests of shareholders. The plans comprise the SIA Performance Share Plan 2014 ("**PSP 2014**") which replaced the original Performance Share Plan ("**PSP**") in 2014, the SIA Restricted Share Plan 2014 ("**RSP 2014**") which replaced the original Restricted Share Plan ("**RSP**") in 2014, the SIA Deferred Share Award ("**DSA**") which is a contingent share award under RSP 2014 and the SIA Transformation Share Award **("TSA")** under RSP 2014. The Issuer had introduced the Employee Share Option Plan ("**ESOP**") in 2000, and the plan had expired with the last grant of share options in 2010.

The PSP 2014 is a share-based incentive scheme established with the objective of rewarding, motivating, and retaining a select group of key senior management staff who shoulder the responsibility for the Group's performance and who are able to drive the growth of the Group through innovation, creativity and superior performance. Awards under the PSP 2014 are performance-based, with stretched targets.

The RSP 2014 is targeted at a broader base of senior executives and enhances the Issuer's ability to recruit and retain talented senior executives, as well as to reward for Group, company and individual performance. To retain key executives, an extended vesting period of a further two years is imposed beyond the initial one-year performance period.

Depending on the achievement of pre-determined performance targets over a one-year period for the RSP/RSP 2014, and a three-year period for the PSP/PSP 2014, the final number of shares awarded under the RSP/RSP 2014 and the PSP/PSP 2014 could range between 0% and 150% of the number of shares initially granted under the RSP/RSP 2014 and between 0% and 200% of the number of shares initially granted under the PSP/PSP 2014. The number of outstanding shares granted under the RSP / RSP 2014 and PSP / PSP 2014 were 2,070,455 and 744,322 respectively, as at 31 December 2018.

As part of the Issuer's Strategic & Transformational Initiatives Incentive Plan, the DSA is a share award established with the objective of rewarding, motivating and retaining senior management, who are responsible for strategic initiatives. The DSA is granted as a contingent share award under the RSP 2014. The final award, which includes the accumulated dividend yield (based on the sum of the Issuer's share dividend yields declared with ex-dividend dates occurring during the vesting period), will cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition, and provided that individual performance remains satisfactory. The last DSA was awarded in September 2018 in respect of the FY2018 transformation year. The number of outstanding shares granted under the DSA was 278,900 as at 31 December 2018.

TSA was introduced on 1 April 2018 to replace the Strategic & Transformational Initiatives Incentive Plan. The TSA is a share-based incentive scheme under the RSP 2014. It is established with the objective of rewarding, motivating and retaining selected groups of key senior management, who are responsible for transformation initiatives. Under the TSA, an initial award is granted in the form of rights to shares, provided performance conditions are met in future. Final awards may vary between 0-200% of the initial award, depending on the extent of achievement of the Group's transformational success objectives as assessed by the Board Compensation and Industrial Relations Committee. The final award is subject to extended vesting, with half of the final award paid out at the end of the one-year performance period, and the balance in equal tranches over the next two years. An additional 20% equity kicker is awarded upon final vesting for retention purposes. The number of outstanding shares granted under the TSA was 374,469 as at 31 December 2018.

As at 31 December 2018, there were no share options of the Issuer outstanding. During the financial year, no options were exercised under the Singapore Airlines Limited Employee Share Option Plan.

USE OF PROCEEDS

The net proceeds arising from the issuances of Bonds under the Programme (after deduction of underwriting fees, discounts and commissions and other expenses incurred by the Issuer associated with the Programme) will be used to refinance existing borrowings, finance investments and fixed assets of the Issuer and for general working capital purposes, or as may be specified in the relevant Pricing Supplement.

CLEARANCE AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Bonds which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Bonds that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

In respect of Bonds which are accepted for clearance by CDP, the entire issue of the Bonds is to be held by CDP in the form of a global bond or global certificate for persons holding the Bonds in Securities Accounts with CDP ("**Depositors**"). Delivery and transfer of Bonds between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. All trades executed on SGX-ST shall settle on the second business day following the transaction date, save for Bonds to be offered to Specified Investors only in respect of which market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Bonds through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the SFA to maintain securities sub-accounts and to hold the Bonds in such securities sub-accounts for themselves and their clients. Accordingly, Bonds for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Bonds in direct securities accounts with CDP, and who wish to trade Bonds through the Depository System, must transfer the Bonds to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement. Market participants may mutually agree on a different settlement period for over-the-counter trades.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Bonds in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Arranger, the Dealers, the Trustee, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

TRADING

Application has been made to the SGX-ST for permission to deal in and quotation of any Bonds which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Bonds have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST for the listing of the Bonds will be approved.

Save as disclosed below, if the application to the SGX-ST to list a particular series of Bonds is approved, such Bonds listed on the SGX-ST will be traded on the SGX-ST in a board lot size of at least S$200,000 (or its equivalent in other currencies).

Bonds intended to be seasoned for trading by Retail Investors under the Seasoning Framework will initially be issued to Specified Investors only and traded in board lot sizes of at least S$200,000 (or its equivalent in foreign currencies). After the end of the Seasoning Period and after receiving confirmation from the SGX-ST that the Bonds are eligible for trading by Retail Investors, subject to fulfilment of the applicable conditions and provided the Issuer does not withdraw the Bonds from the Seasoning Framework, the Bonds will be seasoned for trading by Retail Investors and such Seasoned Bonds will commence trading on the Main Board of the SGX-ST in board lot sizes of S$1,000 (or its equivalent in foreign currencies).

For purposes of trading on the Main Board of the SGX-ST, each board lot of Straight Bonds will comprise S$1,000 (or its equivalent in foreign currency) in principal amount of such Bonds.

In relation to Straight Bonds, Seasoned Bonds and Post-Seasoning Bonds, upon the listing of and quotation for such Bonds on the Main Board of the SGX-ST, the Bonds will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Bonds effected through the SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", as the same may be amended from time to time. Copies of the "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited" are available from CDP.

Unless otherwise stated in the relevant Pricing Supplement, in respect of Bonds denominated in Singapore dollars and accepted for clearance by CDP, dealings in the Bonds will be carried out in Singapore dollars and will be effected for settlement through CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the second market day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts.

An investor may open a direct Securities Account with CDP or a securities sub-account with any Depository Agent. A Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

In addition, in respect of Bonds which are accepted for clearance by CDP, the Bonds will be represented by a Global Certificate or Global Bond registered in the name of, and deposited with, CDP and, except in the limited circumstances described in the provisions of the Global Certificate or Global Bond, as the case may be, owners of interests in Bonds represented by the Global Certificate, or Global Bond as the case may be, will not be entitled to receive Definitive Certificates or Definitive Bonds, as the case may be, in respect of their individual holdings of Bonds. Accordingly, prospective investors who wish to subscribe for the public offer tranche of Straight Bonds and Post-Seasoning Bonds must already have, or must open, a Securities Account with CDP directly.

Prospective investors who wish to open a Securities Account with CDP directly may do so personally at CDP's office at 11 North Buona Vista Drive #01-19/20, The Metropolis Tower 2, Singapore 138589.

Further details can be obtained as follows:

(i) CDP's hotline at +65 6535 7511, which is a 24-hour automated answering service for information on CDP account related services ; or

(ii) CDP's website at https://www2.sgx.com/securities/retail-investor. Information on CDP's website does not constitute a part of this Information Memorandum.

In respect of Bonds which are accepted for clearance by CDP, for so long as the Bonds are represented by the Global Certificate or Global Bond held through CDP, interest payable on the Bonds will be determined based on each Bondholder's aggregate holdings in his direct Securities Account. CDP will credit payments of interest and principal (where applicable) to a Bondholder into the bank account linked to his Securities Account, or send the Bondholder a cheque by ordinary mail if there is no such link. Investors who wish to apply for a bank account to be linked to their Securities Account may apply online through CDP's website or submit a completed application form which may be obtained from CDP. Where the Bonds are held by an investor in a securities sub-account and/or investment account with a Depository Agent, the investor will have to rely on his Depository Agent to credit his account with interest and principal payments. The Issuer, the Arranger, the Dealers, the Trustee and the Agents accept no responsibility for any failure or delay on the part of any Depository Agent in doing so or in respect of the performance of the contractual duties of any Depository Agent to any investor.

TAXATION ON THE BONDS

The statements below are general in nature and are based on certain aspects of tax laws in Singapore and administrative guidelines and circulars issued by MAS and the Inland Revenue Authority of Singapore in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Bonds or of any person acquiring, selling or otherwise dealing with the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Bonds are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Bonds, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Arranger nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Bonds.

1. Interest and other payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(i) interest from debt securities derived on or after 1 January 2004;

(ii) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(iii) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

> “break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
>
> “prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
>
> “redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

In addition, as the Programme as a whole is arranged by the Arranger, which is a Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, any tranche of the Bonds (the “**Relevant Bonds**”) issued as debt securities during the period from the date of this Information Memorandum to 31 December 2023 would be qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Bonds in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Bonds as MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Bonds of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Bonds is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Bonds using the funds and profits of such person’s operations through a permanent establishment in Singapore), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Specified Income**”) from the Relevant Bonds, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore, or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Bonds are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Bonds in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Bonds as MAS may require), Specified Income from the Relevant Bonds derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

  (aa) the Issuer including in all offering documents relating to the Relevant Bonds a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Bonds is not exempt from tax shall include such income in a return of income made under the ITA; and

  (bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Bonds in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Bonds as MAS may require,

payments of Specified Income derived from the Relevant Bonds are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Bonds, the Relevant Bonds of such tranche are issued to fewer than four persons and 50% or more of the issue of such Relevant Bonds is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Bonds would not qualify as QDS; and

(B) even though a particular tranche of Relevant Bonds are QDS, if, at any time during the tenure of such tranche of Relevant Bonds, 50% or more of such Relevant Bonds which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Bonds held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Bonds are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) is derived from any of the Relevant Bonds by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Bonds using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Bonds is not exempt from tax is required to include such income in a return of income made under the ITA.

2. Capital gains

Any gains considered to be in the nature of capital made from the sale of the Bonds will not be taxable in Singapore. However, any gains derived by any person from the sale of the Bonds which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Bonds who are adopting FRS 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**"), FRS 109 – Financial Instruments ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I)9**") (as the case may be), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Bonds, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I)9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I)9 for Singapore income tax purposes".

3. Adoption of FRS 39, FRS 109 or SFRS(I)9 for Singapore Income Tax purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I)9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I)9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I)9 (as the case may be), subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Bonds who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Bonds.

4. Estate duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

Summary of the Programme Agreement

Subject to the terms and on the conditions contained in the Programme Agreement, Bonds offered to Specified Investors only will be offered from time to time for sale through the Dealers and may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealers. The Programme Agreement also provides for such Bonds to be issued in syndicated series that are underwritten by two or more Dealers. In relation to a series of Straight Bonds or Post-Seasoning Bonds, pursuant to the Programme Agreement, one or more Dealers may agree with the Issuer to procure subscribers for such Bonds which are offered (or intended to be offered) to, *inter alia*, Retail Investors on an underwritten basis. The Programme Agreement further provides for the resignation of existing Dealers and the appointment of additional Dealers.

The Dealers may from time to time purchase and sell Bonds in the secondary market, but they are not obligated to do so, and there can be no assurance that there will be a secondary market for the Bonds or liquidity in the secondary market if one develops. From time to time, the Dealers may make a market in the Bonds.

In connection with the issue of any series of Bonds (other than Straight Bonds and Post-Seasoning Bonds), one or more Dealers named as Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Bonds is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series of Bonds and 60 days after the date of the allotment of the relevant series of Bonds.

Certain matters relating to the Dealers

Some of the Dealers and their affiliates have, directly or indirectly, performed investment and/or commercial banking or financial advisory or trustee services for the Issuer or its affiliates, for which they may have received customary fees and commissions, and they expect to provide these services to the Issuer and its affiliates in the future, for which they may also receive customary fees and commissions.

The Dealers or certain of their affiliates may purchase the Bonds and be allocated the Bonds for asset management and/or proprietary purposes but not with a view to distribution. The Dealers or their affiliates may purchase the Bonds for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or their respective subsidiaries, affiliates or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of any Bonds issued pursuant to the terms of the Programme (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

Following an issuance of the Bonds, a Dealer may make a market in such Bonds. However, such Dealer is not obligated to do so, and any market-making activities by such Dealer with respect to such Bonds may be discontinued at any time without notice.

Selling restrictions

General

The selling restrictions below may be modified, varied or amended from time to time by the agreement of the Issuer and the Dealers. Any such modification or supplement will be set out in a Pricing Supplement or in a supplement to this Information Memorandum.

No action has been taken in any jurisdiction that would permit a public offering of any of the Bonds, or possession or distribution of this Information Memorandum or any other document or any Pricing

Supplement, in any country or jurisdiction where action for that purpose is required other than as provided herein.

Each Arranger and Dealer has represented, warranted and undertaken to the Issuer that it has complied and will comply with all laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Bonds or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum and any related offering material. No Dealer will directly or indirectly offer, sell or deliver Bonds or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Bonds or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Bonds or any interest therein or rights in respect thereof, the Issuer shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

United States

(A) The Bonds have not been and will not be registered under the Securities Act or the securities laws of any other state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold the Bonds of any identifiable tranche, and shall offer and sell the Bonds of any identifiable tranche (i) as part of its distribution at any time and (ii) otherwise until 40 days after completion of the distribution of such tranche as determined, and certified to the Issuer and each Relevant Dealer, by the Issuing and Paying Agent or, in the case of a syndicated issue, the Lead Manager, only in accordance with Rule 903 of Regulation S. Accordingly, each Dealer has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds, and it and they have complied and shall comply with the offering restrictions requirement of Regulation S. Each Dealer and its affiliates have also agreed to notify the Issuing and Paying Agent or, in the case of a syndicated issue, the Lead Manager when it has completed the distribution of its portion of the Bonds of any identifiable tranche so that the Issuing and Paying Agent or, in the case of a syndicated issue, the Lead Manager may determine the completion of the distribution of all Bonds of that tranche and notify the other relevant Dealers (if any) of the end of the distribution compliance period. Each Dealer has agreed that, at or prior to confirmation of sale of Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Bonds from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered and sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of this tranche of the Bonds as determined, and certified to the Issuer and the relevant Dealers, by [[ISSUING AND PAYING AGENT]/[LEAD MANAGER]], except in either case in accordance with Regulation S. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Terms used in this paragraph have the meanings given to them by Regulation S.

(B) The Bonds in bearer form are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to US persons, except in certain transactions permitted by US Treasury regulations. In addition, unless the Pricing Supplement or the Subscription Agreement relating to one or more Tranches specifies that the applicable

TEFRA exemption is either "C Rules" or "not applicable", each Dealer has represented and agreed in relation to each tranche of bearer Bonds:

(i) except to the extent permitted under the D Rules:

(a) it has not offered or sold, and during a 40-day restricted period shall not offer or sell, Bonds in bearer form to a person who is within the United States or its possessions or to a United States person; and

(b) it has not delivered and shall not deliver within the United States or its possessions definitive Bonds in bearer form that are sold during the restricted period;

(ii) it has and throughout the restricted period shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bonds in bearer form are aware that such Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(iii) if it is a United States person, it is acquiring the Bonds in bearer form for purposes of resale in connection with their original issuance and if it retains Bonds in bearer form for its own account, it shall only do so in accordance with the requirements of US Treasury Regulation §1.163-5(c)(2)(i)(D)(6); and

(iv) with respect to each affiliate that acquires from it Bonds in bearer form for the purpose of offering or selling such Bonds during the restricted period, it either (a) has repeated and confirmed the representations and agreements contained in sub-paragraphs (i), (ii) and (iii) on behalf of such affiliate or (b) has agreed that it shall obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (i), (ii) and (iii).

Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations thereunder, including the D Rules.

(C) In addition, to the extent that the Pricing Supplement and the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is "C Rules", under the C Rules, Bonds in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such tranche, each Dealer has represented and agreed that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Bonds in bearer form within the United States or its possessions in connection with their original issuance. Further, each Dealer has represented and agreed in connection with their original issuance of Bonds in bearer form, it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve its US office in the offer or sale of Bonds in bearer form. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations thereunder, including the C Rules.

European Economic Area

Prohibition of Sales to EEA Retail Investors and Public Offer Selling Restriction under the Prospectus Directive

Unless the Pricing Supplement in respect of the Bonds specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II;

(ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

If the Pricing Supplement in respect of any Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

(1) *Approved prospectus*: if the Pricing Supplement in relation to the Bonds specify that an offer of those Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(2) *Qualified investors*: at any time to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;

(3) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(4) *Other Exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds referred to in (2) to (4) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree:

(a) *No deposit taking:* in relation to any Bonds having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Bonds other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Bonds would otherwise constitute a contravention of section 19 of the FSMA by the Issuer.

(b) *Financial promotion:* it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

(c) *General compliance:* it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance, Chapter 571 of Hong Kong (the "**SFO**") and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of Hong Kong (the "**C(WUMP)O**"), or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purpose of issue, any advertisement, invitation or document relating to the Bonds, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made under the SFO.

Singapore

In respect of offers made pursuant to Sections 274 and/or 275 of the SFA, each Dealer has acknowledged that this Information Memorandum has not been, and will not be, registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person (as defined in Section 275(2) of the SFA) or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

A reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

In respect of offers made pursuant to the Exemption Regulations for Straight Debentures, each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document and material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds (including, without limitation, the Product Highlights Sheet), whether directly or indirectly, to persons in Singapore other than in accordance with the conditions specified in the Exemption Regulations for Straight Debentures.

In respect of offers made pursuant to the Exemption Regulations for Post-Seasoning Debentures, each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document and material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds (including, without limitation, the Product Highlights Sheet), whether directly or indirectly, to persons in Singapore other than in accordance with the conditions specified in the Exemption Regulations for Post-Seasoning Debentures.

NOTICE TO PURCHASERS AND HOLDERS OF REGISTERED BONDS AND TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers of Bonds are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Bonds.

Each prospective purchaser of Bonds that have a legend regarding restrictions on transferability, by accepting delivery of this Information Memorandum, will be deemed to have represented and agreed that this Information Memorandum is personal to such offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Bonds. Distribution of this Information Memorandum, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Additional restrictions regarding the eligible investors and transfer restrictions may apply to any series of Bonds. Any such additional restrictions will be set out in the relevant Pricing Supplement.

Each purchaser of Bonds and each subsequent purchaser of such Bonds in resales, by accepting delivery of this Information Memorandum and the Bonds will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time such Bonds are purchased will be, the beneficial owner of such Bonds, and it is not a US person (within the meaning of Regulation S) and it is located outside the United States (within the meaning of Regulation S).

2. It understands that such Bonds have not been and will not be registered under the Securities Act and that it will not offer, sell, resell, pledge, deliver or otherwise transfer such Bonds (a) in the United States or to, or for the account or benefit of, a US person and (b) except in accordance with the transfer restrictions set forth in the legend appearing on the front of such Bonds (as set out below) and any other applicable transfer restrictions specified in the relevant Pricing Supplement.

3. It understands that such Bonds, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend substantially to the following effect:

   "THE BONDS (THE "BONDS") IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED, DELIVERED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE BENEFIT OF, ANY US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT)."

4. The Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

GENERAL INFORMATION

Material Change

Save as disclosed in this Information Memorandum, no event has occurred from 31 December 2018 to 1 March 2019, being the latest practicable date prior to the issue of this Information Memorandum, which may have a material effect on the ability of the Issuer to meet its payment obligations under the Bonds.

Working Capital

The Issuer is of the opinion that, after taking into account the present banking facilities, the Issuer has adequate working capital for its present requirements.

Changes in Accounting Policies

The Group has adopted accounting policies and methods of computation in the preparation of the financial statements for FY2018 which are consistent with the accounting policies and methods of computation applied in respect of the audited financial statements as at 31 March 2017 except for the adoption of all the new and revised FRS and Interpretations of FRS that are effective for the financial year beginning on or after 1 April 2017.

As required by the listing rules of the Singapore Exchange, the Group will apply SFRS(I) with effect from 1 April 2018. The Group's financial statements for FY2019 will be prepared in accordance with SFRS(I), and IFRS issued by the International Accounting Standards Board[14].

In adopting the new framework, the Group is required to apply the specific transition requirements in IFRS1 First-time Adoption of IFRS. In addition to the adoption of the new framework, the following new IFRSs, amendments to and interpretation of IFRS are effective on the same date.

- IFRS 15 Revenue from Contracts with Customers and Amendments to IFRS 15. Clarifications to FRS 115;
- Amendments to IFRS2: Classification and Measurement of Share-based Payment Transactions;
- Amendments to IFRS1: Deletion of short-term exemptions for first-time adopters;
- Amendments to IAS28: Measuring an Associate or Joint Venture at Fair Value; and
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

The Group does not expect the application of the new standards and interpretations to have a significant impact on the financial statements, except for the application of IFRS1 optional exceptions and IFRS 15, as outlined in the FY2018 Annual Report.

Litigation

Neither the Issuer nor the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or contemplated) which may have or may have had (during the 12 months prior to the date of this Information Memorandum) a significant effect on the financial or trading position or profitability of the Group.

[14] Please refer to Notes to Financial Statements – 2(c) Adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) – in the FY2018 Annual Report.

Documents for Inspection

As long as the Bonds are outstanding, copies of the following documents may be inspected at the specified offices of the Issuing and Paying Agent during usual business hours with prior notice on any weekday (public holidays excepted):

(i) the Constitution of the Issuer;

(ii) this Information Memorandum;

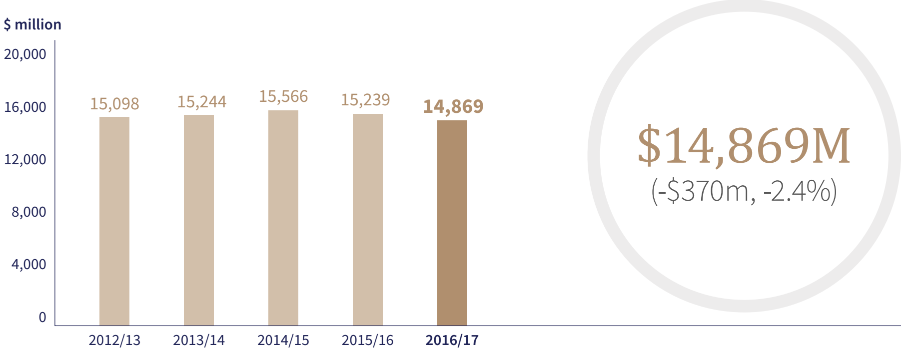
(iii) the Agency Agreement; and

(iv) the Trust Deed (which contains the forms of the Bonds in global and definitive form).

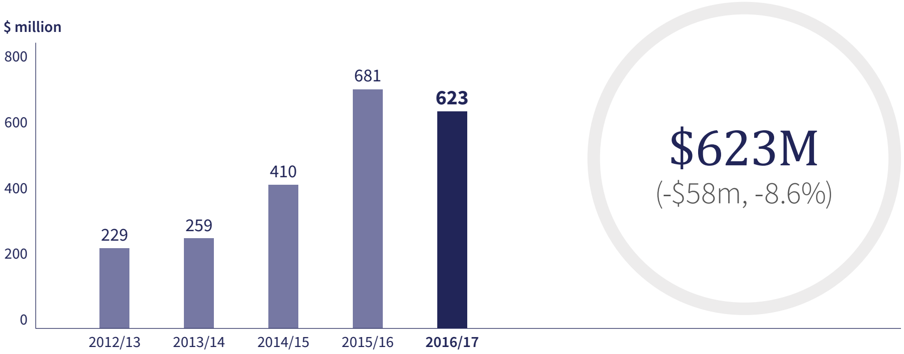
INDEX TO FINANCIAL STATEMENTS

Financial Review
Highlights of the Group's Performance

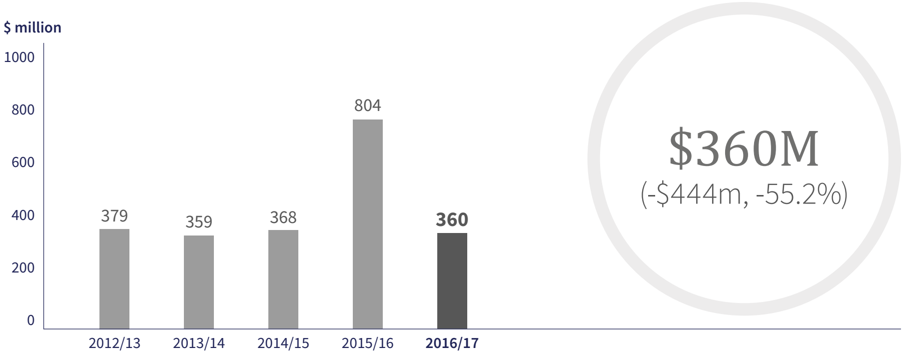
Revenue



Operating Profit



Profit attributable to Owners of the Parent



Performance of the Group

KEY FINANCIAL HIGHLIGHTS

	2016/17	2015/16	% Change
Earnings For The Year ($ million)			
Revenue	**14,868.5**	15,238.7	– 2.4
Expenditure	**14,245.7**	14,557.5	– 2.1
Operating profit	**622.8**	681.2	– 8.6
Profit attributable to owners of the parent	**360.4**	804.4	– 55.2
Per Share Data (cents)			
Earnings per share – basic	**30.5**	69.0	– 55.8
Ordinary dividend per share	**20.0**	45.0	– 55.6
Ratios (%)			
Return on equity holders' funds	**2.8**	6.4	– 3.6 points
Return on total assets	**1.8**	3.6	– 1.8 points

GROUP EARNINGS

During the financial year, the operating landscape in the industry continued to be tough amid geopolitical uncertainties and tepid economic conditions. Intense competition and overcapacity in the market persisted, exerting pressure on yields as aggressive promotional activities were launched to bolster loads.

Group revenue fell $370 million (-2.4 per cent) year-on-year to $14,869 million. Revenue from Singapore Airlines ("the Parent Airline Company" or "the Company") was lower, largely weighed down by softer yields (-3.8 per cent), and coupled with the absence of income earned upon the release to Airbus of seven aircraft delivery slots last year. These were partially eased by a one-time credit upon a change in the timing of revenue recognition from unutilised tickets.

Revenue increased against prior year for Budget Aviation Holdings ("BAH")[R1] and SilkAir, boosted by passenger carriage growth from expanded operations, albeit with a dilution in yield. Cargo revenue declined largely from yield contraction (-10.7 per cent), cushioned in part by higher load carried (+5.9 per cent).

	2016/17 $ million	2015/16 $ million	% Change
Singapore Airlines	**10,134.2**	10,633.8	– 4.7
SilkAir	**969.2**	947.5	+ 2.3
BAH	**1,349.1**	1,193.7	+ 13.0
SIA Engineering	**429.4**	395.8	+ 8.5
SIA Cargo	**1,950.2**	2,037.1	– 4.3
Others	**36.4**	30.8	+ 18.2
Total revenue	**14,868.5**	15,238.7	– 2.4

[R1] BAH comprises Scoot and Tiger Airways

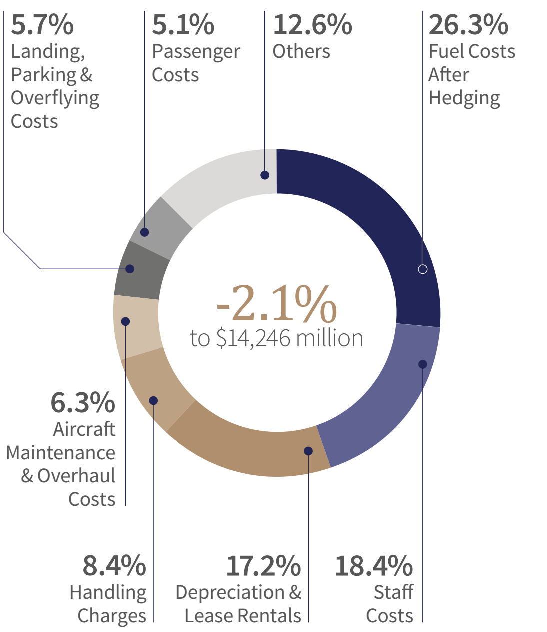
Financial Review
Performance of the Group
(continued)

GROUP EARNINGS (CONTINUED)

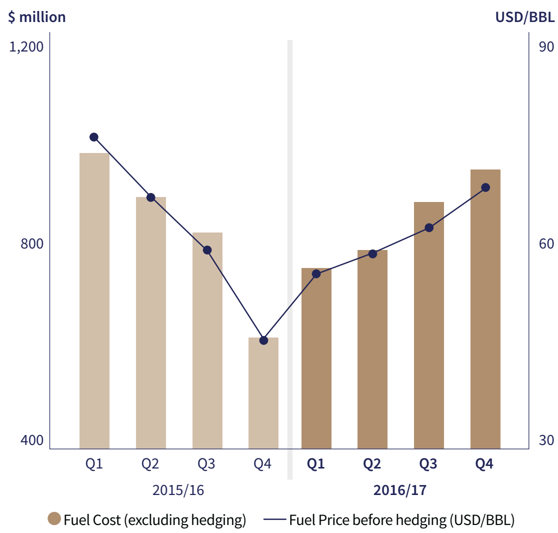
Group expenditure decreased $312 million (-2.1 per cent) year-on-year to $14,246 million. The lower fuel hedging loss and average jet fuel price provided an $891 million saving to the Group. Nonetheless, the increase in fuel volume uplifted ($102 million) and a stronger US Dollar against the Singapore Dollar ($10 million) partially offset the aforementioned saving, resulting in a decline of $780 million in net fuel cost, or 17.2 per cent. Non-fuel costs increased $468 million (+4.7 per cent), partly attributable to double-digit capacity expansion at BAH and SilkAir.

Consequently, the Group's operating profit was $58 million lower at $623 million (-8.6 per cent) for the financial year ended 31 March 2017. With the exception of Singapore Airlines and SIA Engineering, operating performance for all other major companies in the Group improved over last year. Singapore Airlines earned an operating profit of $386 million in the financial year, down $99 million compared to last year. SIA Cargo reported its first operating profit for six years, of $3 million. Please refer to the review of the Company and subsidiary companies for further details.

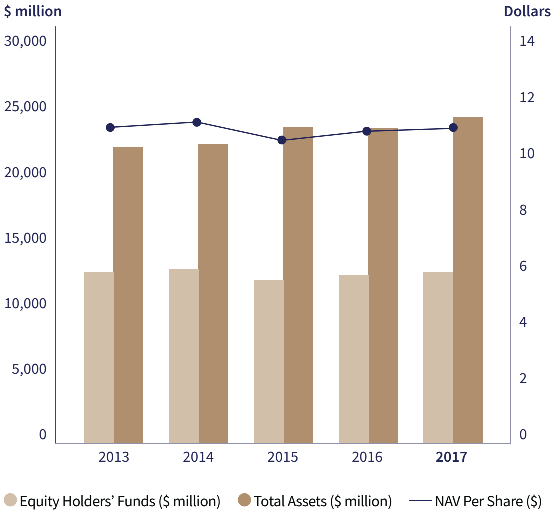
Group Expenditure



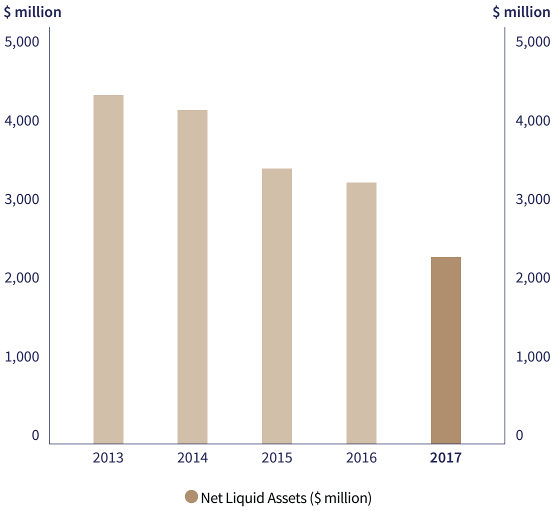
Quarterly Trend of Group Fuel Price and Fuel Cost
(excluding hedging)



Group Equity Holders' Funds, Total Assets and Net Asset Value (NAV) per Share



Group Net Liquid Assets



FINANCIAL POSITION

Equity attributable to owners of the parent increased by $328 million (+2.6 per cent) to $13,083 million as at 31 March 2017, largely due to fair value movement on cash flow hedges (+$369 million), net profit for the financial year (+$360 million) and treasury shares reissued pursuant to the voluntary general offer ("VGO") of Tiger Airways (+$287 million), partially offset by payment of dividends (-$521 million), purchase of treasury shares (-$134 million), and fair value movement in investments (-$100 million). The fair value movement on cash flow hedges of $369 million was mainly attributable to the reduction in fair value losses incurred on outstanding fuel hedges and foreign exchange hedges. The decline in fair value movement in investments was mainly due to the realisation of the gain on Hong Kong Aero Engine Services Ltd ("HAESL"), pursuant to SIA Engineering's completion of the divestment.

Total Group assets increased by $873 million (+3.7 per cent) to $24,720 million. The increase was mainly attributable to an increase in property, plant and equipment (+$2,290 million), investment in associated companies (+$155 million) and derivative assets (+$96 million), partially offset by a reduction in cash balances (-$592 million), investments (-$496 million) and assets held for sale (-$398 million). The reduction in cash balances arose primarily from capital expenditure (-$3,945 million), payment of dividends (-$521 million), additional investment in associated companies (-$225 million), and repayment of borrowings (-$192 million). These were partially offset by cash flows generated from operations (+$2,533 million), proceeds from maturity of investments net of additional acquisition (+$532 million), issuance of bonds (+$430 million), sale of assets held for sale (+$406 million), and monies received from exercise by Tiger Airways' shareholders of the options to subscribe for SIA shares pursuant to the VGO (+$301 million).

Total Group liabilities increased by $536 million (+5.0 per cent) to $11,250 million as at 31 March 2017, primarily arising from the increase in notes payable (+$430 million) and provision for competition related matters (+$132 million).

The Group's net liquid assets[R2] decreased by $940 million to $2,353 million as at 31 March 2017, attributable to a reduction in cash and bank balances (-$592 million) and an increase in total debt (-$220 million) arising primarily from the issuance of bonds (-$430 million), offset by repayment of prior borrowings (+$192 million). Total debt to equity ratio increased by 0.01 times to 0.12 times as at 31 March 2017.

R2 Net liquid assets is defined as the sum of cash and bank balances and short-term investments, net of finance lease commitments, loans and bonds issued.

Financial Review
Performance of the Group
(continued)

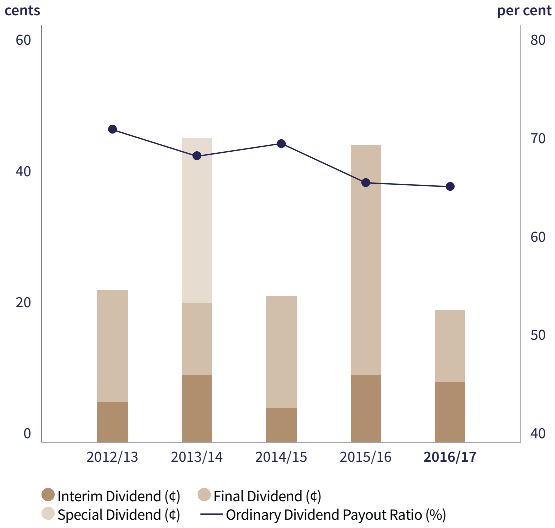
DIVIDENDS

For the financial year ended 31 March 2017, the Board recommends a final dividend of 11 cents per share. Including the interim dividend of 9 cents per share paid on 24 November 2016, the total dividend for the 2016/17 financial year will be 20 cents per share. This amounts to a payout of approximately $236 million based on the number of issued shares as at 31 March 2017. The total ordinary dividend per share of 20 cents translates to a payout ratio of 65.6 per cent, a decrease of 0.4 percentage points compared to the 2015/16 payout ratio of 66.0 per cent.

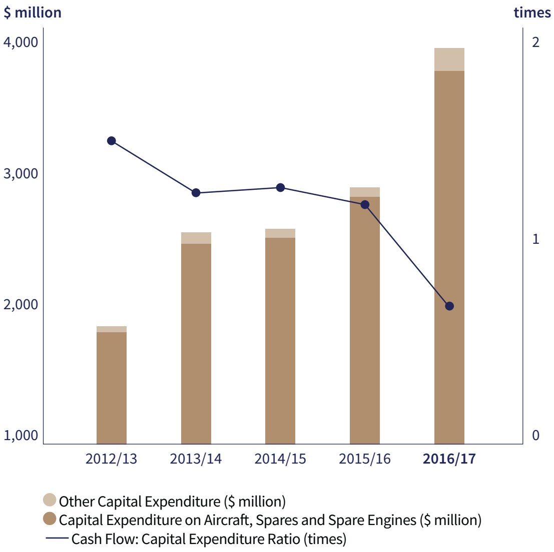
CAPITAL EXPENDITURE AND CASH FLOW OF THE GROUP

Capital expenditure was $3,945 million, 35.6 per cent higher than last year. Approximately 96 per cent of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of $2,707 million (-22.7 per cent) was 0.7 times of capital expenditure. The decrease in internally generated cash flow was mainly attributable to lower cash flow from operations, as well as lower proceeds from the disposal of aircraft, spares and spare engines.

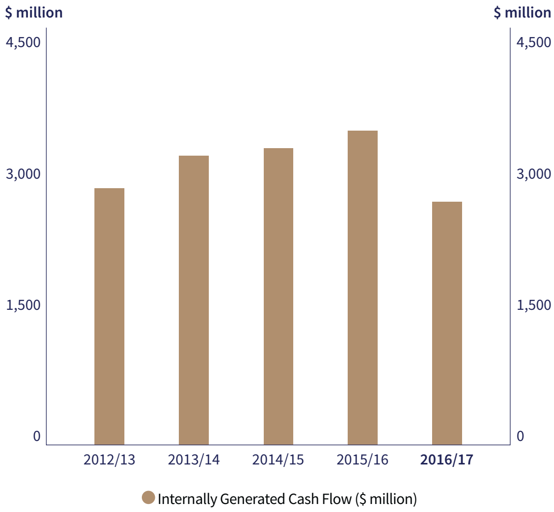
Dividend Payout



Group Capital Expenditure



Internally Generated Cash Flow



GROUP STAFF STRENGTH AND PRODUCTIVITY

The Group's staff strength as at 31 March 2017 was as follows:

	31 March		
	2017	**2016**	**% Change**
Singapore Airlines	**14,800**	14,046	+ 5.4
SIA Engineering	**6,482**	6,177	+ 4.9
SilkAir	**1,632**	1,573	+ 3.8
SIA Cargo	**870**	886	– 1.8
BAH	**1,847**	1,720	+ 7.4
Others	**182**	172	+ 5.8
	25,813	24,574	+ 5.0

Average staff productivity was as follows:

	2016/17	**2015/16**	**% Change**
Revenue per employee ($)	**590,160**	625,819	– 5.7
Value added per employee ($)	**192,232**	206,608	– 7.0

Financial Review
Performance of the Group
(continued)

STATEMENTS OF VALUE ADDED AND ITS DISTRIBUTION

Value added is a measure of wealth created. The statement below shows the Group's value added and its distribution by way of payments to employees, government, and to those who have provided capital. It also indicates the portion retained in the business for future capital requirements.

	2016/17 $ million	2015/16 $ million
Total revenue	**14,868.5**	15,238.7
Less: Purchase of goods and services	**(10,033.7)**	(10,519.4)
	4,834.8	4,719.3
Add:		
Interest income	**73.9**	70.7
(Loss)/Surplus on disposal of aircraft, spares and spare engines	**(31.7)**	52.7
Dividends from long-term investments	**45.0**	115.3
Other non-operating items	**(103.2)**	91.1
Share of profits of joint venture companies	**21.1**	22.9
Share of profits/(losses) of associated companies	**3.2**	(41.1)
Total value added for distribution	**4,843.1**	5,030.9
Applied as follows:		
To employees:		
– Salaries and other staff cost	**2,616.2**	2,451.8
To government:		
– Corporation taxes	**143.1**	90.7
To suppliers of capital:		
– Interim and proposed dividends	**236.3**	531.3
– Finance charges	**46.1**	50.3
– Non–controlling interests	**81.5**	47.4
Retained for future capital requirements:		
– Depreciation and amortisation	**1,595.8**	1,586.3
– Retained profit	**124.1**	273.1
Total value added	**4,843.1**	5,030.9
Value added per $ revenue ($)	**0.33**	0.33
Value added per $ employment cost ($)	**1.85**	2.05
Value added per $ investment in property, plant and equipment ($)	**0.17**	0.19

Performance of the Company

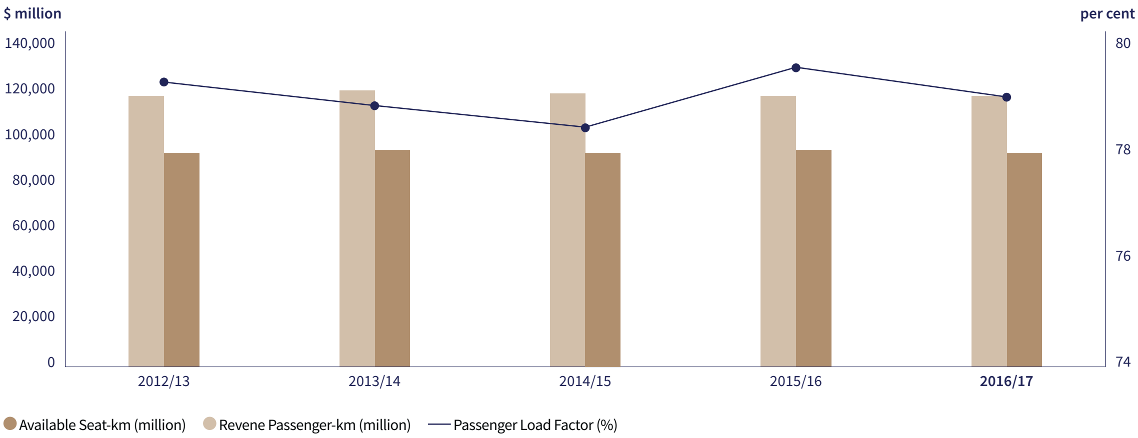
OPERATING PERFORMANCE

	2016/17	2015/16	% Change		
Passengers carried (thousand)	**18,990**	19,029	–	0.2	
Available seat-km (million)	**117,662.3**	118,366.5	–	0.6	
Revenue passenger-km (million)	**92,913.8**	94,267.4	–	1.4	
Passenger load factor (%)	**79.0**	79.6	–	0.6	point
Passenger yield (¢/pkm)	**10.2**	10.6	–	3.8	
Passenger unit cost (¢/ask)	**8.2**	8.5	–	3.5	
Passenger breakeven load factor (%)	**80.4**	80.2	+	0.2	point

The financial year was marked by challenging economic conditions and aggressive competition. Tactical and promotional activities initiated by the Company to boost loads placed considerable pressure on yields, which shrank 3.8 per cent year-on-year to 10.2¢/pkm.

Passenger load factor declined 0.6 percentage points over last year to 79.0 per cent as passenger carriage fell 1.4 per cent, outpacing the 0.6 per cent reduction in capacity.

Available Seat Capacity, Passenger Traffic and Load Factor



A review of the Company's operating performance by route region is as follows:

	By Route Region[R3] (2016/17 against 2015/16)					
	Passengers Carried Change (thousand)		Revenue Passenger-KM % Change		Available Seat-KM % Change	
East Asia	+	157	+	1.2	–	1.2
Americas	–	72	–	5.1	–	4.2
Europe	–	17	–	1.8	+	0.1
South West Pacific	+	31	+	0.8	+	5.1
West Asia and Africa	–	138	–	6.9	–	6.1
Systemwide	–	39	–	1.4	–	0.6

R3 Each route region comprises routes originating from Singapore to final destinations in countries within the region concerned and vice versa. For example, Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region. East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, Malaysia, Myanmar, People's Republic of China, Philippines, South Korea, Taiwan, Thailand and Vietnam. Americas comprises Brazil and USA. Europe consists of Denmark, England, France, Germany, Italy, Russia, Spain, Switzerland, The Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, India, Maldives, Saudi Arabia, South Africa, Sri Lanka and United Arab Emirates.

Financial Review
Performance of the Company
(continued)

OPERATING PERFORMANCE (CONTINUED)

Passenger load factor by route region was as follows:

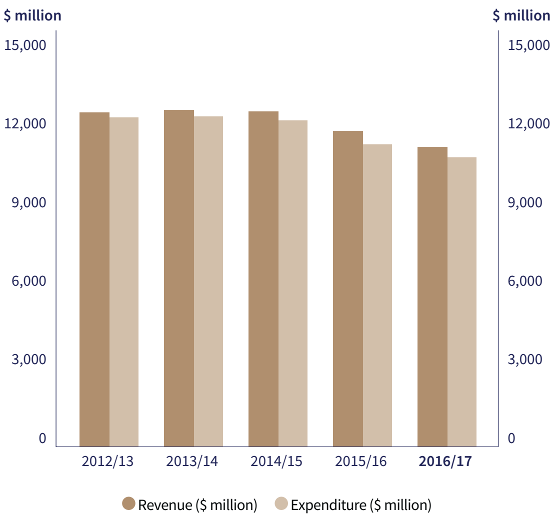
	Passenger Load Factor (%)		
	2016/17	2015/16	% Change points
East Asia	**79.1**	77.3	+ 1.8
Americas	**79.0**	79.8	– 0.8
Europe	**77.3**	78.7	– 1.4
South West Pacific	**83.0**	86.5	– 3.5
West Asia and Africa	**74.2**	74.8	– 0.6
Systemwide	**79.0**	79.6	– 0.6

EARNINGS

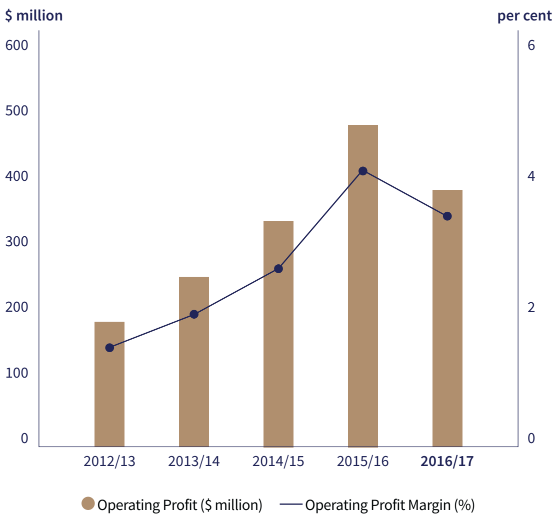
	2016/17 $ million	2015/16 $ million	% Change
Revenue	**11,094.2**	11,686.1	– 5.1
Expenditure	**10,707.8**	11,201.0	– 4.4
Operating profit	**386.4**	485.1	– 20.3
Finance charges	**(47.6)**	(42.0)	+ 13.3
Interest income	**99.1**	87.1	+ 13.8
(Loss)/Surplus on disposal of aircraft, spares and spare engines	**(2.9)**	3.7	n.m.
Dividends from subsidiary and associated companies	**136.6**	135.2	+ 1.0
Dividends from long–term investments	**5.2**	95.2	– 94.5
Other non–operating items	**2.5**	1.9	+ 31.6
Profit before taxation	**579.3**	766.2	– 24.4
Taxation	**(65.3)**	(94.2)	– 30.7
Profit after taxation	**514.0**	672.0	– 23.5

n.m. not meaningful

Company Revenue and Expenditure



Operating Profit and Operating Profit Margin



REVENUE

The Company's revenue declined 5.1 per cent to $11,094 million as follows:

	2016/17 $ million	2015/16 $ million	Change $ million	%
Passenger revenue	**7,537.9**	7,893.4	– 355.5	– 4.5
Bellyhold revenue from SIA Cargo	**903.4**	999.4	– 96.0	– 9.6
Others	**2,652.9**	2,793.3	– 140.4	– 5.0
Total operating revenue	**11,094.2**	11,686.1	– 591.9	– 5.1

The Company's passenger revenue decreased in 2016/17, as a result of:

	$ million	$ million
1.4% decrease in passenger traffic:		– 113.3
3.6% decrease in passenger yield (excluding fuel surcharge):		
Lower local currency yields	– 478.3	
Foreign exchange	– 30.4	
Change in passenger mix	+ 266.5	– 242.2
Decrease in passenger revenue		– 355.5

The sensitivity of passenger revenue to a one percentage point change in passenger load factor and a one percentage change in passenger yield is as follows:

	$ million
1.0% point change in passenger load factor, if yield and seat capacity remain constant	95.4
1.0% change in passenger yield, if passenger traffic remains constant	75.4

A breakdown of passenger revenue by route region and area of original sale is shown below:

	By Route Region ($ million)			By Area of Original Sale [R4] ($ million)		
	2016/17	2015/16	% Change	2016/17	2015/16	% Change
East Asia	**2,686.2**	2,734.3	– 1.8	**4,358.0**	4,507.4	– 3.3
Americas	**1,160.0**	1,260.7	– 8.0	**501.2**	553.4	– 9.4
Europe	**1,672.2**	1,792.6	– 6.7	**1,171.3**	1,242.7	– 5.7
South West Pacific	**1,366.4**	1,388.5	– 1.6	**1,126.4**	1,172.4	– 3.9
West Asia and Africa	**653.1**	717.3	– 9.0	**381.0**	417.5	– 8.7
Systemwide	**7,537.9**	7,893.4	– 4.5	**7,537.9**	7,893.4	– 4.5

R4 Each area of original sale comprises countries within a region from which the sale is made.

Financial Review
Performance of the Company
(continued)

EXPENDITURE

The Company's expenditure declined 4.4 per cent to $10,708 million in 2016/17.

	2016/17 $ million	2016/17 %	2015/16 $ million	2015/16 %	% Change
Fuel costs	**2,893.5**	**27.0**	3,563.3	31.8	– 18.8
Staff costs	**1,672.7**	**15.6**	1,596.0	14.3	+ 4.8
Depreciation [R5]	**1,251.1**	**11.7**	1,257.4	11.2	– 0.5
Handling charges	**911.1**	**8.5**	889.6	7.9	+ 2.4
Aircraft maintenance and overhaul costs	**784.7**	**7.3**	750.9	6.7	+ 4.5
Inflight meals and other passenger costs	**669.7**	**6.3**	669.9	6.0	–
Rentals on leased aircraft	**647.9**	**6.1**	702.6	6.3	– 7.8
Airport and overflying charges	**603.2**	**5.6**	584.4	5.2	+ 3.2
Sales costs [R6]	**590.3**	**5.5**	561.7	5.0	+ 5.1
Communication and information technology costs [R7]	**99.1**	**0.9**	91.1	0.8	+ 8.8
Other costs [R8]	**584.5**	**5.5**	534.1	4.8	+ 9.4
Total	**10,707.8**	**100.0**	11,201.0	100.0	– 4.4

A breakdown of fuel cost is shown below:

	2016/17 $ million	2015/16 $ million	Change $ million
Fuel cost (before hedging)	**2,624.5**	2,636.7	– 12.2
Fuel hedging loss	**269.0**	926.6	– 657.6
	2,893.5	3,563.3	– 669.8

Expenditure on fuel before hedging was $12.2 million lower because of:

	$ million
2.1% decrease in weighted average fuel price from 62.4 USD/BBL to 61.1 USD/BBL	– 56.2
1.0% increase in volume uplifted from 30.6 million BBL to 30.9 million BBL	+ 35.2
Strengthening of USD against SGD	+ 8.8
	– 12.2

Staff costs rose $77 million (+4.8 per cent), largely attributable to service increment, higher staff strength, and revision in crew productivity allowances.

Aircraft maintenance and overhaul costs increased $34 million (+4.5 per cent) mainly due to higher provision for redelivery check costs.

Rentals on leased aircraft was $55.0 million (-7.8 per cent) lower than last year, largely due to fewer aircraft on operating lease.

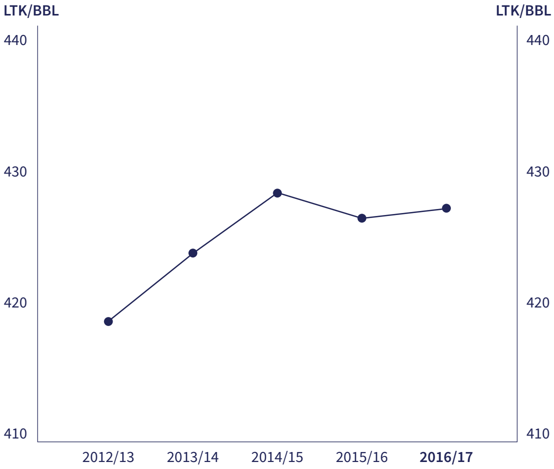
Other costs rose $50 million (+9.4 per cent), mainly due to foreign exchange loss of $52 million against gain of $10 million last year (+$62 million).

R5 Depreciation included impairment of property, plant and equipment and amortisation of computer software.
R6 Sales costs included commissions and incentives, frequent flyer programme cost, computer reservation system booking fees, advertising expenses, reservation system IT cost and other sales costs.
R7 Communication and information technology costs were for data transmission and contract service fees, hire of computer equipment, maintenance/rental of software, and information technology contract and professional fees.
R8 Other costs mainly comprised crew expenses, company accommodation cost, foreign exchange revaluation and hedging loss, comprehensive aviation insurance cost, airport lounge expenses, non-information technology contract and professional fees, expenses incurred to mount non-scheduled services, aircraft licence fees and recoveries.

FUEL PRODUCTIVITY AND SENSITIVITY ANALYSIS

Fuel productivity as measured by load tonne-km per barrel (ltk/BBL) increased marginally from 427ltk/BBL to 428ltk/BBL.

Fuel Productivity of Passenger Fleet



A change in fuel productivity (passenger aircraft) of 1.0 per cent would impact the Company's annual fuel cost by about $26 million, before accounting for changes in fuel price, USD exchange rate and flying operations.

A change in the price of fuel of one US dollar per barrel affects the Company's annual fuel cost by about $43 million, before accounting for USD exchange rate movements, and changes in volume of fuel consumed.

FINANCE CHARGES

Finance charges were $6 million or 13.3 per cent higher, mainly due to issuance of the $430 million medium term notes during the financial year.

INTEREST INCOME

Interest income was $12 million or 13.8 per cent higher, mainly due to higher interest from loans extended to Virgin Australia and Scoot.

DIVIDENDS FROM LONG-TERM INVESTMENTS

Dividends from long-term investments were $90 million lower, primarily attributable to absence of special dividend declared by Everest Investment Holdings Limited following sale of its investment in Abacus International Pte Ltd to Sabre Technology Enterprises II Ltd last year.

TAXATION

There was a net tax expense of $65 million, comprising current tax credit of $12 million and deferred tax charge of $77 million.

As at 31 March 2017, the Company's deferred taxation account stood at $1,482 million.

Financial Review
Performance of the Company
(continued)

STAFF STRENGTH AND PRODUCTIVITY

The Company's staff strength as at 31 March 2017 was 14,800, an increase of 754 over last year. The distribution of employee strength by category and location is as follows:

	31 March		
	2017	2016	% Change
Category			
Senior staff (administrative and higher ranking officers)	**1,413**	1,335	+ 5.8
Technical crew	**2,087**	2,056	+ 1.5
Cabin crew	**8,356**	7,741	+ 7.9
Other ground staff	**2,944**	2,914	+ 1.0
	14,800	14,046	+ 5.4
Location			
Singapore	**12,782**	12,035	+ 6.2
East Asia	**863**	866	– 0.3
Europe	**421**	422	– 0.2
South West Pacific	**348**	322	+ 8.1
West Asia and Africa	**265**	265	–
Americas	**121**	136	– 11.0
	14,800	14,046	+ 5.4

The Company's average staff productivity ratios[R9] are shown below:

	2016/17	2015/16	% Change
Seat capacity per employee (seat-km)	**8,157,963**	8,465,029	– 3.6
Passenger load carried per employee (tonne-km)	**598,451**	626,572	– 4.5
Revenue per employee ($)	**769,202**	835,736	– 8.0
Value added per employee ($)	**246,183**	261,861	– 6.0

[R9] The Company's staff productivity ratios were computed based on average staff strength of 14,423 in 2016/17 (2015/16: 13,983).

Performance of the Subsidiary Companies

The major subsidiary companies are SIA Engineering, SIA Cargo, SilkAir and BAH. The following performance review includes intra–group transactions.

SIA ENGINEERING

	2016/17 $ million	2015/16 $ million	% Change
Total revenue	**1,104.1**	1,113.5	– 0.8
Total expenditure	**1,032.1**	1,009.4	+ 2.2
Operating profit	**72.0**	104.1	– 30.8
Net profit	**332.4**	174.9	+ 90.1

Year-on-year, revenue declined $9 million or 0.8 per cent to $1,104 million. The decrease was mainly due to lower fleet management revenue, partially mitigated by higher line maintenance revenue. Expenditure increased $23 million or 2.2 per cent, primarily attributable to higher staff costs, partly offset by lower subcontract costs. The increase in staff costs was mainly due to a provision made for the increase in the profit-linked component of staff remuneration arising from the gain on divestment of HAESL. Salary increments and an increase in overtime as more staff are released for training on new aircraft types also contributed to the increase in staff costs.

Share of profits of associated and joint venture companies increased by $4 million to $97 million. Contributions from the engine repair and overhaul centres increased, with higher share of profits from Eagle Services Asia Pte Ltd ("ESA") partially offset by lower contributions from Singapore Aero Engine Services Ltd ("SAESL"), as the work content of engines shipped for the year was lower.

Profit attributable to owners of the parent was $332 million, $158 million higher compared to the same period last year. The higher net profit was largely due to a $142 million gain on divestment of HAESL and special dividend of $36 million from HAESL following divestment of its 20 per cent stake in SAESL to Rolls-Royce Singapore Pte Ltd.

As at 31 March 2017, SIAEC's equity attributable to owners of the parent of $1,554 million was $68 million or 4.6 per cent higher than at 31 March 2016.

Basic earnings per share was 29.6 cents for the current financial year.

Financial Review
Performance of the Subsidiary Companies
(continued)

SIA CARGO

	2016/17 $ million	2015/16 $ million	% Change
Total revenue	**1,955.6**	2,045.0	– 4.4
Total expenditure	**1,952.5**	2,094.7	– 6.8
Operating profit/(loss)	**3.1**	(49.7)	n.m.
(Loss)/Profit after taxation	**(125.9)**	90.3	n.m.

SIA Cargo posted its first operating profit for six years, a turnaround from a $50 million loss last year to an operating profit of $3 million. Expenditure decreased $142 million year-on-year mainly from lower fuel cost, cushioning the $89 million decline in revenue arising from a 10.7 per cent slide in yield, mitigated in part by higher freight carriage (+5.9 per cent).

Overall cargo traffic (in load tonne kilometers) increased by 5.9 per cent, outpacing the growth in capacity of 3.8 per cent. Consequently, cargo load factor increased by 1.3 percentage points to 63.2 per cent. Cargo breakeven load factor dipped by 0.3 percentage points to 64.9 per cent, as the decline in unit cost (-11.1 per cent) was more than the contraction in yield (-10.7 per cent).

Loss after taxation in the year took into account certain provisions for competition related matters, including the provision for a fine of EUR75 million ($112 million) imposed by the European Commission. The Commission had re-adopted an earlier decision in the European Union air cargo investigations involving several cargo airlines, including SIA Cargo.

In the prior year, a refund of the aforementioned competition law fine previously paid, amounting to EUR76 million ($119 million) including interest, had been recognised.

As at 31 March 2017, equity holders' funds of SIA Cargo stood at $740 million (-12.0 per cent).

SILKAIR

	2016/17 $ million	2015/16 $ million	% Change
Total revenue	**990.3**	965.7	+ 2.5
Total expenditure	**889.5**	875.1	+ 1.6
Operating profit	**100.8**	90.6	+ 11.3
Profit after taxation	**59.1**	122.0	– 51.6

SilkAir's revenue increased by $25 million (+2.5 per cent) to $990 million, as passenger revenue was lifted by a 9.5 per cent improvement in passenger carriage against a 10.6 per cent capacity growth, partially offset by a 7.4 per cent decline in passenger yield. Operating expenses rose in tandem with the expanded capacity, partially compensated for by fuel cost savings. As a result, the operating profit increased to $101 million.

Yield declined by 7.4 per cent to 12.5¢/pkm, while unit cost reduced by 7.8 per cent to 8.3¢/ask. Consequently, the passenger breakeven load factor improved by 0.3 percentage points to 66.4 per cent. Passenger load factor declined by 0.7 percentage points to 70.8 per cent.

Profit after taxation declined 51.6 per cent to $59 million, largely attributable to an absence of a gain from SilkAir's sale and leaseback of four 737-800s reported last year.

SilkAir's route network spanned 52 cities in 14 countries including Singapore. During the year, SilkAir launched new services to Vientiane (Laos), Luang Prabang (Laos) and Fuzhou (China).

As at 31 March 2017, equity holders' funds of SilkAir stood at $1,015 million (+6.8 per cent).

BUDGET AVIATION HOLDINGS

	2016/17 $ million	2015/16 $ million	% Change
Total revenue	**1,388.7**	1,219.4	+ 13.9
Total expenditure	**1,321.3**	1,177.4	+ 12.2
Operating profit	**67.4**	42.0	+ 60.5
Profit after taxation	**21.6**	21.4	+ 0.9

BAH's operating profit rose $25 million from last year, bolstered by an increase in revenue of $169 million (+13.9 per cent). Revenue growth was driven by a higher passenger carriage (+21.2 per cent), on the back of a 23.3 per cent capacity expansion, partly discounted by a 6.3 per cent drop in yield. Expenditure increased $144 million (+12.2 per cent) attributable to the enlarged operations.

While yield was lower against last year, the decline in unit cost (-9.4 per cent) to 4.8¢/ask outstripped the reduction in yield. Consequently, breakeven load factor declined by 2.7 percentage points to 81.4 per cent. Passenger load factor fell by 1.5 percentage points to 82.4 per cent.

BAH's route network spanned 60 cities in 16 countries, including Singapore. During the year, BAH took over Jeddah (Saudi Arabia) service from the Parent Airline Company and introduced six new services, to Amritsar (India), Jaipur (India), Qingdao-Dalian (China), Zhengzhou (China), Wuxi (China) and Sapporo (Japan).

As at 31 March 2017, equity holders' funds of BAH stood at $816 million (+7.6 per cent).

Independent Auditors' Report

To the members of Singapore Airlines Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Airlines Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, the consolidated profit and loss account, consolidated statements of comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 99 to 203.

In our opinion, the accompanying consolidated financial statements of the Group and the statements of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority 'Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities' (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Timing of recognition and accuracy of passenger revenue

Refer to note 2(t) 'Revenue' and note 3(c) 'Passenger revenue recognition' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit

The key audit matter

Passenger revenue is not recorded immediately on sale but is deferred to be recorded at a later time as revenue in the profit and loss account when a passenger is flown. Such deferred revenue is presented on the balance sheet as sales in advance of carriage and is measured based on the sales price to the customer, net of discounts and rebates.

Significant judgement is required in the following aspects:

- Certain tickets may never be used – Up until 1 April 2016, the Group recognised such tickets as revenue two years after sale. Improvements to the Group's accounting processes now allow the Group to estimate with reasonable accuracy the number of such tickets that will likely expire without being used. From 1 April 2016, the Group estimates at ticketed flight date the proportion of tickets that will likely not be used, and accounts for such tickets as revenue on that date.

  The recognition of such tickets resulted in a one-off recognition of $151.2 million in revenue and is accounted for in the financial year ended 31 March 2017 (the "current year").

- Flight tickets sold often involve multiple flight sectors and partner airlines – The determination of the amount of revenue to be recognised for each flight as it is flown relies on complex internal systems that handle large volumes of transaction data and includes the exchange of information with industry systems and partner airlines.

As a result of the judgement required in estimating revenue for tickets likely to be unused, and in the complexity of the determinations made on flight date of revenue to be recognised for flown flights, these are key focus areas in our audit.

How the matter was addressed in our audit

We compared the assumptions used in estimating the revenue attributable to unused tickets to historical passenger ticket usage patterns. We checked the accuracy of the historical analysis used by testing relevant computer system controls applying data analytic technique on system data and considering its consistency with our understanding of Singapore Airlines' ticket conditions.

To check the accuracy of the revenue recorded by the passenger revenue systems, we tested the relevant computer system controls, these being the user access, program change controls and application controls over internal passenger revenue systems. Our tests of these controls were designed to determine whether these key computer systems operated as they are designed, and are protected from tampering of data or software logic that would result in inaccurate accounting information relating to passenger revenue.

Computer system controls were tested selectively; these included those relating to the completeness of transfers of data between systems, ticket validation to identify data errors and the assignment of ticket prices to each flight. Key manual controls were also tested to assess the appropriateness of the treatment applied to exceptions and reconciliations of the Group's records with the outputs from shared industry systems and partner airlines.

We also visited Singapore Airlines stations in Beijing, Manila and Singapore as well as SilkAir stations in Medan and Singapore to test the effectiveness of key controls in the passenger revenue accounting process at those locations.

Findings

The estimates used to determine the revenue to be recognised at ticketed flight date relating to unused tickets were cautious, however within the range of passenger usage patterns.

In assessing the accuracy of passenger revenue recorded, no significant exceptions were noted in our testing of the IT and manual controls. Our site visits found the key controls to be operating as designed.

Independent Auditors' Report

To the members of Singapore Airlines Limited

Determining the fair value of KrisFlyer miles and the miles that will expire without use

Refer to note 2(t) 'Revenue' and note 3(d) 'Frequent flyer programme' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
Cash is received by Singapore Airlines in return for the issuance of miles in its frequent flyer programme. A portion of unearned revenue is separately identified from the value of the ticket sales for flights on which KrisFlyer members qualify to earn frequent flyer miles used on subsequent flights. In addition, programme partners purchase such miles from Singapore Airlines to issue to their own customers. Such unearned revenue is recognised on the balance sheet as deferred revenue. Revenue is subsequently recognised when KrisFlyer members fly, or when it is assessed that the miles awarded will expire without use. Significant judgement is required in the following aspects: • The determination of the fair value of frequent flyer miles – Singapore Airlines relies on historical redemption patterns in determining these estimates; and • The determination of the number of miles that will expire without use – This takes into account of historical expiry patterns and the anticipated impact of KrisFlyer scheme revisions. The estimation of the fair value of miles awarded in the frequent flyer programme is complex and requires judgement to be applied. Predicting the impact of KrisFlyer scheme revisions that are anticipated to change the number of miles that will expire over time is judgemental. These are key focus areas of our audit.	We evaluated the assumptions applied in the mathematical models used to determine the fair value of expected KrisFlyer awards. This included undertaking a comparison to historical redemption patterns and testing the calculations for award values against observable inputs such as published market air fares. We tested the controls implemented over the models. We challenged the assumptions used to estimate the number of miles that will expire without use, including a comparison to historical expiry patterns and planned changes to the programme that may affect future redemptions.

Findings

We found the estimate for the fair value of miles awards to be balanced. We found the estimate of the percentage of miles that will not be used continues to be cautious.

Accounting for aircraft related assets and carrying values

Refer to note 2(h) 'Property, plant and equipment', note 2(f)(iv) 'Intangible assets – goodwill', note 3(a) 'Impairment of property, plant and equipment – aircraft fleet' and note 3(b) 'Depreciation of property, plant and equipment – aircraft fleet' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
The accounting for aircraft has a material impact on Singapore Airlines due to the cumulative value of the aircraft and long-lived nature of these assets. Significant judgement was required in the following aspects: • The determination of components of aircraft – Major components of each aircraft require replacement at different times, leading to different periods over which those components are depreciated. As part of the introduction of the A350 aircraft into Singapore Airlines in the current year, the Group reviewed the different components that make up its aircraft. As a result of this review covering all aircraft types, the Group determined that engine overhauls (EOH) should be identified as a separate component of cost to be depreciated over its own useful life, in order to better represent the underlying economics of EOH events. This resulted in the separate component of EOH costs being depreciated over shorter useful lives, ranging from 4 to 8 years, based on the intervals between engine overhauls; • The determination of the useful lives and residual values of the various components of the aircraft – This takes into account physical and commercial considerations; • The determination of the cash generating units (CGU) – The integration of the operations of Tiger Airways and Scoot during the year led to a greater interdependence in revenues between the two operations. A similar continuing increase is being observed in the interdependency of revenues between passenger and cargo operations, which share aircraft, as well as within the passenger operations between Singapore Airlines and SilkAir. As a result of that interdependence, Singapore Airlines has determined that the passenger and cargo operations, previously considered to be separate CGUs, are now a single CGU. With this revision, CGU impairment tests are computed against the cash flows of the combined CGU rather than against separate and respective CGUs; and • The assessment of CGUs for possible impairment – In testing whether asset values are impaired, these being predominantly aircraft assets and goodwill, the carrying value of all assets in the CGU are compared to the amounts expected to be recoverable from each CGU. This requires estimates to be made for each CGU of future revenues, operating costs, capital expenditure, timing of cash flows and the discount rates applicable to these cash flows. The assessment of these judgements is a key focus area of our audit.	We assessed Singapore Airlines' approach in determining the significant components of the cost of aircraft and compared it to our understanding of how these significant components are identified in the aviation industry. We challenged the assumptions used by the Group in the calculation of the values attributed to the identified components. We compared the estimates of useful lives and residual values to the Singapore Airlines' fleet plan, recent aircraft transactions, contractual rights and industry practices. We assessed the appropriateness of the CGUs identified within Singapore Airlines, based on our understanding of the nature of Singapore Airlines' business. This included considering how the Group Network and Fleet Planning Committee allocates aircraft to brands and routes, the redemption of KrisFlyer miles across different CGUs and the interdependence between cargo and passenger capacity. We read the plans for the integration of Tiger Airways and Scoot and interviewed key management personnel to understand the developments surrounding the Group's portfolio strategy. We considered the need for impairment provisions by assessing whether there were indicators of potential impairment in each CGU. Where a CGU required testing for impairment, we challenged the forecasts of its future revenues, operating costs, capital expenditure and discount rates based on our knowledge of the business and the aviation industry. We assessed the arithmetical accuracy of the discounted cash flow models by re-performing the mathematical calculations.

Independent Auditors' Report

To the members of Singapore Airlines Limited

Accounting for aircraft related assets and carrying values (continued)

Findings

We found the identification of the components of the cost of aircraft to be appropriate, including the estimate of the purchase cost that is attributed to the cost of initial engine inspections. We found that the estimates of useful lives and residual values were balanced and residual values were adjusted appropriately to reflect Singapore Airlines' fleet plans.

We found that the revised composition of the CGUs reflects the current and intended usage of the Group's aircraft fleet assets. Where CGU testing was required to be conducted, cash flow forecasting was found to be in accordance with approved plans. The SIA Group operates in a competitive market place, which has seen multi-year reductions in yield and is subject to volatility of key input costs such as fuel and as such is inherently complex to forecast. We found management forecasts had sufficient headroom to be considered balanced overall.

Return costs for leased aircraft

Refer to note 2(p) 'Provisions' and note 3(f) 'Provision for lease return costs' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
Singapore Airlines had 74 aircraft held under operating leases at 31 March 2017. Under the terms of operating lease agreements with aircraft lessors, the Group is contractually committed to meet, at the end of each lease, conditions relating to the condition of the aircraft upon return. The work thus required on each aircraft will vary, depending on the historical utilisation and future utilisation patterns of the aircraft in the period up to its return. As a result, the estimation of the expected future cash outflows associated with these lease return costs requires significant judgement and is a key focus area for our audit.	We read the lease agreements for selected aircraft to gain an understanding of the significant terms which influence the economics of, and hence accounting for, the Group's obligations. We reviewed the maintenance records of these aircraft to determine their condition, and discussed with management the plans for their future utilisation. We tested the key internal controls over the adequacy of the provisions for lease return costs. We assessed the appropriateness of the methodologies and assumptions used in determining the estimates for these agreements, taking into account known factors, including the historical experience of how actual return costs compared to amounts previously provided.

Findings

The methodology used in the provision for aircraft return costs reflected the nature of the Group's contractual obligations. We found the estimates of the costs to be balanced.

Early adoption of FRS 109 Financial Instruments

Refer to note 2(b) 'Changes in accounting policies' and note 2(k) 'Financial instruments' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
The Group chose to voluntarily adopt FRS 109 Financial Instruments on 1 October 2016, ahead of the mandatory adoption financial year ending 31 March 2019. The implementation of this accounting standard requires significant judgement in a number of areas, principally the following: • The Group has now applied hedge accounting to its strategies for the hedging of aviation fuel cost to the Brent index. These were previously not recognised as fully effective hedges. Assessing the effectiveness of a complex hedge strategy between these two items, and thus the appropriate accounting treatment, requires significant judgement. • Provisions for losses on financial assets are now estimated on the basis of future expectations instead of past historical data, requiring greater application of judgement. • Financial assets are now classified on a judgemental analysis of the substance of the originating transaction and their linkage to the business model, instead of previous accounting rule-based classification. • Certain unquoted equity investments previously accounted for at cost are stated at estimated fair value. The effects of these adjustments resulted in changes to the classification, measurement and presentation of financial statement captions as set out in Note 2(b).	We read Singapore Airlines' risk management policies as they apply to aviation fuel hedging, and assessed whether the instruments accounted for as hedges operate to achieve the intent of the hedging strategy, and whether the hedging documentation appropriately sets out how this is achieved. We challenged the assumptions used by Singapore Airlines in the estimation of future expected loss for financial assets. We read a selected number of investment agreements to determine whether Singapore Airlines' classification and measurement of investments is appropriate. We assessed the appropriateness of the methodologies and assumptions used in determining the fair value of unquoted equity investments.

Findings

Singapore Airlines' fuel hedges are appropriately documented and accounted for to be consistent with stated risk management policies. Changes in the classification of financial assets reflect the intended purpose for the arrangements. We found that the estimates used in Singapore Airlines' FRS 109 transitional adjustments appear to be balanced.

Independent Auditors' Report

To the members of Singapore Airlines Limited

Competition-related fine

Refer to note 2(p) 'Provisions' and note 35(a) 'Contingent liabilities – Cargo: Investigations by Competition Authorities and Civil Class Actions' for the relevant accounting policy and disclosures.

The key audit matter	How the matter was addressed in our audit
In 2006 and thereafter, Singapore Airlines and SIA Cargo were among several airlines that received notices of investigations by competition authorities in the European Commission (EC) regarding the determination of surcharges, rates or other competitive aspects of air cargo services (air cargo matters). On 9 November 2010, the EC issued an adverse decision against 13 airlines including Singapore Airlines and SIA Cargo. A fine of EUR74.8 million ($135.7 million at prevailing rates) was imposed on SIA Cargo and Singapore Airlines. This amount was paid and recognised as an expense in the FY2010/11 Financial Report. On appeal, the European General Court annulled the decision in December 2015. The EC refunded EUR76.4 million ($119.1 million at prevailing rates) in February 2016. This amount received was recognised as a refund in the FY2015/16 Financial Report. In March 2017, the EC re-imposed the EUR74.8 million ($111.8 million at prevailing rates) fine requiring it to be paid by 21 June 2017. Accounting standards require that the assessment of the obligation be made based on information available at the date of the re-imposition of the fine, and applying the judgement of the Company where such information is limited. The Company is also required to regularly reassess the obligation. In such reassessment, the Company considers whether new information reflects new developments or an error in previous assessments. The final outcome is however dependent on the decisions of the EC and the European Courts and may be based on facts that may not be entirely in the possession of Singapore Airlines and SIA Cargo currently. Because of the inherent uncertainties since 2010 on the ongoing legal process, this is a key area of focus for our audit.	We reviewed the historical basis of accounting for these events considering the information we understand to have been available at the relevant reporting dates. We obtained direct confirmation from the Group's external solicitors on the cases. We held discussions with the Group's general counsel on the status of current legal actions to assess the Group's determination of the likelihood of the liabilities that may arise. We assessed the appropriateness of the accounting for the fines for the FY2016/17 year and the associated disclosures in the FY2016/17 Financial Report.

Findings

We consider the re-imposition of the fine to be a new development, and that the establishment of a provision at that date to be appropriate. We found the basis of provisioning for the EC matter to be reasonable.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report except for the SIA Group Portfolio, Celebrating 70 Years of Excellence, Strategy, The Year in Review, Environment, Community Engagement, Subsidiaries, Corporate Governance Report, Membership and Attendance of Singapore Airlines Limited, Further Information on Board of Directors, Information on Shareholdings and Corporate Data ("the Reports") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report

To the members of Singapore Airlines Limited

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Tham Sai Choy.

KPMG LLP
Public Accountants and
Chartered Accountants

Dated this 18th day of May 2017
Singapore

Consolidated Profit and Loss Account

For The Financial Year Ended 31 March 2017 (in $ million)

		The Group	
	Notes	FY2016/17	FY2015/16
Revenue	4	**14,868.5**	15,238.7
Expenditure			
Staff costs	5	**2,616.2**	2,451.8
Fuel costs		**3,747.5**	4,527.0
Depreciation	20	**1,552.1**	1,543.0
Impairment of property, plant and equipment	20	**3.9**	10.6
Amortisation of intangible assets	21	**39.8**	32.7
Aircraft maintenance and overhaul costs		**898.3**	804.9
Commission and incentives		**387.1**	365.0
Landing, parking and overflying charges		**809.3**	765.8
Handling charges		**1,197.1**	1,138.9
Rentals on leased aircraft		**895.9**	924.7
Material costs		**63.8**	67.2
Inflight meals		**543.7**	547.2
Advertising and sales costs		**304.3**	289.8
Insurance expenses		**44.7**	44.1
Company accommodation and utilities		**115.4**	119.1
Other passenger costs		**176.3**	180.5
Crew expenses		**156.8**	148.5
Other operating expenses		**693.5**	596.7
		14,245.7	14,557.5
Operating profit	6	**622.8**	681.2
Finance charges	7	**(46.1)**	(50.3)
Interest income	8	**73.9**	70.7
(Loss)/Surplus on disposal of aircraft, spares and spare engines		**(31.7)**	52.7
Dividends from long-term investments		**5.5**	115.3
Dividends from asset held for sale		**39.5**	–
Other non-operating items	9	**(103.2)**	91.1
Share of profits of joint venture companies		**20.9**	22.8
Share of losses of associated companies		**(63.0)**	(11.1)
Profit before taxation		**518.6**	972.4
Taxation	10	**(76.7)**	(120.6)
Profit for the financial year		**441.9**	851.8
Profit attributable to:			
Owners of the parent		**360.4**	804.4
Non-controlling interests		**81.5**	47.4
		441.9	851.8
Basic earnings per share (cents)	11	**30.5**	69.0
Diluted earnings per share (cents)	11	**30.3**	68.7

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 2017 (in $ million)

	The Group	
	FY2016/17	**FY2015/16**
Profit for the financial year	**441.9**	851.8
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences	**27.5**	(21.9)
Net fair value changes on cash flow hedges	**369.5**	124.3
Loss on dilution of interest in an associated company due to share options exercised	**–**	(1.9)
Share of other comprehensive income of associated and joint venture companies	**29.6**	(10.5)
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company	**–**	(0.8)
Realisation of foreign currency translation reserves on liquidation of an associated company	**–**	4.3
Items that will not be reclassified subsequently to profit or loss:		
Net fair value changes on financial assets measured at fair value through other comprehensive income (“FVOCI”)	**(133.2)**	140.7
Actuarial loss on revaluation of defined benefit plans	**(5.1)**	(1.3)
Other comprehensive income for the financial year, net of tax	**288.3**	232.9
Total comprehensive income for the financial year	**730.2**	1,084.7
Total comprehensive income attributable to:		
Owners of the parent	**676.3**	1,004.6
Non-controlling interests	**53.9**	80.1
	730.2	1,084.7

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

Statements of Financial Position

As At 31 March 2017 (in $ million)

	Notes	The Group 2017	The Group 2016	The Company 2017	The Company 2016
Equity attributable to owners of the parent					
Share capital	13	**1,856.1**	1,856.1	**1,856.1**	1,856.1
Treasury shares	14	**(194.7)**	(381.5)	**(194.7)**	(381.5)
Other reserves	15	**11,421.6**	11,280.1	**10,852.2**	10,533.6
		13,083.0	12,754.7	**12,513.6**	12,008.2
Non-controlling interests		**387.2**	378.2	**–**	–
Total equity		**13,470.2**	13,132.9	**12,513.6**	12,008.2
Deferred account	16	**234.5**	255.0	**214.9**	222.4
Deferred taxation	17	**1,890.5**	1,681.7	**1,482.1**	1,346.5
Long-term liabilities	18, 37	**1,794.7**	1,283.4	**1,689.4**	1,110.1
Provisions	19	**910.3**	877.1	**648.0**	647.2
Defined benefit plans		**131.2**	129.3	**122.3**	121.4
		18,431.4	17,359.4	**16,670.3**	15,455.8
Represented by:					
Property, plant and equipment	20	**16,433.3**	14,143.5	**12,050.8**	10,241.2
Intangible assets	21	**423.5**	515.8	**169.5**	167.0
Subsidiary companies	22	**–**	–	**4,610.1**	4,460.9
Associated companies	23	**1,056.9**	901.9	**756.8**	531.5
Joint venture companies	24	**160.2**	156.3	**–**	–
Long-term investments	25	**405.7**	773.1	**395.3**	754.4
Other long-term assets	26, 37	**479.3**	496.8	**397.9**	398.7
Deferred account	16	**61.1**	65.2	**49.1**	50.5
Current assets					
Inventories	27	**178.4**	181.9	**106.1**	108.2
Trade debtors	28	**1,144.6**	1,221.8	**694.7**	799.4
Deposits and other debtors	29	**127.4**	114.8	**55.8**	43.5
Prepayments		**211.0**	132.4	**169.9**	104.8
Deferred account	16	**11.8**	17.7	**9.1**	15.0
Amounts owing by subsidiary companies	28	**–**	–	**203.8**	318.0
Loan receivable from an associated company	28	**–**	62.0	**–**	62.0
Derivative assets	37	**85.0**	24.9	**82.1**	22.3
Investments	30	**539.9**	668.1	**469.9**	601.9
Cash and bank balances	31	**3,380.5**	3,972.4	**2,733.2**	3,239.2
Other short-term assets		**21.4**	–	**21.4**	–
Assets held for sale	20, 25	**–**	398.0	**–**	–
		5,700.0	6,794.0	**4,546.0**	5,314.3
Less: **Current liabilities**					
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	16	**86.0**	47.2	**76.3**	40.6
Current tax payable		**80.3**	191.9	**30.3**	131.0
Trade and other creditors	32	**3,296.1**	2,899.0	**2,251.9**	2,194.9
Amounts owing to subsidiary companies	32	**–**	–	**1,354.5**	1,191.1
Borrowings	18	**42.0**	211.9	**–**	–
Provisions	19	**322.4**	218.5	**298.8**	180.5
Derivative liabilities	37	**119.7**	623.1	**119.7**	595.1
		6,288.6	6,487.2	**6,305.2**	6,462.7
Net current (liabilities)/assets		**(588.6)**	306.8	**(1,759.2)**	(1,148.4)
		18,431.4	17,359.4	**16,670.3**	15,455.8

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 2017 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2016		1,856.1	(381.5)	(129.2)
Effects of adopting FRS 109	2(b)	–	–	–
Comprehensive income				
Currency translation differences	15(b)	–	–	–
Net fair value changes on financial assets measured at FVOCI	15(d)	–	–	–
Net fair value changes on cash flow hedges	15(d)	–	–	–
Share of other comprehensive income of associated and joint venture companies		–	–	6.5
Actuarial loss on revaluation of defined benefit plans		–	–	–
Other comprehensive income for the financial year, net of tax		–	–	6.5
Profit for the financial year		–	–	–
Total comprehensive income for the financial year		–	–	6.5
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Share of other changes in equity of associated companies		–	–	(9.8)
Loss on dilution of interest in a subsidiary company due to share options exercised		–	–	–
Realisation of reserves from dilution of interest in an associated company		–	–	(8.5)
Issuance of share capital by a subsidiary company		–	–	–
Share-based compensation expense	5	–	–	–
Share options and share awards lapsed		–	–	1.7
Purchase of treasury shares	14	–	(134.3)	–
Treasury shares reissued pursuant to equity compensation plans	14	–	34.3	3.3
Treasury shares reissued pursuant to the Voluntary General Offer ("VGO") of Tiger Airways	14	–	286.8	25.8
Dividends	12	–	–	–
Total contributions by and distributions to owners		–	186.8	12.5
Changes in ownership interests in a subsidiary company				
Acquisition of non-controlling interests without a change in control	22(f)	–	–	(37.4)
Total changes in ownership interests in a subsidiary company		–	–	(37.4)
Total transactions with owners		–	186.8	(24.9)
Balance at 31 March 2017		1,856.1	(194.7)	(147.6)

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

Attributable to owners of the parent						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
(151.3)	123.7	(498.6)	11,935.5	12,754.7	378.2	13,132.9
–	–	(28.4)	47.2	18.8	–	18.8
22.3	–	–	–	22.3	5.2	27.5
–	–	(100.3)	–	(100.3)	(32.9)	(133.2)
–	–	369.4	–	369.4	0.1	369.5
–	(0.5)	23.6	–	29.6	–	29.6
–	–	–	(5.1)	(5.1)	–	(5.1)
22.3	(0.5)	292.7	(5.1)	315.9	(27.6)	288.3
–	–	–	360.4	360.4	81.5	441.9
22.3	(0.5)	292.7	355.3	676.3	53.9	730.2
–	–	–	–	(9.8)	–	(9.8)
–	(5.9)	–	(1.3)	(7.2)	(2.6)	(9.8)
5.3	(0.5)	0.8	9.0	6.1	–	6.1
–	–	–	–	–	8.2	8.2
–	15.2	–	–	15.2	–	15.2
–	(16.1)	–	14.4	–	–	–
–	–	–	–	(134.3)	–	(134.3)
–	(16.0)	–	–	21.6	–	21.6
–	(11.4)	–	–	301.2	–	301.2
–	–	–	(521.3)	(521.3)	(37.6)	(558.9)
5.3	(34.7)	0.8	(499.2)	(328.5)	(32.0)	(360.5)
–	–	(0.9)	–	(38.3)	(12.9)	(51.2)
–	–	(0.9)	–	(38.3)	(12.9)	(51.2)
5.3	(34.7)	(0.1)	(499.2)	(366.8)	(44.9)	(411.7)
(123.7)	88.5	(234.4)	11,838.8	13,083.0	387.2	13,470.2

Statements of Changes in Equity

For The Financial Year Ended 31 March 2017 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2015		1,856.1	(326.3)	215.9
Comprehensive income				
Currency translation differences	15(b)	–	–	–
Net fair value changes on available-for-sale assets	15(d)	–	–	–
Net fair value changes on cash flow hedges	15(d)	–	–	–
Loss on dilution of interest in an associated company due to share options exercised		–	–	–
Share of other comprehensive income of associated and joint venture companies		–	–	–
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company		–	–	–
Realisation of foreign currency translation reserves on liquidation of an associated company		–	–	–
Actuarial loss on revaluation of defined benefit plans		–	–	–
Other comprehensive income for the financial year, net of tax		–	–	–
Profit for the financial year		–	–	–
Total comprehensive income for the financial year		–	–	–
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Share of other changes in equity of an associated company		–	–	(3.7)
Loss on dilution of interest in subsidiary companies due to share options exercised		–	–	–
Issuance of share capital by a subsidiary company		–	–	–
Share-based compensation expense	5	–	–	–
Share options lapsed		–	–	–
Purchase of treasury shares	14	–	(85.4)	–
Treasury shares reissued pursuant to equity compensation plans	14	–	30.2	1.2
Dividends	12	–	–	–
Total contributions by and distributions to owners		–	(55.2)	(2.5)
Changes in ownership interests in subsidiary companies				
Disposal of a subsidiary company		–	–	–
Acquisition of non-controlling interests without a change in control	22(f)	–	–	(342.6)
Total changes in ownership interests in subsidiary companies		–	–	(342.6)
Total transactions with owners		–	(55.2)	(345.1)
Balance at 31 March 2016		1,856.1	(381.5)	(129.2)

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

Attributable to owners of the parent						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
(135.7)	113.2	(706.2)	11,446.6	12,463.6	466.5	12,930.1
(19.9)	–	–	–	(19.9)	(2.0)	(21.9)
–	–	109.0	–	109.0	31.7	140.7
–	–	121.3	–	121.3	3.0	124.3
–	–	–	(1.9)	(1.9)	–	(1.9)
–	0.3	(10.8)	–	(10.5)	–	(10.5)
–	–	(0.8)	–	(0.8)	–	(0.8)
4.3	–	–	–	4.3	–	4.3
–	–	–	(1.3)	(1.3)	–	(1.3)
(15.6)	0.3	218.7	(3.2)	200.2	32.7	232.9
–	–	–	804.4	804.4	47.4	851.8
(15.6)	0.3	218.7	801.2	1,004.6	80.1	1,084.7
–	–	–	–	(3.7)	–	(3.7)
–	(5.0)	–	(2.0)	(7.0)	0.8	(6.2)
–	–	–	–	–	1.5	1.5
–	12.4	–	–	12.4	–	12.4
–	(5.1)	–	5.1	–	–	–
–	–	–	–	(85.4)	–	(85.4)
–	(11.3)	–	–	20.1	–	20.1
–	–	–	(315.4)	(315.4)	(43.6)	(359.0)
–	(9.0)	–	(312.3)	(379.0)	(41.3)	(420.3)
–	–	–	–	–	(3.1)	(3.1)
–	19.2	(11.1)	–	(334.5)	(124.0)	(458.5)
–	19.2	(11.1)	–	(334.5)	(127.1)	(461.6)
–	10.2	(11.1)	(312.3)	(713.5)	(168.4)	(881.9)
(151.3)	123.7	(498.6)	11,935.5	12,754.7	378.2	13,132.9

Statements of Changes in Equity

For The Financial Year Ended 31 March 2017 (in $ million)

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2016		1,856.1	(381.5)	(5.1)	108.0	(470.9)	10,901.6	12,008.2
Effects of adopting FRS 109	2(b)	–	–	–	–	(20.7)	33.0	12.3
<u>Comprehensive income</u>								
Net fair value changes on financial assets measured at FVOCI	15(d)	–	–	–	–	5.0	–	5.0
Net fair value changes on cash flow hedges	15(d)	–	–	–	–	297.0	–	297.0
Actuarial loss on revaluation of defined benefit plans		–	–	–	–	–	(2.1)	(2.1)
Other comprehensive income for the financial year, net of tax		–	–	–	–	302.0	(2.1)	299.9
Profit for the financial year		–	–	–	–	–	514.0	514.0
Total comprehensive income for the financial year		–	–	–	–	302.0	511.9	813.9
<u>Transactions with owners, recorded directly in equity</u>								
<u>Contributions by and distributions to owners</u>								
Share-based compensation expense		–	–	–	12.0	–	–	12.0
Share options and share awards lapsed		–	–	1.7	(15.9)	–	14.2	–
Purchase of treasury shares	14	–	(134.3)	–	–	–	–	(134.3)
Treasury shares reissued pursuant to equity compensation plans	14	–	34.3	3.3	(16.0)	–	–	21.6
Treasury shares reissued pursuant to the VGO of Tiger Airways	14	–	286.8	25.8	(11.4)	–	–	301.2
Dividends	12	–	–	–	–	–	(521.3)	(521.3)
Total transactions with owners		–	186.8	30.8	(31.3)	–	(507.1)	(320.8)
Balance at 31 March 2017		1,856.1	(194.7)	25.7	76.7	(189.6)	10,939.4	12,513.6

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 2017 (in $ million)

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2015		1,856.1	(326.3)	(6.3)	96.1	(581.8)	10,541.5	11,579.3
Comprehensive income								
Net fair value changes on available-for-sale assets	15(d)	–	–	–	–	2.3	–	2.3
Net fair value changes on cash flow hedges	15(d)	–	–	–	–	108.6	–	108.6
Actuarial loss on revaluation of defined benefit plans		–	–	–	–	–	(1.6)	(1.6)
Other comprehensive income for the financial year, net of tax		–	–	–	–	110.9	(1.6)	109.3
Profit for the financial year		–	–	–	–	–	672.0	672.0
Total comprehensive income for the financial year		–	–	–	–	110.9	670.4	781.3
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share-based compensation expense		–	–	–	9.1	–	–	9.1
Share options lapsed		–	–	–	(5.1)	–	5.1	–
Purchase of treasury shares	14	–	(85.4)	–	–	–	–	(85.4)
Treasury shares reissued pursuant to equity compensation plans	14	–	30.2	1.2	(11.3)	–	–	20.1
Dividends	12	–	–	–	–	–	(315.4)	(315.4)
Issue of share options persuant to the VGO of Tiger Airways	22(f)	–	–	–	19.2	–	–	19.2
Total transactions with owners		–	(55.2)	1.2	11.9	–	(310.3)	(352.4)
Balance at 31 March 2016		1,856.1	(381.5)	(5.1)	108.0	(470.9)	10,901.6	12,008.2

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 2017 (in $ million)

		The Group	
	Notes	FY2016/17	FY2015/16
Cash flow from operating activities			
Profit before taxation		**518.6**	972.4
Adjustments for:			
Depreciation	20	**1,552.1**	1,543.0
Impairment of property, plant and equipment	20	**3.9**	10.6
Amortisation of intangible assets	21	**39.8**	32.7
Writeback of impairment of trade debtors	6	**(1.3)**	(4.7)
Writedown of inventories	27	**5.8**	26.6
Income from short-term investments	6	**(1.8)**	(1.8)
Provisions	19	**304.8**	218.5
Share-based compensation expense	5	**15.2**	12.4
Exchange differences		**(47.1)**	16.3
Amortisation of deferred gain on sale and operating leaseback transactions	6	**(6.0)**	(7.6)
Finance charges	7	**46.1**	50.3
Interest income	8	**(73.9)**	(70.7)
Loss/(Surplus) on disposal of aircraft, spares and spare engines		**31.7**	(52.7)
Dividends from long-term investments		**(5.5)**	(115.3)
Dividends from asset held for sale		**(39.5)**	-
Net gain on financial assets mandatorily measured at FVTPL		**(1.6)**	-
Other non-operating items	9	**103.2**	(91.1)
Share of profits of joint venture companies		**(20.9)**	(22.8)
Share of losses of associated companies		**63.0**	11.1
Operating cash flow before working capital changes		**2,486.6**	2,527.2
Increase/(Decrease) in trade and other creditors		**31.7**	(68.2)
Increase in sales in advance of carriage		**8.1**	161.5
Decrease in trade debtors		**82.0**	295.2
Decrease/(Increase) in deposits and other debtors		**17.4**	(28.3)
Increase in prepayments		**(78.5)**	(7.9)
Increase in inventories		**(2.3)**	(6.5)
Increase in deferred revenue		**38.4**	56.9
Cash generated from operations		**2,583.4**	2,929.9
Refund of fines		**-**	116.5
Income taxes paid		**(50.5)**	(40.9)
Net cash provided by operating activities		**2,532.9**	3,005.5

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

	Notes	The Group FY2016/17	FY2015/16
Cash flow from investing activities			
Capital expenditure	33	**(3,944.7)**	(2,909.0)
Purchase of intangible assets	33	**(43.6)**	(45.5)
Proceeds from disposal of aircraft and other property, plant and equipment		**45.4**	492.9
Purchase of long-term investments		**(0.6)**	(259.5)
Proceeds from disposal of long-term investments		**20.2**	–
Purchase of short-term investments		**(1,038.0)**	(275.5)
Proceeds from disposal of short-term investments		**1,570.4**	166.1
Dividends received from associated and joint venture companies		**78.4**	78.6
Dividends received from investments		**6.4**	116.2
Dividends received from asset held for sale		**39.5**	–
Interest received from investments and deposits		**76.9**	77.8
Proceeds from disposal of asset held for sale		**405.5**	–
Proceeds from disposal of a subsidiary company, net of cash disposed		**–**	0.1
Loan to an associated company		**(54.4)**	(62.0)
Proceeds from repayment of loan from an associated company		**116.4**	–
Investments in associated companies		**(225.3)**	(84.8)
Proceeds from partial disposal of an associated company		**4.0**	4.9
Net cash used in investing activities		**(2,943.5)**	(2,699.7)
Cash flow from financing activities			
Dividends paid	12	**(521.3)**	(315.4)
Dividends paid by subsidiary companies to non-controlling interests	12	**(37.6)**	(43.6)
Proceeds from exercise of share options pursuant to the VGO of Tiger Airways		**301.2**	–
Acquisition of non-controlling interests without a change in control		**(51.2)**	(458.5)
Issuance of share capital by a subsidiary company		**8.2**	1.5
Interest paid		**(41.1)**	(53.8)
Proceeds from borrowings		**1.8**	4.9
Repayment of borrowings		**(192.0)**	(41.4)
Repayment of long-term lease liabilities		**(21.5)**	(54.1)
Proceeds from exercise of share options		**33.2**	24.4
Proceeds from issuance of bonds		**430.0**	–
Repayment of bonds		**–**	(300.0)
Purchase of treasury shares	14	**(134.3)**	(85.4)
Net cash used in financing activities		**(224.6)**	(1,321.4)
Net cash outflow		**(635.2)**	(1,015.6)
Cash and cash equivalents at beginning of the financial year		**3,972.4**	5,042.7
Effect of exchange rate changes		**43.3**	(54.7)
Cash and cash equivalents at end of the financial year		**3,380.5**	3,972.4
Analysis of cash and cash equivalents			
Fixed deposits	31	**2,386.9**	3,002.7
Cash and bank	31	**993.6**	969.7
Cash and cash equivalents at end of the financial year		**3,380.5**	3,972.4

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 2017

1 General

Singapore Airlines Limited ("the Company") is a limited liability company incorporated and domiciled in the Republic of Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is a subsidiary company of Temasek Holdings (Private) Limited, incorporated in the Republic of Singapore.

The registered office of the Company is at Airline House, 25 Airline Road, Singapore 819829.

The financial statements of the Group as at and for the year ended 31 March 2017 comprise the Company and its subsidiary companies (together referred to as "the Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The principal activities of the Group consist of passenger and cargo air transportation, engineering services, training of pilots, air charters and tour wholesaling and related activities. The principal activity of the Company consists of passenger air transportation.

The financial statements for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 18 May 2017.

2 Summary of Significant Accounting Policies

The accounting policies applied by the Group and the Company are consistent with those used in the previous financial year, except as explained in Note 2(b), which addresses changes in accounting policies.

(a) 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"), which is the Company's functional currency and all values in the tables are rounded to the nearest million, unless otherwise stated.

(b) Changes in accounting policies

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

On 1 April 2016, the Group adopted all the new and revised standards and interpretations of FRS ("INT FRS") that are effective for annual financial periods beginning on or after 1 April 2016. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

2 Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policies (continued)

In addition, the Group has early adopted FRS 109: Financial Instruments with a date of initial application of 1 October 2016. The principal reason for early adoption is that FRS 109 better aligns the accounting of derivatives used for fuel hedges with the Group's risk management strategy. FRS 109 allows the adoption from the start of a quarterly reporting period. The impact of adopting this standard on reserves on the date of initial application, 1 October 2016, is set out below.

	The Group		The Company	
	Fair value reserve	General reserve	Fair value reserve	General reserve
Effects of adopting FRS 109				
(Decrease)/Increase in reserves as a result of:				
Classification of financial assets and liabilities	(24.0)	24.0	(20.7)	20.7
Expected credit loss on financial assets, certain loan commitments and financial guarantee contracts	–	(5.2)	–	(11.7)
Measurement of unquoted equity securities	–	24.0	–	24.0
Alignment of accounting policies of an associated company	(4.4)	4.4	–	–
Total	(28.4)	47.2	(20.7)	33.0

(i) Classification of financial assets and liabilities

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL") and replaces the existing FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Classification under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics. FRS 109 largely retains the existing requirements in FRS 39 for the classification of financial liabilities.

This resulted in non-equity investments of $289.2 million for the Group and $220.7 million for the Company which were previously classified as available-for-sale to being measured at FVTPL. Correspondingly, there was a transfer of $24.0 million and $20.7 million for the Group and the Company respectively of fair value gains previously recorded in the fair value reserve, to the general reserve. Other changes in classification have not had an impact on the measurement of either financial assets or liabilities.

(ii) Expected credit loss on financial assets, certain loan commitments and financial guarantee contracts

FRS 109 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' ("ECL") model. The new impairment model also applies to certain loan commitments and financial guarantee contracts, but not to equity investments. This change resulted in the earlier recognition of credit losses that reduced the value of financial assets by $4.9 million and increased the value of provisions by $0.3 million for the Group, and reduced the value of financial assets by $11.6 million and increased the value of provisions by $0.1 million for the Company.

(iii) Measurement of unquoted equity securities

FRS 109 is more restrictive in the use of cost when measuring unquoted equity securities. Consequently, SIA reviewed all such investments and recognised a $24.0 million increase in long-term investments which was recorded in the general reserve.

(iv) Hedge accounting

FRS 109 permits hedge accounting of risk components of both non-financial and financial items, where they are separately identifiable and reliably measurable. Crude oil derivatives were previously designated under FRS 39 as a proxy for jet fuel derivatives resulting in hedge ineffectiveness. These hedges are now designated in qualifying cash flow hedges of the crude oil component of future jet fuel purchases. As a result, the risk of hedge ineffectiveness has been mitigated and this change better aligns the accounting of such derivatives with the Group's risk management strategy.

Notes to the Financial Statements
For The Financial Year Ended 31 March 2017

2 Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policies (continued)

(v) Transition

Consistent with prescribed transitional arrangements, changes in accounting policies resulting from the adoption of FRS 109 have not been applied retrospectively, as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities held as at the date of initial application, are recognised in retained earnings and reserves. Accordingly, the information presented for the prior period does not reflect the requirements of FRS 109 and therefore is not comparable to the information presented in the current period under FRS 109.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - The determination of the business model within which a financial asset is held; and
  - The designation of certain investments in equity instruments not held for trading as being held at FVOCI.

(c) Standards issued but not yet effective

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) to the Group's financial statements for the first time from 1 April 2018.

The Group has conducted a preliminary assessment of the impact of SG-IFRS 1 First-time adoption of International Financial Reporting Standards for the transition to the new reporting framework. Based on the preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 Revenue from Contracts with Customers under this new framework will be similar to the impact on the adoption of FRS 115 as set out in this Note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently conducting a detailed analysis of the available accounting policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analysis.

New standards and amendments to standards that are effective from the Group's financial year ending 31 March 2018 are as follows:

Description	Effective from
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to FRS 7: Amendment relating to disclosure of changes in liabilities arising from financing activities	1 April 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 April 2017
Amendments to FRS 102: Amendments relating to classification and measurement of share-based payment transactions	1 April 2018
FRS 115 Revenue from Contracts with Customers	1 April 2018
FRS 116 Leases	1 April 2019

2 Summary of Significant Accounting Policies (continued)

(c) Standards issued but not yet effective (continued)

Except for FRS 115 and FRS 116, the Group expects that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The Group does not plan to adopt any of these new standards earlier than their required adoption date. The nature of the impending changes in accounting policies on adoption of FRS 115 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required when the Group is required to adopt it on 1 April 2018. The Group's FRS 115 project team which was set up to perform the impact assessments and implementation of this standard, is currently assessing the impact of FRS 115.

FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 Leases. FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lease accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases, unless the term is less than 12 months or the underlying asset is of low value.

The Group has conducted a preliminary assessment of the impact of the new standard on its existing operating lease arrangements as a lessee. As at the reporting date, the Group has non-cancellable operating lease commitments amounting to $4,134.9 million (Note 34(b)). Based on the preliminary assessment, the Group expects a large proportion of these operating leases to be recognised as lease liabilities with corresponding ROU assets under the new standard. This will increase the Group's leverage ratio and its foreign exchange volatility arising from revaluation of lease liabilities that are denominated in USD. There will also be an impact on the timing of expense recognition in the profit and loss account over the period of lease. Interest expense will be recognised using the effective interest method on outstanding lease liabilities and the ROU assets will be depreciated, rather than operating lease payments being the expense.

(d) Basis of consolidation

Business combinations are accounted for by applying the acquisition method in accordance with FRS 103 Business Combinations as at the acquisition date, which is the date on which control is transferred to the Group. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are recognised as expenses as incurred.

Any excess of the total 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 net assets is recorded as goodwill. The accounting policy for goodwill is set out in Note 2(f)(iv). When the amount is negative, a bargain purchase gain is recognised immediately in the profit and loss account.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit and loss account.

Any contingent consideration will be recognised at fair value at the acquisition date and included in the consideration amount. If the contingent consideration is classified as equity, it is not remeasured and settled within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the profit and loss account.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

2 Summary of Significant Accounting Policies (continued)

(d) Basis of consolidation (continued)

The Group elects for each separate business combination, whether the 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.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions and therefore no adjustments are made to goodwill and no gain or loss is recognised in the profit and loss account. In such circumstances, adjustments are based on a proportionate amount of the net assets of the subsidiary companies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with associated and joint venture companies are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Subsidiary, associated and joint venture companies

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

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiary companies are included in the consolidated financial statements from the date the control commences until the date the control ceases.

The accounting policies of subsidiary companies have been changed when necessary to align them with policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balance.

An associated company is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

A joint venture company is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group accounts for its investments in associated and joint venture companies using the equity method, initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of associated and joint venture companies, until the date on which significant influence or joint control ceases. Dividends reduce the carrying amounts of the investments.

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

The most recently available audited financial statements of the associated and joint venture companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon the loss of significant influence or joint control over the associated or joint venture company, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

2 Summary of Significant Accounting Policies (continued)

(f) Intangible assets

(i) Computer software

Acquired computer software is stated at cost less accumulated amortisation and accumulated impairment losses.

(ii) Deferred engine development cost

The Group's share of engine development payments, made in connection with its participation in aircraft engine development projects with other companies, is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Brand and trademarks

The brand and trademarks were acquired in business combinations. The useful life of the brand is indefinite and is measured at cost less accumulated impairment losses. When the brand is no longer in use and the Group has no intention to sell the brand, the entire carrying amount is considered impaired. Trademarks which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Goodwill

Goodwill acquired in a business combination is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 2(d). Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

Goodwill that forms part of the carrying amount of an associated company is not recognised separately, and therefore, is not tested for impairment separately. Instead, the entire amount of the investment in the associated company is tested for impairment as a single asset when there is objective evidence that the investment in associated company may be impacted.

(v) Other intangible assets

Purchased landing slots are measured at cost less accumulated impairment losses.

Licences were acquired in business combinations and are measured at cost less accumulated amortisation and accumulated impairment losses.

(vi) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(vii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

- Computer software 3 – 10 years
- Trademarks 23 – 24 years
- Licences 3 years

For deferred engine development cost, amortisation begins when the aircraft engines are available for sale. These deferred engine development costs are amortised on a straight-line basis over the period of expected sales of the aircraft engines, which is estimated to be over a period of 20 years.

Advance and progress payments are not amortised. Amortisation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted if appropriate.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

2 Summary of Significant Accounting Policies (continued)

(g) Foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into SGD at the rates prevailing at the dates of those transactions.

All foreign currency monetary assets and liabilities are translated into SGD at rates prevailing at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The foreign currency gain or loss on monetary assets and liabilities is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency re-translated at the exchange rate at the end of the year.

Foreign currency differences are recognised in the profit and loss account, except for qualifying cash flow hedges which are deferred to equity.

Foreign operations

For the purpose of the consolidated financial statements, the net assets of foreign subsidiary, associated and joint venture companies are translated into SGD at rates prevailing at the reporting date. The financial results of foreign subsidiary, associated and joint venture companies are translated monthly into SGD at prevailing exchange rates. The resulting gains or losses on exchange are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, and translated into SGD at the closing rate at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity, except to the extent that the foreign currency differences are allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary company while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associated or a joint venture company while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of a property, plant and equipment have different useful lives, they are accounted for as separate components. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

Leasehold hotel properties held by an associated company are carried at fair value, less accumulated depreciation and accumulated impairment losses. Fair values of leasehold hotel properties are determined by independent professional valuers on an annual basis. The Group's share of the revaluation gain or loss is reflected under the share of post-acquisition capital reserve.

(ii) Depreciation of property, plant and equipment

Depreciation is based on the cost of an asset less its residual value. Operational lives, residual values and depreciation methods are reviewed annually, and adjusted prospectively, if appropriate. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised from the date the property, plant and equipment is installed and ready for use.

Freehold land, advance and progress payments are not depreciated.

The estimated useful lives and residual values are as follows:

Property, plant and equipment type	Useful lives	Residual values
<u>Aircraft, spares and spare engines</u>		
Passenger aircraft, spares and spare engines	15 – 20 years	5% to 10% of cost
Embedded engine overhaul costs	4 – 8 years	Nil
New freighter aircraft	20 years	5% of cost
Used freighter aircraft	20 years less age of aircraft	5% of cost
Major inspection costs relating to landing gear overhauls and heavy maintenance visits	4 – 10 years	Nil
Training aircraft	5 – 15 years	10% of cost
Flight simulators	5 – 10 years	Nil
<u>Leasehold land and buildings</u>		
Company owned office premises	Shorter of lease period or 30 years	Nil
Company owned household premises	Shorter of lease period or 10 years	Nil
Other premises	Shorter of lease period or 5 years	Nil
Leasehold hotel properties held by an associated company	Lease period of 99 years, up to 2081	Nil
<u>Others</u>		
Plant and equipment, office and computer equipment	1 to 15 years	Nil

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

2 Summary of Significant Accounting Policies (continued)

(i) 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 and the arrangement conveys a right to use the asset.

(i) Finance lease – as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, 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 finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the profit and loss account.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the average expected life between major overhauls (estimated to be 4 to 8 years).

(ii) Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. 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.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the remaining lease term period or, where appropriate, the average expected life between major overhauls (estimated to be 4 to 10 years).

(iii) 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. Aircraft leased out under operating leases are included under property, plant and equipment and are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

(k) Financial instruments – policy applicable under FRS 109

(i) Recognition and initial measurement

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, in the case of the financial asset or liability not carried at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments – policy applicable under FRS 109 (continued)

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

For equity investments that are not held for trading, the Group may irrevocably elect on initial recognition to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

a) Amortised cost: A non-equity financial asset can be measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) FVOCI: A non-equity financial asset can be measured at FVOCI only if it meets both of the following conditions:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) FVTPL: All other financial assets are classified as measured at FVTPL. Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's Management;
- The risks that affect the performance of the business model and how those risks are managed;
- How managers of the portfolio are compensated; and
- The frequency, volume and timing of disposals in prior periods, the reasons for such disposals and its expectations about future activity.

Assessment of whether contractual cash flows are solely payments of principal and interest

For assessment purposes, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments – policy applicable under FRS 109 (continued)

(ii) Classification and subsequent measurement (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contingent events, leverage features, modifications of the time value of money and other limiting terms in the contractual terms of the instrument, which could change the timing or amount of contractual cash flows such that the cash flows of the instrument would not be reflective of solely payments of principal and interest.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing those financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of the (i) consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income, in respect of equity investment securities designated as at FVOCI, is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition, that is created or retained by the Group, is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments – policy applicable under FRS 109 (continued)

(v) Impairment

Expected credit loss

The Group recognises loss allowances for ECL on non-equity financial instruments that are not measured at FVTPL.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Non-equity financial instruments that are determined to have a low credit risk at the reporting date; and
- Other non-equity financial instruments (other than trade debtors) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade debtors are always measured at an amount equal to lifetime ECL.

The Group considers a non-equity financial instrument to have a low credit risk when its credit quality is rated to be of an investment grade by credit rating agencies.

12-month ECL is the portion of lifetime ECL that results from the default events on a financial instrument that are possible within the 12 months after the reporting date. The lifetime ECL is the expected credit loss over the term of the financial instrument, and is the shortfall of the probability weighted net present value of cash flows as compared to the carrying value of the non-equity financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether non-equity financial assets that are carried at amortised cost or FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(vi) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts, foreign currency option contracts, cross currency swap contracts, interest rate swap contracts, interest rate cap contracts, jet fuel option contracts, jet fuel, Brent and crack swap contracts and jet fuel collar contracts to hedge its risks associated with foreign currency, interest rate 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; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to the profit and loss account.

Designation of hedges

The Group designates certain derivatives as well as non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedge, the economic relationship between the hedge instrument and the hedged item, the effects of credit risk on the hedge, the hedge ratio and the hedge type (cash flow or fair value).

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments – policy applicable under FRS 109 (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Designation of a risk component of a hedged item is permitted when it is a separable identifiable component of the item, and the changes in the cash flows or the fair value of the item attributable to changes in the risk component is reliably measurable.

At the inception of the hedge relationship, the Group makes an assessment of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated. For a cash flow hedge of a forecast transaction, the Group also assesses whether the forecast transaction is highly probable to occur and if it presents an exposure to variations in cash flows that could ultimately affect profit or loss.

The hedge effectiveness assessment is an assessment of the economic relationship between the hedged item and the hedging instrument, and is therefore only forward looking. There is no prescribed quantitative hedge effectiveness threshold. Hedge effectiveness is the extent to which the fair value of the hedging instrument offsets changes in the fair value of the hedged item.

The time value of an option is excluded from the designation of a financial instrument and is accounted for as a cost of hedging. The fair value changes related to time value are recognised in other comprehensive income and depending on the nature of the hedged item, will either be transferred to profit and loss account in the same period that the underlying transaction affects profit or loss, or be capitalised into the initial carrying value of a hedged item.

Cash flow hedges

When a derivative is designated in a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the fair value reserve. Any ineffective portion of changes in the fair value of the derivative (i.e. the extent to which changes in the fair value of the hedge instrument do not match the changes in fair value of the hedged item) is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income, and depending on the nature of the hedged item, will either be transferred to the profit or loss in the same period that the underlying transaction affects the profit and loss account or be capitalised in the initial carrying amount of a hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued. The cumulative gain or loss previously recognised in the fair value reserve remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Fair value hedges

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(l) Financial instruments – policy applicable under FRS 39

The following three areas for the accounting of financial instruments pertaining to classification and subsequent measurement, impairment and hedge accounting were accounted for under FRS 39 up to 30 September 2016, on which date FRS 109 was adopted. The differences in the accounting for financial instruments were addressed upon adoption, in the manner set out in Note 2(b).

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments – policy applicable under FRS 39 (continued)

(i) Classification and subsequent measurement

The Group classified its financial assets into one of the following categories:

a) Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss included financial assets held for trading and those designated upon initial recognition as fair value through profit or loss. Financial assets were classified as held for trading if they were acquired principally for the purpose of selling in the short-term. This category included derivative financial instruments entered into by the Group.

b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market were classified as loans and receivables. Such assets were carried at amortised cost using the effective interest method, less impairment. Gains and losses were recognised in the profit and loss account when the loans and receivables were derecognised or impaired, as well as through the amortisation process.

c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity were classified as held-to-maturity when the Group had the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments were measured at amortised cost using the effective interest method, less impairment. Gains and losses were recognised in the profit and loss account when the held-to-maturity investments were derecognised or impaired, and through the amortisation process.

d) Available-for-sale investments

Available-for-sale investments were non-derivative financial assets that were either designated in this category, or not classified in other categories. After initial recognition, available-for-sale investments were measured at fair value with gains or losses being recognised in other comprehensive income, except that impairment losses and interest were recognised in the profit and loss account. The cumulative gain or loss previously recognised in other comprehensive income was reclassified from equity to the profit and loss account as a reclassification adjustment when the investment was derecognised.

(ii) Impairment

Financial assets not carried at fair value through profit or loss, including interests in associated and joint venture companies, were assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicates that a loss event had occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that could be estimated reliably.

a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assessed whether objective evidence of impairment existed individually for financial assets that were individually significant, or collectively for financial assets that were not individually significant.

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

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments – policy applicable under FRS 39 (continued)

(ii) Impairment (continued)

b) Financial assets carried at cost

If there was objective evidence that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses were not reversed in subsequent periods.

c) Available-for-sale financial assets

Significant or prolonged decline in the fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market were considered objective evidence that investment securities classified as available-for-sale financial assets were impaired.

If an available-for-sale asset was impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, will be transferred from other comprehensive income to the profit and loss account.

In the case of non-equity investments classified as available-for-sale, impairment was assessed based on the same criteria as financial assets carried at amortised cost.

(iii) Hedge accounting

At the inception of a hedge relationship, the Group formally designated and documented the hedge relationships to which the Group wished to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation included identification of the hedged item or transaction, the hedging instrument, the nature of the risk being hedged and how the Group assessed the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's (or transaction's) cash flows attributable to the hedged risk. Such hedges were expected to be highly effective in achieving offsetting changes in cash flows and were assessed on an ongoing basis to determine whether they had been highly effective throughout the financial reporting periods for which they were designated.

(m) 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 CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or its related CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For non-financial assets excluding goodwill and those with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU'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 the profit and loss account unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2 Summary of Significant Accounting Policies (continued)

(n) Loans, notes payable and borrowings

Loans, notes payable and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

(o) Trade and other creditors

Trade and other creditors and amounts owing to subsidiary and associated companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

(p) Provisions

Provisions are recognised when, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions for return costs to meet contractual minimum conditions for the return of aircraft, at the end of the lease terms for aircraft under operating leases, are recorded over the lease terms.

Other provisions include provisions for warranty claims, upgrade costs and end-of-lease liabilities. Provision for warranty claims is made for engine overhauls, repairs and maintenance of aircraft (excluding line maintenance), based on past experience of repairs.

(q) Share capital and share issuance expenses

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital, net of any tax effect.

(r) Treasury shares

When shares are reacquired by the Company, the amount of consideration paid which includes directly attributable costs, net of any tax effect, is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve. Voting rights related to treasury shares are nullified and no dividends are allocated to them.

(s) Taxation

(i) Current income tax

Tax recoverable and tax liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to, respectively, the tax authorities using tax rates enacted or substantively enacted at balance sheet date. 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.

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

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

2 Summary of Significant Accounting Policies (continued)

(s) Taxation (continued)

(ii) Deferred tax

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

Deferred tax assets and liabilities are not recognised for:

- Temporary differences on 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

- Temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, 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.

Deferred tax assets are 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.

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 is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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 tax authority.

(t) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, net of discounts and rebates.

Revenue is principally earned from the carriage of passengers, cargo and mail, engineering services, training of pilots, air charters and tour wholesaling and related activities. Revenue for the Group excludes dividends from subsidiary companies and intra-group transactions.

Passenger and cargo sales are recognised as operating revenue when the transportation is provided. The value of unutilised tickets and airway bills is included in current liabilities as sales in advance of carriage. The value of unutilised tickets is recognised as revenue by estimating a percentage of the breakage revenue upfront at flight date based on historical trends and experience. The value of airway bills is recognised as revenue if unused after one year.

Revenue from repair and maintenance of aircraft, and engine and component overhaul is recognised based on the percentage of completion of the projects. The percentage of completion of the projects is determined based on the number of man-hours incurred to date against the estimated man-hours needed to complete the projects.

Rental income from the lease of aircraft is recognised on a straight-line basis over the lease term.

2 Summary of Significant Accounting Policies (continued)

(t) Revenue (continued)

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage upon redemption, which is then used to project the expected utilisation of these benefits.

In addition, the Company also sells miles to programme partners for issuance to their programme members. For miles purchased by programme partners, revenue is deferred until awards are utilised. The deferrals are based on the expected utilisation of these awards.

(u) Income from investments

Dividend income from investments is recognised when the Group's right to receive the payment is established.

Interest income from investments and fixed deposits is recognised using the effective interest method.

(v) Employee benefits

(i) Equity compensation plans

The fair value determined at the grant date of the equity-settled share-based payment awards is recognised on a straight-line basis over the vesting period. In valuing the share options and share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company and non-vesting performance conditions.

Non-market vesting performance conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share-based compensation reserve, over the remaining vesting period.

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

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

(ii) Defined benefit plans

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Remeasurements comprising actuarial gains and losses, and the return on plan assets are recognised immediately in other comprehensive income in the period in which they arise. All expenses related to the defined benefit plans are recognised as an expense in profit or loss. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

2 Summary of Significant Accounting Policies (continued)

(v) Employee benefits (continued)

(iii) Defined contribution plans

As required by law, the companies in Singapore make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Certain of the Group's subsidiary companies and overseas stations outside Singapore make contributions to their respective countries' defined contribution pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

(iv) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(w) Aircraft maintenance and overhaul costs

The Group recognises aircraft maintenance and overhaul expenses (except heavy maintenance visits, engine overhaul and landing gear overhaul expenses) on an incurred basis. For engine overhaul costs covered by power-by-hour third-party maintenance agreements, a portion of the cost is expensed at a fixed rate per hour during the terms of the agreements. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised in the future. Upon completion of an overhaul, these amounts are transferred to property, plant and equipment and depreciated over their useful lives.

(x) Borrowing costs

Borrowing costs incurred to finance advance and progress payments for aircraft are capitalised as part of advance and progress payments until the aircraft are commissioned for operation or the projects are completed. All other borrowing costs are recognised as finance charges in the period in which they are incurred.

(y) Segment reporting

(i) Business segment

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

(ii) Geographical segment

The analysis of revenue by area of original sale from airline operations is derived by allocating revenue to the area in which the sale was made. Revenue from other operations, which consist principally of engineering services and cargo operations, is derived in East Asia and is therefore, not shown.

Assets, which consist principally of flight and ground equipment, support the entire worldwide transportation system, and are mainly located in Singapore. An analysis of assets and capital expenditure of the Group by geographical distribution has therefore not been included.

3 Significant Accounting Estimates and Critical Judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income, expenses, and disclosures made. Actual results may differ from these estimates. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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) Impairment of property, plant and equipment – aircraft fleet

Impairment is recognised when events and circumstances indicate that the aircraft may be impaired and the carrying amounts of the aircraft exceed the recoverable amounts. Recoverable amount is defined as the higher of an aircraft's fair value less costs to sell and its value-in-use. The fair value less costs to sell computation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. In determining the recoverable amounts of the aircraft, certain estimates regarding the current fair market value of the aircraft are made. The current fair market value is determined based on desktop valuations from an independent appraisal for aircraft with similar operational lives. When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on financial budgets approved by the Management covering a specified period.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Determination of a CGU requires judgement, as it requires identification of the lowest aggregation of assets that generate largely independent cash flows.

Management's multi-brand strategy as well as its centralised network planning decisions have led to the integration programme involving Tiger Airways and Scoot during the year and the continued increase in the capacity interdependency among Singapore Airlines, SilkAir and SIA Cargo. As a result, the Group's identification of CGUs has changed in the year ended 31 March 2017 from a statutory entity basis to the "Full-Service Airlines and Cargo Operations" CGU and the "Low-Cost Airlines" CGU for the Group's wholly owned airline and cargo operations. Other CGUs remain unchanged.

(b) Depreciation of property, plant and equipment – aircraft fleet

Aircraft are depreciated on a 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. Certain estimates regarding the operational lives and residual values of the fleet are made by the Group based on past experience and these are in line with the industry's. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2017 was $10,829.1 million (2016: $10,106.2 million) and $7,898.8 million (2016: $7,358.7 million) respectively.

During the financial year, the Group identified the embedded engine overhaul element within the engine as a separate component for depreciation over shorter useful lives of between four to eight years. The effect of the change is an increase in depreciation expense of approximately $25.9 million for the financial year ended 31 March 2017.

Change in estimates (in $ million)	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21
Increase/(Decrease) in depreciation expense	25.9	29.2	19.3	13.3	(9.7)

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

3 Significant Accounting Estimates and Critical Judgements (continued)

(c) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the statement of financial position. During the financial year, the Group revised certain estimates to recognise passenger ticket breakage revenue from expected unutilised tickets on flight date, resulting in a one-time increase in revenue of approximately $151.2 million. Effects in future periods have not been disclosed because the estimates rely on future flown revenue information.

The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2017 was $1,634.3 million (2016: $1,626.2 million) and $1,465.9 million (2016: $1,460.1 million) respectively.

(d) Frequent flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage upon redemption, which is then used to project the expected utilisation of these benefits.

In addition, the Company also sells miles to programme partners for issuance to their programme members. For miles purchased by programme partners, revenue is deferred until awards are utilised. The deferrals are based on the expected utilisation of these awards.

The carrying amount of the Group's and the Company's deferred revenue at 31 March 2017 was $707.8 million (2016: $669.4 million).

(e) Aircraft maintenance and overhaul expenditure under power-by-hour agreements

The Group has entered into several power-by-hour ("PBH") engine maintenance agreements with original equipment manufacturers of aircraft engines. The monthly payments are based on the number of flying hours flown. A portion of the cost is expensed at a fixed rate per hour during the term of the PBH agreement. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised through future maintenance activities, if any, or capitalised upon completion of an overhaul.

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate of the proportion of day-to-day maintenance compared to maintenance which extends the useful lives of the engine. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2017 was $783.3 million (2016: $475.3 million) and $611.9 million (2016: $350.6 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to $70.9 million (FY2015/16: $61.4 million) for the Group and $28.1 million (FY2015/16: $35.2 million) for the Company.

(f) Provision for lease return costs

Prior to the return of aircraft leased by the Group entities to the lessor, the Group entities are required to fulfil certain lease return conditions which may include the completion of certain maintenance activities to the airframe and engines and the reconfiguration of seats within the aircraft. The provision for lease return costs for these leased aircraft is determined based on the best estimate of the costs that will be incurred to fulfil the stipulated lease return conditions. The carrying amount of the provision for the Group and the Company at 31 March 2017 was $1,137.2 million (2016: $1,002.5 million) and $886.3 million (2016: $779.6 million) respectively.

4 Segment Information (in $ million)

Following the Group's multi-brand portfolio strategy and integration activities of Tiger Airways and Scoot, Management has determined that the Group has the following reportable segments:

(i) The Singapore Airlines segment provides passenger air transportation under the Singapore Airlines brand with a focus on full-service passenger segment serving short and long haul markets.

(ii) The SilkAir segment provides passenger air transportation under the SilkAir brand with a focus on full-service passenger segment serving regional markets.

(iii) The Budget Aviation segment provides passenger air transportation under the Tiger Airways and Scoot brands with a focus on the low-cost passenger segment.

(iv) SIA Engineering Company ("SIAEC") segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management. It also manufactures aircraft cabin equipment, refurbishes aircraft galleys, provides technical and non-technical handling services and repair and overhaul of hydro-mechanical aircraft equipment.

(v) SIA Cargo segment is involved in air cargo transportation and related activities.

Other services provided by the Group, such as the training of pilots, air charters and tour wholesaling, have been aggregated under the segment "Others". None of these segments meets any of the quantitative thresholds for determining reportable segments in FY2016/17 or FY2015/16.

This represents a change to the operating segments reported in the previous corresponding period. The previously reported segment results for the year ended 31 March 2016 have been restated to be comparable with the revised segmentation approach as required by FRS 108 Operating Segments.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transactions carried out between operating segments during the financial year are in the normal course of business.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

4 Segment Information (in $ million) (continued)

Business segments

The Group's business is organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial years ended 31 March 2017 and 2016 and certain assets and liabilities information of the business segments as at those dates.

	Singapore Airlines FY2016/17	SilkAir FY2016/17	Budget Aviation FY2016/17	SIAEC FY2016/17	SIA Cargo FY2016/17	Others FY2016/17	Total of segments FY2016/17	Elimination* FY2016/17	Consolidated FY2016/17
Total Revenue									
External revenue	10,134.2	969.2	1,349.1	429.4	1,950.2	36.4	14,868.5	–	14,868.5
Inter-segment revenue	960.0	21.1	39.6	674.7	5.4	48.1	1,748.9	(1,748.9)	–
	11,094.2	990.3	1,388.7	1,104.1	1,955.6	84.5	16,617.4	(1,748.9)	14,868.5
Results									
Segment result	386.4	100.8	67.4	72.0	3.1	9.6	639.3	(16.5)	622.8
Finance charges	(47.6)	–	(28.0)	(0.7)	–	–	(76.3)	30.2	(46.1)
Interest income	99.1	2.8	5.0	4.0	1.4	0.3	112.6	(38.7)	73.9
Loss on disposal of aircraft, spares and spare engines	(2.9)	(25.9)	(0.8)	–	(1.2)	(0.9)	(31.7)	–	(31.7)
Dividends from long-term investments	5.2	0.3	–	–	–	–	5.5	–	5.5
Dividends from asset held for sale	–	–	–	39.5	–	–	39.5	–	39.5
Other non-operating items	12.1	(0.8)	(127.5)	143.8	(131.9)	0.1	(104.2)	1.0	(103.2)
Share of (losses)/profits of joint venture companies	–	–	(10.7)	31.6	–	–	20.9	–	20.9
Share of (losses)/profits of associated companies	(127.5)	–	(0.4)	64.9	–	–	(63.0)	–	(63.0)
Taxation	(65.3)	(18.1)	7.4	(17.9)	1.3	(1.0)	(93.6)	16.9	(76.7)
Profit/(Loss) for the financial year	259.5	59.1	(87.6)	337.2	(127.3)	8.1	449.0	(7.1)	441.9
Attributable to:									
Owners of the parent									360.4
Non-controlling interests									81.5
									441.9

* *Relates to inter-segment transactions eliminated on consolidation.*

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines FY2015/16	SilkAir FY2015/16	Budget Aviation FY2015/16	SIAEC FY2015/16	SIA Cargo FY2015/16	Others FY2015/16	Total of segments FY2015/16	Elimination* FY2015/16	Consolidated FY2015/16
Total Revenue									
External revenue	10,633.8	947.5	1,193.7	395.8	2,037.1	30.8	15,238.7	–	15,238.7
Inter-segment revenue	1,052.3	18.2	25.7	717.7	7.9	58.5	1,880.3	(1,880.3)	–
	11,686.1	965.7	1,219.4	1,113.5	2,045.0	89.3	17,119.0	(1,880.3)	15,238.7
Results									
Segment result	485.1	90.6	42.0	104.1	(49.7)	(2.1)	670.0	11.2	681.2
Finance charges	(42.0)	–	(11.7)	(0.3)	(1.4)	–	(55.4)	5.1	(50.3)
Interest income	87.1	1.8	1.9	2.1	3.3	0.3	96.5	(25.8)	70.7
Surplus/(Loss) on disposal of aircraft, spares and spare engines	3.7	39.9	(3.5)	–	13.5	(0.9)	52.7	–	52.7
Dividends from long-term investments	95.2	14.0	–	6.1	–	–	115.3	–	115.3
Other non-operating items	(4.2)	(10.8)	(6.0)	(4.5)	116.5	0.1	91.1	–	91.1
Share of (losses)/profits of joint venture companies	–	–	(21.0)	43.8	–	–	22.8	–	22.8
Share of (losses)/profits of associated companies	(59.9)	–	(0.2)	49.0	–	–	(11.1)	–	(11.1)
Taxation	(94.2)	(14.0)	(1.3)	(20.8)	5.5	5.6	(119.2)	(1.4)	(120.6)
Profit for the financial year	470.8	121.5	0.2	179.5	87.7	3.0	862.7	(10.9)	851.8
Attributable to:									
Owners of the parent									804.4
Non-controlling interests									47.4
									851.8

* *Relates to inter-segment transactions eliminated on consolidation.*

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines 2017	SilkAir 2017	Budget Aviation 2017	SIAEC 2017	SIA Cargo 2017	Others 2017	Total of segments 2017	Elimination* 2017	Consolidated 2017
Other information as at 31 March									
Segment assets	17,213.4	1,425.4	3,198.6	1,376.3	1,426.0	193.0	24,832.7	(1,735.5)	23,097.2
Investments in associated and joint venture companies	676.2	–	(1.1)	542.0	–	–	1,217.1	–	1,217.1
Long-term investments	395.3	0.6	–	–	–	9.8	405.7	–	405.7
Total assets	18,284.9	1,426.0	3,197.5	1,918.3	1,426.0	202.8	26,455.5	(1,735.5)	24,720.0
Segment liabilities	6,191.0	255.6	506.2	258.7	496.6	77.3	7,785.4	(1,707.0)	6,078.4
Long-term liabilities	259.4	–	9.5	–	–	–	268.9	–	268.9
Provisions	946.8	57.3	219.5	0.9	8.2	–	1,232.7	–	1,232.7
Defined benefit plans	122.3	0.5	–	–	8.4	–	131.2	–	131.2
Borrowings	1,430.0	–	88.2	25.9	23.7	–	1,567.8	–	1,567.8
Tax liabilities	1,512.4	99.4	160.3	44.8	152.2	1.7	1,970.8	–	1,970.8
Total liabilities	10,461.9	412.8	983.7	330.3	689.1	79.0	12,956.8	(1,707.0)	11,249.8
Capital expenditure	3,120.5	314.1	471.1	38.3	84.9	1.0	4,029.9	–	4,029.9
Purchase of intangible assets	30.4	3.2	3.6	5.2	0.8	1.3	44.5	–	44.5
Depreciation	1,219.3	57.6	100.6	47.6	125.7	1.2	1,552.0	0.1	1,552.1
Impairment of property, plant and equipment	3.9	–	21.2	–	–	–	25.1	–	25.1
Amortisation of intangible assets	27.9	2.1	3.4	5.2	0.7	0.5	39.8	–	39.8
Provision for competition-related fines and settlement	–	–	–	–	131.9	–	131.9	–	131.9
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	3.2	3.4	(1.6)	(1.8)	(0.4)	0.2	3.0	–	3.0

* *Relates to inter-segment transactions eliminated on consolidation.*

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines 2016	SilkAir 2016	Budget Aviation 2016	SIAEC 2016	SIA Cargo 2016	Others 2016	Total of segments 2016	Elimination* 2016	Consolidated 2016
Other information as at 31 March									
Segment assets	16,110.0	1,365.8	3,129.3	1,330.5	1,560.2	148.7	23,644.5	(1,691.2)	21,953.3
Investments in associated and joint venture companies	556.8	–	9.9	491.5	–	–	1,058.2	–	1,058.2
Loan receivable from an associated company	62.0	–	–	–	–	–	62.0	–	62.0
Long-term investments	754.4	0.6	8.3	–	–	9.8	773.1	–	773.1
Total assets	17,483.2	1,366.4	3,147.5	1,822.0	1,560.2	158.5	25,537.8	(1,691.2)	23,846.6
Segment liabilities	6,373.6	281.4	402.2	229.1	461.0	51.8	7,799.1	(1,679.2)	6,119.9
Long-term liabilities	110.1	–	9.1	–	28.6	–	147.8	–	147.8
Provisions	827.7	44.1	201.3	0.2	22.3	–	1,095.6	–	1,095.6
Defined benefit plans	121.4	0.4	–	–	7.5	–	129.3	–	129.3
Borrowings	1,000.0	–	269.8	33.3	44.4	–	1,347.5	–	1,347.5
Tax liabilities	1,477.5	93.7	98.9	47.5	156.0	–	1,873.6	–	1,873.6
Total liabilities	9,910.3	419.6	981.3	310.1	719.8	51.8	12,392.9	(1,679.2)	10,713.7
Capital expenditure	1,739.2	261.9	817.0	41.2	86.6	0.4	2,946.3	(22.6)	2,923.7
Purchase of intangible assets	33.0	2.5	10.6	4.6	0.8	0.6	52.1	–	52.1
Depreciation	1,222.2	60.5	100.5	42.2	121.8	1.5	1,548.7	(5.7)	1,543.0
Impairment of property, plant and equipment	18.7	–	2.9	–	–	0.7	22.3	–	22.3
Amortisation of intangible assets	25.4	1.7	2.8	1.6	1.1	0.1	32.7	–	32.7
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	24.8	3.4	4.1	5.0	2.5	0.1	39.9	–	39.9

* *Relates to inter-segment transactions eliminated on consolidation.*

Notes to the Financial Statements
For The Financial Year Ended 31 March 2017

4 Segment Information (in $ million) (continued)

Geographical segments

The following table presents revenue information on airline operations by geographical areas for the financial years ended 31 March 2017 and 2016.

	By area of original sale	
	FY2016/17	FY2015/16
East Asia	**5,812.7**	5,862.0
Europe	**1,236.1**	1,303.2
South West Pacific	**1,282.6**	1,306.8
Americas	**514.8**	566.2
West Asia and Africa	**625.6**	657.5
Systemwide	**9,471.8**	9,695.7
Non-scheduled services and incidental revenue	**4,001.4**	4,175.5
	13,473.2	13,871.2

There was no single customer who contributed to more than 10% of the Group's revenue during the financial years ended 31 March 2017 and 2016.

5 Staff Costs (in $ million)

	The Group	
	FY2016/17	FY2015/16
Salary, bonuses and other costs	**2,409.0**	2,267.5
CPF, other defined contributions and defined benefit expense	**192.0**	171.9
Share-based compensation expense	**15.2**	12.4
	2,616.2	2,451.8

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expense for the Group was $11.3 million for FY2016/17 (FY2015/16: $17.7 million). As this is not material to the total staff costs of the Group for FY2016/17 and FY2015/16, additional disclosures of the defined benefit plans are not shown.

Share-based compensation arrangements

As at 31 March 2017, the Group has the following share-based payment arrangements:

(a) Share option plans (equity-settled)

Singapore Airlines Limited Employee Share Option Plan ("ESOP") which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, were approved by shareholders on 8 March 2000 and modified at the Extraordinary General Meetings of the Company held on 14 July 2001, 26 July 2003 and 31 July 2009.

Following the expiry of the share option plans in March 2010, the Company ceased to grant options under ESOP.

(b) Share-based incentive plans (equity-settled)

The Singapore Airlines Limited Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans for senior executives and key Senior Management, which were first approved by the shareholders of the Company on 28 July 2005. On 30 July 2014, the shareholders of the Company approved the RSP 2014 and PSP 2014, to replace the RSP and PSP respectively which expired on 27 July 2015.

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(b) Share-based incentive plans (equity-settled) (continued)

The RSP/RSP 2014 awards fully paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of the performance period based on medium-term Group and Company objectives.

The PSP/PSP 2014 awards fully paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.

Key terms and conditions related to the grants under these programmes are as follows:

Plans	Vesting Conditions	Performance conditions^	Payout
Senior Executive Share Option Scheme@	• 25% per annum of total ordinary shares subject to the options.	None	100%
Employee Share Option Scheme@	• Two years service from grant date.	None	100%
RSP/RSP 2014	Awards granted prior to FY2016/17 • Based on meeting stated performance conditions over a two-year performance period, 50% of award vests. Awards granted in FY2016/17 • Based on meeting stated performance conditions over a one-year performance period, 33% of award vests. • Balance vests equally over the subsequent two years with fulfilment of service requirements.	At both Company and Group level • EBITDAR# Margin • Value Added per $ Employment Cost	0% - 150%*
PSP/PSP 2014	• Based on meeting stated performance conditions over a three-year performance period.	• Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") • Relative TSR against selected airline peer index companies	0% - 200%*
Time-based RSP	• For employees still in service, 50% of the shares vest in 2013 and the balance vests equally in 2014 and 2015. • For retirees, 50% of the shares vest on the retirement date and the remaining 50% one year after the retirement date.	None	100%
Deferred share award	• Awards cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition and provided that individual performance remains satisfactory.	None	100%

@ *The share options have contractual life of no longer than 10 years from grant date.*

\# *EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Rentals on leased aircraft.*

* *The payout depends on the achievement of pre-set performance targets over the performance period.*

^ *For non-market conditions, achievement factors are determined based on inputs from the Board Compensation & Industrial Relations Committee for the purpose of accrual for the share-based incentive plans until the achievement of the targets can be accurately ascertained.*

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(b) Share-based incentive plans (equity-settled) (continued)

Movement of share options during the financial year

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

	FY2016/17		FY2015/16	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	**21,113,197**	**$13.03**	25,233,029	$12.42
Cancelled	**(2,079,636)**	**$10.64**	(1,754,354)	$10.52
Exercised	**(2,310,011)**	**$9.34**	(2,365,478)	$8.71
Balance at 31 March	**16,723,550**	**$13.83**	21,113,197	$13.03
Exercisable at 31 March	**16,723,550**	**$13.83**	21,113,197	$13.03

The range of exercise prices for options outstanding at the end of the year is $12.07 to $15.46 (FY2015/16: $9.34 to $15.46).

The weighted average share price for options exercised during the year was $10.40 (FY2015/16: $11.01). The weighted average remaining contractual life for these options is 0.73 years (FY2015/16: 1.46 years).

Movement of share awards during the financial year

	Number of Restricted Shares				
Date of grant	Balance at 01.04.2016/ date of grant	Adjustment*	Cancelled	Vested	Balance at 31.03.2017
RSP/RSP 2014					
10.07.2012	102,188	–	(794)	(101,394)	**–**
15.07.2013	186,175	–	(640)	(99,605)	**85,930**
03.07.2014	689,073	131,617	(2,520)	(445,085)	**373,085**
03.07.2015	715,092	–	(5,400)	–	**709,692**
18.07.2016	794,854	–	(4,158)	–	**790,696**
	2,487,382	131,617	(13,512)	(646,084)	**1,959,403**

* *Adjustment at the end of performance period upon meeting performance targets and adjustment for number of days in service for retirees.*

	Number of Performance Shares			
Date of grant	Balance at 01.04.2016/ date of grant	Adjustment#	Vested	Balance at 31.03.2017
PSP/PSP 2014				
15.07.2013	228,425	(123,005)	(105,420)	**–**
03.07.2014	248,568	–	–	**248,568**
03.07.2015	239,700	–	–	**239,700**
18.07.2016	240,900	–	–	**240,900**
	957,593	(123,005)	(105,420)	**729,168**

Adjustment at the end of performance period upon meeting performance targets and adjustment for number of days in service for retirees.

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(b) Share-based incentive plans (equity-settled) (continued)

Time-based RSP

Movement of time-based share awards during the financial year

	Number of Time-based Restricted Shares		
Date of grant	Balance at 01.04.2016	Vested	Balance at 31.03.2017
Time-based RSP			
07.05.2010	5,426	(5,426)	**–**

Deferred RSP/RSP 2014 Awards ("DSA")

Movement of deferred RSP/RSP 2014 awards during the financial year

	Number of Deferred RSP/RSP 2014 Awards			
Date of grant	Balance at 01.04.2016/ date of grant	Adjustment*	Vested	Balance at 31.03.2017
DSA				
04.09.2013	154,557	11,610	(166,167)	**–**
28.08.2014	73,470	–	–	**73,470**
10.09.2015	74,790	–	–	**74,790**
01.09.2016	65,740	–	–	**65,740**
	368,557	11,610	(166,167)	**214,000**

Since the commencement of the RSP 2014 and PSP 2014 plans in July 2014, 2,204,546 awards have been granted.

(c) Measurement of fair values

The methods and inputs used in the measurement of fair values at grant date of the equity-settled share-based incentive plans were as follows:

	FY2016/17		FY2015/16	
	RSP 2014	PSP 2014	RSP 2014	PSP 2014
Valuation Method	Monte Carlo Simulation			
Expected dividend paid yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	15.53 – 17.52	16.25	14.11 – 18.34	14.11
Risk-free interest rate (%)	0.81 – 1.08	1.08	0.89 – 1.61	1.16
Expected term (years)	0.95 – 2.95	3.0	2.0 – 4.0	3.0
Share price at date of grant ($)	11.08	11.08	11.19	11.19
Estimated fair value ($)	9.82 – 10.65	11.30	9.42 – 10.34	6.58

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurating with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

6 Operating Profit (in $ million)

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

	The Group	
	FY2016/17	**FY2015/16**
Compensation for changes in aircraft delivery slots	**(36.8)**	(136.7)
Interest income from short-term investments	**(0.9)**	(0.9)
Dividend income from short-term investments	**(0.9)**	(0.9)
Income from operating lease of aircraft	**(45.1)**	(46.9)
Amortisation of deferred gain on sale and operating leaseback transactions	**(6.0)**	(7.6)
Loss on disposal of short-term investments	**0.8**	5.1
Remuneration for auditors of the Company		
Audit fees	**1.6**	1.5
Non-audit fees	**0.3**	0.3
Bad debts written off	**1.9**	1.1
Writeback of impairment of trade debtors	**(1.3)**	(4.7)
Writedown of inventories	**5.8**	26.6
Exchange loss, net	**26.9**	106.2
Currency hedging loss/(gain)	**36.6**	(106.9)
Fuel hedging loss recognised in "Fuel costs"	**376.3**	1,166.5
Ineffectiveness of fuel hedging contracts recognised in "Fuel Costs"	**(36.4)**	0.2
Net gain on financial assets mandatorily measured at FVTPL	**(1.6)**	–
Ineffectiveness of cross currency swaps recognised in "Rentals on leased aircraft"	**–**	0.1

7 Finance Charges (in $ million)

	The Group	
	FY2016/17	**FY2015/16**
Notes payable	**38.4**	36.9
Bank loans	**6.6**	11.4
Finance lease commitments	**–**	0.8
Realised loss on interest rate swap contracts accounted for as cash flow hedges	**–**	0.6
Commitment fees	**1.1**	0.6
	46.1	50.3

8 Interest Income (in $ million)

	The Group	
	FY2016/17	**FY2015/16**
Interest income from fixed deposits and investments	**73.8**	69.2
Amortised interest income from other receivables	**0.1**	1.5
	73.9	70.7

9 Other Non-Operating Items (in $ million)

	The Group	
	FY2016/17	FY2015/16
Impairment of aircraft	**(21.2)**	(11.7)
Impairment of intangible assets	**(98.2)**	–
Surplus on disposal of asset held for sale	**141.6**	–
(Loss)/Surplus on disposal of other property, plant and equipment	**(0.2)**	6.6
Surplus on disposal of a subsidiary company	**–**	3.3
Surplus on partial disposal of associated companies	**2.4**	2.8
Loss on liquidation of an associated company	**–**	(4.3)
Impairment on investment in an associated company	**–**	(2.5)
Impairment on long-term investments	**–**	(9.0)
Loss on disposal of a long term investment	**(6.1)**	–
Net gain on financial assets mandatorily measured at FVTPL	**1.5**	–
Writeback of provision for expected credit losses on investments and guarantees	**1.8**	–
(Provision)/Refund of competition-related fines and settlement	**(131.9)**	116.5
Surplus on dilution of interest in an associated company	**9.7**	1.9
Loss on planned disposal of aircraft	**–**	(38.0)
(Provision)/Writeback of provision for onerous aircraft leases, net	**(2.6)**	25.5
	(103.2)	91.1

10 Taxation (in $ million)

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2017 and 2016 are:

	The Group	
	FY2016/17	FY2015/16
Current taxation		
Provision for the year	**36.5**	145.4
Over provision in respect of prior years	**(15.9)**	(8.6)
	20.6	136.8
Deferred taxation		
Movement in temporary differences	**62.7**	(16.9)
Under provision in respect of prior years	**0.1**	0.7
Previously unrecognised tax benefits	**(6.7)**	–
	56.1	(16.2)
	76.7	120.6

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

10 Taxation (in $ million) (continued)

Deferred taxation related to other comprehensive income:

	The Group	
	FY2016/17	FY2015/16
Financial assets measured at FVOCI	**0.9**	(0.4)
Cash flow hedges	**70.1**	37.8
Actuarial loss on revaluation of defined benefit plans	**(1.0)**	(0.3)
	70.0	37.1

The Group has tax losses and deductible temporary differences (of which no deferred tax asset has been recognised) of approximately $73.9 million (2016: $103.3 million) and $36.1 million (2016: $38.6 million) respectively that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset.

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

	The Group	
	FY2016/17	FY2015/16
Profit before taxation	**518.6**	972.4
Less: Share of losses/(profits) of associated and joint venture companies	**42.1**	(11.7)
	560.7	960.7
Taxation at statutory corporate tax rate of 17.0%	**95.3**	163.3
Adjustments		
Income not subject to tax	**(36.5)**	(49.7)
Expenses not deductible for tax purposes	**33.4**	12.2
Higher effective tax rates of other countries	**7.3**	7.4
Over provision in respect of prior years, net	**(15.8)**	(7.9)
Income subject to concessionary tax rate	**(1.9)**	(1.1)
Tax benefit not recognised	**2.4**	1.1
Previously unrecognised tax benefits	**(6.7)**	–
Others	**(0.8)**	(4.7)
Taxation	**76.7**	120.6

11 Earnings Per Share

	The Group			
	FY2016/17		FY2015/16	
	Basic	**Diluted**	**Basic**	**Diluted**
Profit attributable to owners of the parent (in $ million)	**360.4**	**360.4**	804.4	804.4
Adjustment for dilutive potential ordinary shares of subsidiary companies (in $ million)	**–**	**(0.5)**	–	(0.3)
Adjusted net profit attributable to owners of the parent (in $ million)	**360.4**	**359.9**	804.4	804.1
Weighted average number of ordinary shares in issue (in million)	**1,182.6**	**1,182.6**	1,166.0	1,166.0
Adjustment for dilutive potential ordinary shares (in million)	**–**	**4.4**	–	4.9
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	**1,182.6**	**1,187.0**	1,166.0	1,170.9
Earnings per share (cents)	**30.5**	**30.3**	69.0	68.7

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

For purposes of calculating diluted earnings per share, the profit attributable to owners of the parent is adjusted to take into account effects of dilutive potential ordinary shares of subsidiary companies and the weighted average number of ordinary shares of the Company in issue is adjusted to take into account effects of dilutive options and share-based incentive plans of the Company.

17.0 million (FY2015/16: 17.6 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous year presented.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

12 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	FY2016/17	**FY2015/16**
The following tax exempt (one-tier) dividends were declared and paid by the Group and Company to the owners of the Company:		
Final dividend of 35.0 cents per share in respect of FY2015/16 (FY2015/16: 17.0 cents per share in respect of FY2014/15)	**415.0**	199.1
Interim dividend of 9.0 cents per share in respect of FY2016/17 (FY2015/16: 10.0 cents per share in respect of FY2015/16)	**106.3**	116.3
	521.3	315.4

The Directors propose that a final tax exempt (one-tier) dividend of 11.0 cents per share amounting to $130.0 million be paid for the financial year ended 31 March 2017.

During the financial year, total dividends of $37.6 million (FY2015/16: $43.6 million) were paid to non-controlling interests.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

13 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2017	2016	**2017**	2016
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April and 31 March	**1,199,851,018**	1,199,851,018	**1,856.1**	1,856.1
Special share				
Balance at 1 April and 31 March	**1**	1	**#**	#

The value is $0.50

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have no par value, carry one vote per share without restriction. All shares rank equally with regards to the Group's residual assets.

The Company's ability to operate its existing route network and flight frequency is derived solely from and dependent entirely on the Air Service Agreements ("ASAs") concluded between the Government of Singapore and the governments of other countries. ASAs are therefore critical to the Company's operations. In almost all the ASAs, it is a condition that the Company must at all times be "effectively controlled" and "substantially owned" by Singapore nationals for the tenure of the respective ASAs.

In order to comply with the above requirement, one non-tradeable Special Share was issued to the Ministry of Finance. The Special Share enjoys all the rights attached to ordinary shares. In addition, pursuant to Article 3A of the Articles of Association, no resolution may be passed on certain matters without prior written approval of the Special Member.

The Company can also issue non-tradeable redeemable cumulative preference shares, which carry full voting rights ("ASA shares"). When issued, the ASA shares will be paid at $0.01 each and will carry equal voting rights as those of ordinary shares. These shares will be issued only when the Directors determine that the Company's operating rights under any of the ASAs are threatened by reason of the nationality of the majority shareholders.

During the financial year, the Company did not issue any shares (FY2015/16: nil) upon exercise of options granted under the ESOP, or vesting of share-based incentive plans.

14 Treasury Shares (in $ million)

	The Group and the Company 31 March 2017	2016
Balance at 1 April	**(381.5)**	(326.3)
Purchase of treasury shares	**(134.3)**	(85.4)
Treasury shares reissued pursuant to the VGO of Tiger Airways:		
- For cash on exercise of options	**301.2**	–
- Transferred from share-based compensation reserve	**11.4**	–
- Gain on reissuance of treasury shares	**(25.8)**	–
	286.8	–
Treasury shares reissued pursuant to equity compensation plans:		
- For cash on exercise of employee share options	**21.6**	20.1
- Transferred from share-based compensation reserve	**16.0**	11.3
- Gain on reissuance of treasury shares	**(3.3)**	(1.2)
	34.3	30.2
Balance at 31 March	**(194.7)**	(381.5)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the financial year, the Company purchased 12,665,700 (FY2015/16: 8,438,700) of its ordinary shares by way of on-market purchases at share prices ranging from $10.38 to $11.06 (FY2015/16: $9.75 to $10.70). The total amount paid to purchase the shares was $134.3 million (FY2015/16: $85.4 million) and this is presented as a component within equity attributable to owners of the parent.

The Company reissued 2,310,011 (FY2015/16: 2,365,478) treasury shares pursuant to its employee share option plans at a weighted average exercise price of $9.34 (FY2015/16: $8.71) each. In addition, 646,084 (FY2015/16: 355,413) shares, 105,420 (FY2015/16: nil) shares, 5,426 (FY2015/16: 109,893) shares and 166,167 (FY2015/16: nil) shares were reissued pursuant to the RSP, PSP, time-based RSP and DSA respectively. Furthermore, 27,125,949 treasury shares were reissued pursuant to the VGO of Tiger Airways. The number of treasury shares as at 31 March 2017 was 18,377,002 (2016: 36,070,359).

Where the consideration paid by the Company for the purchase or acquisition of treasury shares is made out of revenue reserves, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

15 Other Reserves (in $ million)

	The Group 31 March 2017	2016	The Company 31 March 2017	2016
Capital reserve	**(147.6)**	(129.2)	**25.7**	(5.1)
Foreign currency translation reserve	**(123.7)**	(151.3)	**–**	–
Share-based compensation reserve	**88.5**	123.7	**76.7**	108.0
Fair value reserve	**(234.4)**	(498.6)	**(189.6)**	(470.9)
General reserve	**11,838.8**	11,935.5	**10,939.4**	10,901.6
	11,421.6	11,280.1	**10,852.2**	10,533.6

(a) Capital reserve

Capital reserve mainly arises from the loss on the acquisition of non-controlling interests in a subsidiary company (Note 22(f)), revaluation of land and buildings owned by Ritz-Carlton, Millenia Properties Private Limited, an associated company, the share of other changes in equity of Virgin Australia Holdings Limited ("VAH"), an associated company, and the gains or losses on the reissuance of treasury shares.

Notes to the Financial Statements
For The Financial Year Ended 31 March 2017

15 Other Reserves (in $ million) (continued)

(b) 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 currencies are different from that of the Group's presentation currency.

(c) Share-based compensation reserve

Share-based compensation reserve consists of equity-settled share options and awards granted to employees, that is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and awards, and equity-settled share options granted to the shareholders of Tiger Airways pursuant to the VGO (Note 22(f)).

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of financial assets measured at FVOCI and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges.

Breakdown of the fair value reserves as follows:

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Financial assets measured at FVOCI	**–**	124.3	**–**	15.7
Derivative financial instruments designated as hedging instruments	**(234.4)**	(622.9)	**(189.6)**	(486.6)
	(234.4)	(498.6)	**(189.6)**	(470.9)

Fair value changes of financial assets measured at FVOCI:

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Gain on fair value changes	**8.0**	103.9	**5.0**	2.3
Recognised in the profit and loss account on disposal of financial assets measured at FVOCI	**(108.3)**	5.1	**–**	–
	(100.3)	109.0	**5.0**	2.3

15 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

Fair value changes of derivative financial instruments designated as hedging instruments in cash flow hedges:

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Gain/(Loss) on fair value changes	**29.2**	(655.1)	**24.3**	(572.8)
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	**(2.8)**	(41.4)	**(2.8)**	(31.3)
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in "Fuel costs"	**312.3**	883.3	**246.5**	768.1
Foreign currency contracts recognised in "Other operating expenses"	**30.5**	(77.4)	**28.8**	(66.7)
Cross currency swap contracts recognised in "Lease rentals"	**(0.1)**	0.1	**(0.1)**	0.1
Interest rate swap contracts recognised in "Lease rentals"	**0.3**	11.2	**0.3**	11.2
Interest rate swap contracts recognised in "Finance charges"	**–**	0.6	**–**	–
	369.4	121.3	**297.0**	108.6

(e) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Movements in the Group's and the Company's general reserves are set out in the Statement of Changes in Equity respectively.

16 Deferred Account (in $ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Deferred (loss)/gain on sale and leaseback transactions				
- operating leases	**(4.1)**	5.8	**(7.3)**	0.4
- finance leases	**0.4**	2.7	**–**	–
	(3.7)	8.5	**(7.3)**	0.4
Deferred credit	**251.3**	210.8	**240.3**	197.1
	247.6	219.3	**233.0**	197.5
Presented as:				
- Current assets	**(11.8)**	(17.7)	**(9.1)**	(15.0)
- Non-current assets	**(61.1)**	(65.2)	**(49.1)**	(50.5)
- Current liabilities	**86.0**	47.2	**76.3**	40.6
- Non-current liabilities	**234.5**	255.0	**214.9**	222.4
	247.6	219.3	**233.0**	197.5

Notes to the Financial Statements
For The Financial Year Ended 31 March 2017

17 Deferred Taxation (in $ million)

	The Group				The Company	
	Statement of financial position 31 March		Profit and loss		Statement of financial position 31 March	
	2017	2016	FY2016/17	FY2015/16	2017	2016
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	**1,958.9**	1,909.9	**49.0**	52.9	**1,547.5**	1,473.8
Revaluation to fair value						
- fuel hedging contracts	**10.8**	0.9	**–**	–	**8.9**	0.9
- currency hedging contracts	**7.2**	3.7	**–**	–	**6.5**	3.7
- cross currency swap contracts	**1.2**	–	**–**	–	**1.2**	–
- interest rate cap contracts	**–**	1.7	**–**	–	**–**	–
- financial assets measured at FVOCI	**0.9**	–	**–**	–	**–**	–
Fair value adjustments on acquisition of a subsidiary company	**–**	16.8	**(16.8)**	(0.4)	**–**	–
Other temporary differences	**46.2**	32.7	**24.1**	6.6	**13.8**	16.0
Gross deferred tax liabilities	**2,025.2**	1,965.7	**56.3**	59.1	**1,577.9**	1,494.4
Deferred tax assets						
Unabsorbed capital allowances and tax losses	**(10.5)**	(81.1)	**(10.3)**	(50.6)	**–**	–
Revaluation to fair value						
- fuel hedging contracts	**(55.5)**	(102.5)	**–**	–	**(42.9)**	(80.3)
- currency hedging contracts	**(10.2)**	(21.4)	**–**	–	**(9.3)**	(19.6)
- cross currency swap contracts	**(1.0)**	–	**–**	–	**(1.0)**	–
- interest rate cap contracts	**(0.1)**	(0.1)	**–**	–	**(0.1)**	(0.1)
Actuarial loss on revaluation of defined benefit plans	**(2.5)**	(1.5)	**–**	–	**(1.5)**	(1.0)
Other temporary differences	**(54.9)**	(77.4)	**10.1**	(24.7)	**(41.0)**	(46.9)
Gross deferred tax assets	**(134.7)**	(284.0)	**(0.2)**	(75.3)	**(95.8)**	(147.9)
Net deferred tax liabilities	**1,890.5**	1,681.7			**1,482.1**	1,346.5
Deferred tax charged/(credited) to profit and loss			**56.1**	(16.2)		
Deferred tax charged to equity	**70.0**	37.1			**58.2**	30.7

At the end of the reporting period, deferred tax liability of $0.7 million (2016: $0.7 million) has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiary companies.

For the other subsidiary companies of the Group, no deferred tax liability has been recognised as the Group has determined that undistributed earnings of these subsidiary companies will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to $8.5 million (2016: $7.1 million). The deferred tax liability is estimated to be $2.6 million (2016: $2.1 million).

18 Borrowings and Long-Term Liabilities (in $ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Current Liabilities				
Borrowings				
Loans	**18.3**	190.4	**–**	–
Finance lease commitments	**23.7**	21.5	**–**	–
	42.0	211.9	**–**	–
Non-Current Liabilities				
Borrowings				
Notes payable	**1,430.0**	1,000.0	**1,430.0**	1,000.0
Loans	**95.8**	112.7	**–**	–
Finance lease commitments	**–**	22.9	**–**	–
	1,525.8	1,135.6	**1,430.0**	1,000.0
Long-Term Liabilities				
Maintenance reserve	**9.8**	5.4	**9.8**	5.4
Purchase option price payable to lessor	**–**	28.6	**–**	–
Deposit received from a lessee	**9.5**	9.1	**–**	–
Derivative liabilities	**249.6**	104.7	**249.6**	104.7
	268.9	147.8	**259.4**	110.1
	1,794.7	1,283.4	**1,689.4**	1,110.1

Notes payable

Notes payable at 31 March 2017 comprised unsecured notes issued by the Company. The details are set out below.

Series	Year of issuance	Amount	Fixed interest rate per annum	Date Repayable
001	2010	500.0	3.22%	9 July 2020
002	2014	200.0	3.145%	8 April 2021
003	2014	300.0	3.75%	8 April 2024
004	2016	430.0	3.13%	17 November 2026

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

18 Borrowings and Long-Term Liabilities (in $ million) (continued)

Loans

A short-term loan of $4.1 million (2016: $8.8 million) is a revolving credit facility denominated in USD taken by a subsidiary company. The loan is unsecured and bears a fixed interest ranging from 2.50% to 2.75% (FY2015/16: 2.75% to 3.03%) per annum. The current revolving credit facility is repayable within 12 months after the reporting date.

The other short-term loans of $14.2 million (2016: $181.6 million) are European Export Credit Agency ("ECA") aircraft financing loans denominated in SGD taken by a subsidiary company. These are in the form of credit support, where a bank or other financial institution lends money to the borrower with the loan guaranteed by the ECA. The secured bank loans are secured via assignment of the aircraft purchase agreement, assignment of engine warranty and credit agreement as well as mortgage of the aircraft. The interest rates range from 2.82% to 4.11% (FY2015/16: 1.18% to 4.11%) per annum and the loans are repayable within 12 months after the reporting date.

A long-term loan of $21.8 million (2016: $24.5 million) denominated in USD taken by a subsidiary company is unsecured and bears an average floating rate of 2.09% (FY2015/16: 1.80%) per annum, re-priced quarterly. This loan is repayable in 2022.

The other long-term loans of $74.0 million (2016: $88.2 million) are ECA aircraft financing loans denominated in SGD taken by a subsidiary company. The interest rates range from 2.82% to 4.11% per annum (FY2015/16: 1.18% to 4.11%) and the loans are repayable by 2024.

As part of the ECA financing arrangements with banks, special purpose entities ("SPEs") (Note 22) were incorporated. As at 31 March 2017, there were ECA financing arrangements with banks to finance four aircraft (2016: 11 aircraft). Pursuant to the ECA financing, the legal ownership of the aircraft is vested in the SPEs. The subsidiary companies leased the aircraft using finance lease arrangements with Falcon Aircraft Limited and Winnie Aircraft Limited. The subsidiary companies have purchase options to acquire legal ownership of the aircraft from the SPEs at the end of the lease term at a bargain purchase option price.

Finance lease commitments

As at 31 March 2017, SIA Cargo held one (2016: two) B747-400 freighter under finance lease that matures in 2018, without any options for renewal. The lease has an option for SIA Cargo to purchase the aircraft at the end of the lease period of 12 years. Sub-leasing is allowed under the lease agreement. The interest rate on the finance lease commitment is fixed at 5.81% (FY2015/16: 5.81%) per annum.

During the financial year, SIA Cargo purchased an aircraft through the exercise of a purchase option in the finance lease. As at 31 March 2017, $35.1 million was covered by a fund placed with a financial institution under defeasance to provide for payments due at time of exercise of purchase option at the end of the 15th year of the lease period. The fund placed with a financial institution generates interest in order to meet the obligation at time of maturity. The Year-15 purchase option price is payable by instalments between March 2017 and December 2017. The carrying value of the purchase option price payable (Note 32) amounted to $34.2 million (2016: $50.8 million was recognised under trade and other creditors and $28.6 million was recognised under long-term liabilities) as at 31 March 2017.

SIA Cargo continues to remain the primary obligor under these lease agreements, and as such, there were unpaid lease commitments of $59.6 million (2016: $132.1 million) as at 31 March 2017.

18 Borrowings and Long-Term Liabilities (in $ million) (continued)

Finance lease commitments (continued)

Future minimum lease payments under these finance leases are as follows:

	The Group 31 March			
	2017		2016	
	Minimum Lease Payments	Present Value of Payments	Minimum Lease Payments	Present Value of Payments
Not later than one year	**24.5**	**23.7**	23.8	21.5
Later than one year but not later than five years	**–**	**–**	23.7	22.9
Total minimum lease payments	**24.5**	**23.7**	47.5	44.4
Amounts representing interest	**(0.8)**	**–**	(3.1)	–
Present value of minimum lease payments	**23.7**	**23.7**	44.4	44.4

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

19 Provisions (in $ million)

Included are provisions for warranty claims, upgrade costs, return costs for leased aircraft, lease end liability and onerous leases. It is expected that the return costs will be incurred by the end of the lease terms.

An analysis of the provisions is as follows:

The Group

	Return costs for leased aircraft	Onerous leases	Others	Total
Balance at 1 April 2015	1,006.8	88.0	43.0	1,137.8
Provision during the year	244.6	9.6	22.6	276.8
Provision written back during the year	(48.7)	(35.1)	–	(83.8)
Provision utilised during the year	(155.6)	(20.6)	(14.4)	(190.6)
Reclassification	(44.6)	–	–	(44.6)
Balance at 31 March 2016	1,002.5	41.9	51.2	1,095.6
Current	195.1	13.2	10.2	218.5
Non-current	807.4	28.7	41.0	877.1
	1,002.5	41.9	51.2	1,095.6
Balance at 1 April 2016	1,002.5	41.9	51.2	1,095.6
Provision during the year	286.4	2.6	26.6	315.6
Provision written back during the year	(8.0)	–	(0.2)	(8.2)
Provision utilised during the year	(151.2)	(13.3)	(13.3)	(177.8)
Reclassification	7.5	–	–	7.5
Balance at 31 March 2017	1,137.2	31.2	64.3	1,232.7
Current	296.7	13.7	12.0	322.4
Non-current	840.5	17.5	52.3	910.3
	1,137.2	31.2	64.3	1,232.7

19 Provisions (in $ million) (continued)

The Company

	Return costs for leased aircraft	Others	Total
Balance at 1 April 2015	809.6	39.1	848.7
Provision during the year	206.0	22.2	228.2
Provision written back during the year	(48.7)	–	(48.7)
Provision utilised during the year	(142.7)	(13.2)	(155.9)
Reclassification	(44.6)	–	(44.6)
Balance at 31 March 2016	779.6	48.1	827.7
Current	171.3	9.2	180.5
Non-current	608.3	38.9	647.2
	779.6	48.1	827.7
Balance at 1 April 2016	779.6	48.1	827.7
Provision during the year	246.6	25.6	272.2
Provision written back during the year	(0.9)	–	(0.9)
Provision utilised during the year	(139.0)	(13.2)	(152.2)
Balance at 31 March 2017	886.3	60.5	946.8
Current	288.3	10.5	298.8
Non-current	598.0	50.0	648.0
	886.3	60.5	946.8

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

20 Property, Plant and Equipment (in $ million)

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2015	19,218.8	527.9	201.8
Additions	714.4	67.6	53.4
Transfers	1,839.7	0.2	40.0
Reclassification to assets held for sale	(266.3)	–	–
Disposals	(1,434.1)	(17.8)	(31.2)
Disposal of a subsidiary company	–	–	–
Exchange differences	–	(0.1)	–
At 31 March 2016	20,072.5	577.8	264.0
Additions	91.7	21.2	33.0
Transfers	2,185.3	3.8	2.1
Disposals	(497.3)	(24.4)	(28.5)
Exchange differences	–	0.2	–
At 31 March 2017	21,852.2	578.6	270.6
Accumulated depreciation and impairment losses			
At 1 April 2015	9,586.5	300.1	104.4
Depreciation	1,410.8	30.1	19.7
Impairment losses	19.9	1.7	–
Transfers	(21.6)	–	18.9
Reclassification to assets held for sale	(80.5)	–	–
Disposals	(948.8)	(8.1)	(29.4)
Disposal of a subsidiary company	–	–	–
Exchange differences	–	(0.1)	–
At 31 March 2016	9,966.3	323.7	113.6
Depreciation	1,408.6	26.1	23.9
Impairment losses	21.2	3.9	–
Transfers	(13.6)	(0.1)	13.6
Disposals	(359.4)	(7.6)	(21.4)
Exchange differences	–	0.2	–
At 31 March 2017	11,023.1	346.2	129.7
Net book value			
At 31 March 2016	10,106.2	254.1	150.4
At 31 March 2017	10,829.1	232.4	140.9

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	147.4	611.1	870.6	276.5	3,045.9	24,915.7
–	–	0.4	38.8	14.9	2,034.2	2,923.7
–	–	–	(3.4)	5.6	(1,882.1)	–
–	–	–	–	–	(19.8)	(286.1)
–	–	–	(162.9)	(7.4)	(9.8)	(1,663.2)
–	–	–	(3.5)	(0.7)	–	(4.2)
–	–	(0.5)	(1.0)	(0.1)	(0.5)	(2.2)
15.7	147.4	611.0	738.6	288.8	3,167.9	25,883.7
–	–	1.3	45.4	10.7	3,826.6	4,029.9
–	–	18.9	18.9	13.9	(2,242.9)	–
–	–	–	(44.9)	(16.6)	–	(611.7)
–	–	1.5	0.5	0.1	–	2.3
15.7	147.4	632.7	758.5	296.9	4,751.6	29,304.2
–	123.0	441.8	594.4	242.3	–	11,392.5
–	3.3	11.6	49.0	18.5	–	1,543.0
–	–	–	0.7	–	–	22.3
–	–	–	2.7	–	–	–
–	–	–	–	–	–	(80.5)
–	–	–	(139.2)	(7.4)	–	(1,132.9)
–	–	–	(2.6)	(0.6)	–	(3.2)
–	–	(0.2)	(0.6)	(0.1)	–	(1.0)
–	126.3	453.2	504.4	252.7	–	11,740.2
–	3.3	12.1	59.8	18.3	–	1,552.1
–	–	–	–	–	–	25.1
–	–	–	0.1	–	–	–
–	–	–	(43.4)	(15.3)	–	(447.1)
–	–	0.2	0.2	–	–	0.6
–	129.6	465.5	521.1	255.7	–	12,870.9
15.7	21.1	157.8	234.2	36.1	3,167.9	14,143.5
15.7	17.8	167.2	237.4	41.2	4,751.6	16,433.3

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

20 Property, Plant and Equipment (in $ million) (continued)

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2015	15,034.3	301.7	65.0
Additions	41.4	51.6	14.7
Transfers	1,063.1	–	–
Disposals	(343.2)	(14.6)	(0.1)
At 31 March 2016	15,795.6	338.7	79.6
Additions	81.2	9.0	21.4
Transfers	1,657.3	(0.1)	2.1
Disposals	(273.5)	(20.7)	(28.5)
At 31 March 2017	17,260.6	326.9	74.6
Accumulated depreciation and impairment losses			
At 1 April 2015	7,481.1	204.1	15.5
Depreciation	1,151.9	13.4	6.2
Impairment losses	17.0	1.7	–
Transfers	(2.7)	–	–
Disposals	(210.4)	(5.7)	–
At 31 March 2016	8,436.9	213.5	21.7
Depreciation	1,146.7	9.0	8.9
Impairment losses	–	3.9	–
Transfers	(13.6)	(0.1)	13.6
Disposals	(208.2)	(5.4)	(21.4)
At 31 March 2017	9,361.8	220.9	22.8
Net book value			
At 31 March 2016	7,358.7	125.2	57.9
At 31 March 2017	7,898.8	106.0	51.8

	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
	15.7	147.4	332.3	540.1	217.0	1,910.3	18,563.8
	–	–	–	23.2	13.2	1,595.1	1,739.2
	–	–	–	–	–	(1,063.1)	–
	–	–	–	(137.2)	(6.8)	–	(501.9)
	15.7	147.4	332.3	426.1	223.4	2,442.3	19,801.1
	–	–	–	17.4	8.2	2,983.3	3,120.5
	–	–	–	0.1	–	(1,659.4)	–
	–	–	–	(19.0)	(10.1)	–	(351.8)
	15.7	147.4	332.3	424.6	221.5	3,766.2	22,569.8
	–	123.0	312.5	323.6	197.6	–	8,657.4
	–	3.3	1.9	33.2	12.3	–	1,222.2
	–	–	–	–	–	–	18.7
	–	–	–	2.7	–	–	–
	–	–	–	(115.5)	(6.8)	–	(338.4)
	–	126.3	314.4	244.0	203.1	–	9,559.9
	–	3.3	1.8	40.0	9.6	–	1,219.3
	–	–	–	–	–	–	3.9
	–	–	–	0.1	–	–	–
	–	–	–	(19.0)	(10.1)	–	(264.1)
	–	129.6	316.2	265.1	202.6	–	10,519.0
	15.7	21.1	17.9	182.1	20.3	2,442.3	10,241.2
	15.7	17.8	16.1	159.5	18.9	3,766.2	12,050.8

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

20 Property, Plant and Equipment (in $ million) (continued)

Assets held under finance leases

	The Group 31 March 2017	2016
Net book value of property, plant and equipment acquired under finance leases:		
- aircraft	**265.3**	613.2
- plant and equipment	**0.1**	0.1
	265.4	613.3

Assets held as security

SilkAir (Singapore) Private Limited's ("SilkAir") spare engines with carrying amounts of $25.9 million (2016: $27.6 million) are pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to SilkAir.

Impairment of aircraft

In the financial year ended 31 March 2017, an impairment loss of $21.2 million (FY2015/16: $11.7 million) was recognised on two Boeing 777-200 (FY2015/16: four Boeing 777-200ER) aircraft that were removed from the operating fleet. The recoverable amount was based on the estimated disposal value. This amount was recognised as a non-operating item (Note 9). The estimated disposal value was classified as Level 3 under the fair value hierarchy.

Impairment of engines

In the previous financial year, an impairment loss of $8.2 million was recognised on two engines damaged beyond economic repair.

Reclassification to assets held for sale

In the previous financial year, seven aircraft were classified as held for sale as a subsidiary company had decided to sell these aircraft. The sale was expected to be completed within one year. The Group recognised a loss on planned disposal of aircraft of $38.0 million as a non-operating item (Note 9). The estimated disposal value of the aircraft was classified as Level 3 under the fair value hierarchy. The seven aircraft were disposed during the year.

	The Group 31 March 2017	2016
Balance as at 1 April	**241.5**	71.0
Transfer from property, plant and equipment	**–**	205.6
Loss on planned disposal of aircraft	**–**	(38.0)
Disposal during the year	**(241.5)**	–
Others	**–**	2.9
	–	241.5

21 Intangible Assets (in $ million)

The Group

	Goodwill	Brand	Trademarks	Computer software and others	Deferred engine development cost	Advance and progress payments	Total
Cost							
At 1 April 2015	163.8	75.9	25.0	523.5	56.7	10.7	855.6
Additions	6.6	–	–	10.4	2.6	32.5	52.1
Disposals	–	–	–	(6.4)	–	–	(6.4)
Transfers	–	–	–	32.7	–	(32.7)	–
Exchange differences	–	–	–	–	(1.1)	–	(1.1)
At 31 March 2016	170.4	75.9	25.0	560.2	58.2	10.5	900.2
Additions	–	–	–	12.5	1.6	30.4	44.5
Disposals	–	–	–	(1.4)	(3.1)	–	(4.5)
Transfers	–	–	–	27.2	–	(27.2)	–
Exchange differences	–	–	–	–	2.1	–	2.1
At 31 March 2017	170.4	75.9	25.0	598.5	58.8	13.7	942.3
Accumulated amortisation and impairment losses							
At 1 April 2015	–	–	–	358.0	–	–	358.0
Amortisation	–	–	1.6	31.1	–	–	32.7
Disposals	–	–	–	(6.3)	–	–	(6.3)
At 31 March 2016	–	–	1.6	382.8	–	–	384.4
Amortisation	–	–	1.1	35.4	3.3	–	39.8
Impairment losses	–	75.9	22.3	–	–	–	98.2
Disposals	–	–	–	(0.7)	(2.9)	–	(3.6)
At 31 March 2017	–	75.9	25.0	417.5	0.4	–	518.8
Net book value							
At 31 March 2016	170.4	75.9	23.4	177.4	58.2	10.5	515.8
At 31 March 2017	170.4	–	–	181.0	58.4	13.7	423.5

Notes to the Financial Statements
For The Financial Year Ended 31 March 2017

21 Intangible Assets (in $ million) (continued)

The Company

	Computer software and others	Advance and progress payments	Total
Cost			
At 1 April 2015	437.4	8.4	445.8
Additions	8.9	24.1	33.0
Transfers	27.4	(27.4)	–
Disposals	(5.4)	–	(5.4)
At 31 March 2016	468.3	5.1	473.4
Additions	9.7	20.7	30.4
Transfers	17.5	(17.5)	–
At 31 March 2017	495.5	8.3	503.8
Accumulated amortisation			
At 1 April 2015	286.4	–	286.4
Amortisation	25.4	–	25.4
Disposals	(5.4)	–	(5.4)
At 31 March 2016	306.4	–	306.4
Amortisation	27.9	–	27.9
At 31 March 2017	334.3	–	334.3
Net book value			
At 31 March 2016	161.9	5.1	167.0
At 31 March 2017	161.2	8.3	169.5

Impairment testing of goodwill, brand and trademarks

The goodwill and brand acquired through the acquisition of Tiger Airways have indefinite useful lives. During the financial year ended 31 March 2016, Tiger Airways was identified as a single CGU for impairment testing purposes. In line with Management's multi-brand strategy, the Group embarked on plans to integrate the operations of Tiger Airways and Scoot. This has resulted in the adoption of a single brand "Scoot" by both Tiger Airways and Scoot and for both airlines to operate under a single operating licence from the second half of 2017. As a consequence of the announcement to discontinue the use of the Tiger brand, there was a $75.9 million write-down for the brand and $22.3 million write-down for trademarks.

The integration activities which have taken place during the financial year ended 31 March 2017 have resulted in an increased interdependency of revenues between the two airlines. This has led to the combination of Tiger Airways and Scoot as the "Low-Cost Airlines" CGU.

The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a five-year period. The post-tax discount rate applied to cash flow projections is 7.0% (2016: 6.8%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the five-year period is 3.5% (2016: 2.5%).

21 Intangible Assets (in $ million) (continued)

Impairment testing of goodwill, brand and trademarks (continued)

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:

- Post-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

- Growth rate – The forecast long-term growth rate is based on published industry research and does not exceed the long-term average growth rate for the industry.

A reasonable change to the assumptions used by Management to determine the impairment required, particularly the discount rate and long-term growth rate, would not significantly affect the results.

22 Subsidiary Companies (in $ million)

	The Company 31 March	
	2017	2016
Investment in subsidiary companies	**3,380.9**	3,331.6
Accumulated impairment losses	**(52.7)**	(52.7)
	3,328.2	3,278.9
Long-term loans to a subsidiary company	**1,289.5**	1,182.0
Accumulated impairment loss	**(7.6)**	–
	4,610.1	4,460.9

During the financial year:

1. The Company acquired the remaining 4.5% interest in Tiger Airways, resulting in Tiger Airways becoming a wholly owned subsidiary. Further details are disclosed in Note 22(f).

2. SIAEC invested approximately $3.3 million in NexGen Network (2) Holding Pte Ltd, in accordance with an agreement.

3. SIAEC extended a loan to a subsidiary company which bears an effective interest ranging from 4.05% to 4.19% (2016: 4.77% to 4.94%) per annum. The loan is non-trade related, unsecured and repayable in two tranches by 31 March 2018 and 31 March 2020 respectively.

4. SIAEC invested approximately $7.1 million in SIA Engineering (Philippines) Corporation.

5. SIAEC incorporated a subsidiary, Heavy Maintenance Singapore Services Pte Ltd ("HMSS") with Airbus S.A.S on 28 October 2016. SIAEC invested approximately $8.1 million in HMSS.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2017	2016
SIA Engineering Company Limited*	Engineering services	Singapore	**77.7**	77.6
Aircraft Maintenance Services Australia Pty Ltd (1)**	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	**77.7**	77.6
NexGen Network (1) Holding Pte Ltd (1)*	Investment holding	Singapore	**77.7**	77.6
NexGen Network (2) Holding Pte Ltd (1)*	Investment holding	Singapore	**77.7**	77.6
SIA Engineering (USA), Inc. (1)@	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	**77.7**	77.6
SIAEC Global Pte Ltd (1)*	Investment holding	Singapore	**77.7**	77.6
Singapore Jamco Services Pte Ltd (1)*	Maintenance, repair and overhaul of aircraft and cabin components/system	Singapore	**62.1**	62.0
SIA Engineering (Philippines) Corporation (1)**	Provide airframe maintenance and component overhaul services	Philippines	**50.5**	50.4
Heavy Maintenance Singapore Services Pte Ltd (1)@@	Provide airframe maintenance and component overhaul services	Singapore	**50.5**	–
Aerospace Component Engineering Services Pte Limited (1) (2)*	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	**39.6**	39.6
Aviation Partnership (Philippines) Corporation (1) (2)**	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	**39.6**	39.6
Singapore Airlines Cargo Pte Ltd*	Air cargo transportation	Singapore	**100.0**	100.0
Cargo Community Network Pte Ltd (3)*	Providing and marketing of cargo community systems	Singapore	**51.0**	51.0
Cargo Community (Shanghai) Co. Ltd. (4)****+	Marketing and support of portal services for the air cargo industry	People's Republic of China	**51.0**	51.0
SilkAir (Singapore) Private Limited*	Air transportation	Singapore	**100.0**	100.0
Tradewinds Tours & Travel Private Limited (5)*	Tour wholesaling	Singapore	**100.0**	100.0

22 Subsidiary Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2017	2016
Budget Aviation Holdings Pte. Ltd.*	Investment holding	Singapore	**100.0**	–
Scoot Pte. Ltd. (6)*	Air transportation	Singapore	**100.0**	100.0
Tiger Airways Holdings Limited (6)*	Investment holding	Singapore	**100.0**	95.5
Tiger Airways Singapore Pte. Ltd. (7)*	Air transportation	Singapore	**100.0**	95.5
Roar Aviation Pte. Ltd. (7)*	Investment holding	Singapore	**100.0**	95.5
Roar Aviation II Pte. Ltd. (7)@@	Investment holding	Singapore	**100.0**	95.5
Roar Aviation III Pte. Ltd. (7)*	Investment holding	Singapore	**100.0**	95.5
Simple Holidays Pte. Ltd. (7)*	Reservation service activities	Singapore	**100.0**	95.5
Singapore Aviation and General Insurance Company (Pte) Limited*	Aviation insurance	Singapore	**100.0**	100.0
Singapore Flying College Pte Ltd*	Training of pilots	Singapore	**100.0**	100.0
Sing-Bi Funds Private Limited*	Investment holding	Singapore	**100.0**	100.0
Singapore Airport Duty-Free Emporium (Private) Limited*	Inactive	Singapore	**76.0**	76.0
SIA (Mauritius) Ltd@	Inactive	Mauritius	**100.0**	100.0

(1) *Held by SIA Engineering Company*
(2) *The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company*
(3) *Held by Singapore Airlines Cargo Pte Ltd*
(4) *Held by Cargo Community Network Pte Ltd*
(5) *Held by SilkAir (Singapore) Private Limited*
(6) *Held by Budget Aviation Holdings Pte. Ltd.*
(7) *Held by Tiger Airways Holdings Limited*
* *Audited by KPMG LLP, Singapore*
** *Audited by member firms of KPMG International in the respective countries*
*** *Audited by Shanghai HDDY Certified Public Accountants Co., Ltd*
@ *Not required to be audited under the law in country of incorporation*
@@ *Not required to be audited in the current financial year*
\+ *Financial year end 31 December*

Special purpose entities

Details of the operating SPEs controlled and consolidated by the Group at the end of financial year are as follows:

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

The SPEs are held by Tiger Airways Holdings Limited and are audited by Ernst & Young LLP, Mauritius.

Although the Group does not hold shares in these companies, they are considered subsidiary companies 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 the sole purpose of financing of the Group's aircraft (Note 18).

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

22 Subsidiary Companies (in $ million) (continued)

(b) Interest in subsidiary company with material non-controlling interests ("NCI")

The Group has the following subsidiary company that has NCI that are material to the Group:

	SIA Engineering Company Group of Companies 2017	2016
Proportion of ownership interest held by NCI	**22.3%**	22.4%
Profit allocated to NCI during the reporting period	**79.6**	43.9
Accumulated NCI at the end of reporting period	**381.2**	359.8
Dividends paid to NCI	**36.2**	40.7

(c) Summarised financial information about subsidiary company with material NCI

Summarised financial information before intercompany eliminations of the subsidiary company with material non-controlling interests are as follows:

Summarised balance sheet

	SIA Engineering Company Group of Companies 31 March 2017	2016
Current		
Assets	**979.4**	926.2
Liabilities	**(279.4)**	(256.1)
Net current assets	**700.0**	670.1
Non-current		
Assets	**939.0**	895.8
Liabilities	**(51.0)**	(54.0)
Net non-current assets	**888.0**	841.8
Net assets	**1,588.0**	1,511.9

(d) Summarised statement of comprehensive income

	SIA Engineering Company Group of Companies FY2016/17	FY2015/16
Revenue	**1,104.1**	1,113.5
Profit before tax	**355.1**	200.3
Taxation	**(17.9)**	(20.8)
Profit after tax	**337.2**	179.5
Other comprehensive income	**(123.7)**	148.5
Total comprehensive income	**213.5**	328.0

22 Subsidiary Companies (in $ million) (continued)

(e) Other summarised information

	SIA Engineering Company Group of Companies	
	FY2016/17	FY2015/16
Net cash flow from operations	**131.8**	77.1
Acquisition of significant property, plant and equipment	**(38.2)**	(40.9)

(f) Changes in ownership interests in subsidiary companies

Acquisition of non-controlling interests without a change in control

FY2016/17

During the year, the Group acquired the remaining 4.5% interests in Tiger Airways via the following:

- 4.4% for cash consideration of $49.3 million and option to subscribe for the Company's shares; and
- 0.1% for cash consideration of $1.9 million ($1.07 per Perpetual Convertible Capital Securities ("PCCS")) held by the non-controlling interests.

FY2015/16

The Company announced on 6 November 2015 a Voluntary Conditional General Offer (the "Offer") for the shares in Tiger Airways that the Company did not already own for a consideration comprising $0.41 per Tiger Airways' share (the "Offer Price") and options to subscribe for the Company's shares. On 4 January 2016, the Offer Price was revised to $0.45 per share (the "Final Offer Price"). On 11 January 2016, the Company declared the Offer unconditional. Shareholders who accepted the Offer were paid the Final Offer Price of $0.45 per share.

As a result of the Offer, the Group granted 44,412,941 equity-settled share-based payment options with contractual lives ranging from 38 days to 89 days from the vesting date. An amount of $19.2 million in relation to the valuation of the option to subscribe was recorded in the share-based compensation reserve (Note 15).

Financial effects

The following summarises the effect of the changes in the Group's ownership interests in Tiger Airways on the equity attributable to owners of the Company.

	31 March	
	2017	2016
Consideration paid for acquisition of non-controlling interests	**51.2**	458.5
Decrease in equity attributable to non-controlling interests	**(12.9)**	(124.0)
Decrease in equity attributable to owners of the Company	**38.3**	334.5

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

23 Associated Companies (in $ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Investment in associated companies	**1,068.8**	913.8	**766.2**	540.9
Accumulated impairment losses	**(11.9)**	(11.9)	**(9.4)**	(9.4)
	1,056.9	901.9	**756.8**	531.5

During the financial year:

1. The Company injected $40.1 million in TATA SIA Airlines Limited (“TATA-SIA”). There was no change in the Group’s 49% equity stake in TATA-SIA after the capital injection.

2. Following VAH’s share placements to HNA Aviation Group and 1:1 rights issue to all shareholders, which the Company subscribed to for $185.2 million, the Company’s ownership interest in VAH reduced from 23.1% to 20.0%. The dilution in interest resulted in a gain of $9.7 million being recognised in profit or loss.

3. Ritz-Carlton, Millenia Singapore Properties Private Limited recorded a revaluation gain of $32.6 million from its annual revaluation exercise of its land and building. The Group’s share of the revaluation gain of $6.5 million as at 31 March 2017 is included under the share of post-acquisition capital reserve.

4. Scoot Pte. Ltd. disposed 337,500 shares in Air Black Box Asia Pacific Pte. Ltd. (“Air Black Box”) to ANA Holdings, Inc. (“ANA”) and Cebu Air, Inc. (“Cebu”). Simultaneously, Air Black Box issued 1,350,000 shares to ANA and Cebu. These transactions have resulted in a reduction of equity interest in Air Black Box from 25% to 15%. The partial disposal resulted in a gain of $0.1 million being recognised in profit or loss.

5. On 1 November 2016, Component Aerospace Singapore Pte Ltd (“CAS”) acquired the business and certain assets of International Aerospace Tubes-Asia Pte Ltd (“IAT-A”) for a cash consideration of approximately US$14.3 million. Both CAS and IAT-A are joint ventures with Pratt & Whitney (“P&W”). The Group has adopted book value accounting in accounting this transaction, consistent with its policy for common control transactions. There is no financial impact to the Group.

6. SIAEC sold 2.575% of its interest in CAS to P&W for a total cash consideration of approximately $3.8 million. SIAEC’s residual interest in the shares of CAS is 46.425% with the remaining 53.575% held by P&W. The gain on sale of the investment at the Group level is approximately $2.3 million.

7. On 5 July 2016, Messier Services Asia Private Limited was renamed to Safran Landing Systems Services Singapore Private Limited.

8. On 7 December 2016, Safran Electronics Asia Pte. Ltd. was renamed to Safran Electronics & Defense Services Asia Pte. Ltd..

23 Associated Companies (in $ million) (continued)

The associated companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2017	2016
TATA SIA Airlines Limited [(a)]	Domestic and international full-service scheduled passenger airlines services	India	**49.0**	49.0
Airbus Asia Training Centre Pte. Ltd.[+++(b)]	Flight training services	Singapore	**45.0**	45.0
Ritz-Carlton, Millenia Singapore Properties Private Limited[+++^]	Hotel ownership and management	Singapore	**20.0**	20.0
Virgin Australia Holdings Limited [+**]	Air transportation	Australia	**20.0**	23.1
Eagle Services Asia Private Limited [(1)+++^]	Repair and overhaul of aircraft engines	Singapore	**38.0**	38.0
Fuel Accessory Service Technologies Pte Ltd[(1)++^]	Repair and overhaul of engine fuel components and accessories	Singapore	**38.0**	38.0
PT JAS Aero-Engineering Services [(1)+++(e)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	**38.0**	38.0
Southern Airports Aircraft Maintenance Services Company Limited [(1)+++(a)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	**38.0**	38.0
Boeing Asia Pacific Aviation Services Pte Ltd [(1)+++(a)]	Provide engineering, material management and fleet support solutions	Singapore	**38.0**	38.0
Pan Asia Pacific Aviation Services Ltd [(1)(d)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	**36.6**	36.5
Component Aerospace Singapore Pte Ltd [(1)++^]	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	**36.0**	38.0
JAMCO Aero Design & Engineering Pte Ltd [(1)(f)]	Providing turnkey solutions for aircraft interior modifications	Singapore	**34.9**	34.9
Panasonic Avionics Services Singapore Pte. Ltd. [(1)*]	IFE maintenance, repair & overhaul and ancillary services	Singapore	**33.0**	33.0
Safran Electronics & Defense Asia Services Pte. Ltd. (Previously known as: Safran Electronics Asia Pte Ltd) [(1)+++(a)]	Provide avionics maintenance, repair and overhaul services	Singapore	**31.1**	31.0
Goodrich Aerostructures Service Center-Asia Pte Ltd [(1)+++^]	Repair and overhaul of aircraft nacelles, thrust reservers and pylons	Singapore	**31.1**	31.0

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

23 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2017	2016
Safran Landing Systems Services Singapore Private Limited (Previously known as: Messier Services Asia Private Limited) (1)+++(b)	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	**31.1**	31.0
Asian Surface Technologies Pte Ltd (1)+++(c)	Repair and overhaul of aircraft engine fan blades	Singapore	**30.4**	30.4
International Aerospace Tubes-Asia Pte Ltd (1)+++^	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	**25.9**	25.9
Asian Compressor Technology Services Co Ltd (1)+++^^@	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	**19.0**	19.0
Turbine Coating Services Private Limited (1)++^@	Repair and overhaul of aircraft engine turbine airfoils	Singapore	**19.0**	19.0
Jamco Singapore Pte Ltd (1)(f)@	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	**15.5**	15.5
Air Black Box Asia Pacific Pte. Ltd. (2)+++(g)@@	Provision of support services to air transportation	Singapore	**15.0**	25.0

(1) *Held by SIA Engineering Company*
(2) *Held by Scoot Pte. Ltd.*
* *Audited by KPMG LLP, Singapore*
** *Audited by member firms of KPMG International*
^ *Audited by Pricewaterhouse Coopers LLP, Singapore*
^^ *Audited by member firms of Pricewaterhouse Coopers*
(a) *Audited by member firms of Deloitte & Touche*
(b) *Audited by Ernst & Young LLP, Singapore*
(c) *Audited by RSM Chio Lim, Singapore*
(d) *Audited by BDO Limited, Hong Kong*
(e) *Audited by RSM AAJ, Indonesia*
(f) *Audited by Foo Kon Tan LLP*
(g) *Audited by Wong, Lee & Associates LLP*
+ *Financial year end 30 June*
++ *Financial year end 30 November*
+++ *Financial year end 31 December*
@ *The Group has significant influence in these entities through its holdings in SIAEC*
@@ *The Group has significant influence by virtue of the board representation*

The carrying amounts of the investment in associated companies are as follows:

	The Group 31 March 2017	2016
Virgin Australia Holdings Limited ("VAH")	**490.1**	354.2
Eagle Services Asia Private Limited ("ESA")	**164.8**	146.1
Other associated companies	**402.0**	401.6
	1,056.9	901.9

The activities of the associated companies are strategic to the Group's activities.

23 Associated Companies (in $ million) (continued)

The Group has two (2016: two) associated companies that are material and a number of associated companies that are individually immaterial to the Group. All are equity accounted. The following summarises the financial information of each of the Group's material associated companies based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisitions and differences in the Group's accounting policies.

Summarised statement of financial position

	VAH 31 March		ESA 31 March	
	2017	2016	2017	2016
Current assets	**1,912.3**	1,624.7	**296.9**	290.3
Non-current assets	**4,813.1**	4,493.1	**52.4**	47.8
Total assets	**6,725.4**	6,117.8	**349.3**	338.1
Current liabilities	**(2,205.0)**	(2,656.9)	**(10.1)**	(38.1)
Non-current liabilities	**(2,692.8)**	(2,527.9)	**(2.9)**	(1.9)
Total liabilities	**(4,897.8)**	(5,184.8)	**(13.0)**	(40.0)
Net assets	**1,827.6**	933.0	**336.3**	298.1

Summarised statement of comprehensive income

	VAH		ESA	
	FY2016/17	FY2015/16	FY2016/17	FY2015/16
(Loss)/Profit after tax	**(373.7)**	(105.5)	**46.6**	19.8
Other comprehensive income	**69.5**	(75.9)	**–**	–
Total comprehensive income	**(304.2)**	(181.4)	**46.6**	19.8

A reconciliation of the summarised financial information to the carrying amounts of VAH and ESA is as follows:

	The Group 31 March	
	2017	2016
VAH		
Group's share of net assets	**369.8**	229.6
Goodwill on acquisition	**117.1**	120.8
Other adjustments	**3.2**	3.8
	490.1	354.2
ESA		
Group's share of net assets	**164.8**	146.1

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

23 Associated Companies (in $ million) (continued)

Dividends of approximately $8.9 million (FY2015/16: $6.9 million) were received from ESA during the financial year.

The fair value of the Group's ownership interest in VAH, which is determined based on its quoted market price and the value of other contractual arrangements exceeds its carrying amount. The fair value is classified as Level 2 under the fair value hierarchy.

Aggregate information about the Group's share of the results of the associated companies that are not individually material is as follows:

Summarised statement of comprehensive income

	Immaterial associates	
	FY2016/17	**FY2015/16**
(Loss)/Profit after tax	**(5.4)**	3.6
Other comprehensive income	**6.5**	–
Total comprehensive income	**1.1**	3.6

24 Joint Venture Companies (in $ million)

	The Group 31 March	
	2017	**2016**
Investment in joint venture companies	**160.2**	156.3

During the year, SIAEC divested its 50.0% shareholding in International Engine Component Overhaul Pte Ltd ("IECO") to Singapore Aero Engine Services Pte Ltd ("SAESL") on 18 July 2016. Subsequently on 2 October 2016, Rolls-Royce and SIAEC amalgamated the business and operations of IECO and SAESL into a single entity (with SAESL being the surviving entity post amalgamation), enabling them to compete more effectively for the global engine and component repair business.

The joint venture companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2017	2016
International Engine Component Overhaul Pte Ltd [(1)]	Repair and overhaul of aero engine components and parts	Singapore	**–**	38.8
Singapore Aero Engine Services Pte Ltd [(1)]	Repair and overhaul of aircraft engines	Singapore	**38.8**	38.8
NokScoot Airlines Co., Ltd [(2)]	Air transportation	Thailand	**49.0**	49.0

(1) *Held by SIA Engineering Company, audited by Ernst & Young LLP, Singapore, and financial year end of 31 December.*

(2) *Held by Scoot, audited by Deloitte & Touche, Thailand, and financial year end of 31 December.*

The Group jointly controls all the joint venture companies with other partners under contractual agreements that require unanimous consent for all major decisions over the relevant activities; they are all equity accounted.

24 Joint Venture Companies (in $ million) (continued)

The carrying amounts of the investments are as follows:

	The Group 31 March	
	2017	2016
Singapore Aero Engine Services Pte Ltd	**162.0**	136.0
Other joint venture companies	**(1.8)**	20.3
	160.2	156.3

The activities of SAESL are strategic to the Group's activities.

Dividends of approximately $22.8 million (FY2015/16: $33.9 million) were received from SAESL during the financial year.

Summarised financial information in respect of SAESL, which is material to the Group, is as follows:

Summarised statement of financial position

	SAESL 31 March	
	2017	2016
Cash and short-term deposits	**22.2**	31.2
Other current assets	**509.9**	544.3
Total current assets	**532.1**	575.5
Non-current assets	**282.7**	251.3
Total assets	**814.8**	826.8
Current liabilities	**(384.6)**	(432.8)
Non-current liabilities	**(106.2)**	(122.0)
Total liabilities	**(490.8)**	(554.8)
Net assets	**324.0**	272.0

Summarised statement of comprehensive income

	SAESL	
	FY2016/17	FY2015/16
Revenue	**1,578.5**	1,326.3
Depreciation and amortisation	**(21.3)**	(12.6)
Interest income	**0.1**	0.1
Interest expense	**(3.1)**	(1.6)
Profit before tax	**62.1**	82.2
Taxation	**(0.3)**	(0.2)
Profit after tax	**61.8**	82.0
Other comprehensive income	**1.7**	10.7
Total comprehensive income	**63.5**	92.7

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

24 Joint Venture Companies (in $ million) (continued)

The summarised financial information presented is extracted from the financial statements of SAESL prepared in accordance with FRS.

Aggregate information about the Group's investment in the other joint venture companies that are not individually material is as follows:

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

	The Group 31 March	
	2017	2016
Assets and liabilities		
Current assets	**54.7**	43.0
Non-current assets	**0.8**	10.4
	55.5	53.4
Current liabilities	**(57.0)**	(32.5)
Non-current liabilities	**(0.3)**	(0.6)
	(1.8)	20.3

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

	The Group	
	FY2016/17	FY2015/16
Results		
Loss after tax	**(10.0)**	(18.2)
Other comprehensive income	**–**	1.2
Total comprehensive income	**(10.0)**	(17.0)

25 Long-Term Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Quoted				
Non-equity investments	**138.7**	528.0	**138.7**	528.0
Unquoted				
Non-equity investments	**221.9**	215.7	**221.9**	215.7
Equity investments	**45.1**	29.4	**34.7**	10.7
	405.7	773.1	**395.3**	754.4

The Group's non-equity investments comprised investments in corporate bonds, certificates of deposits and investment funds.

The interest rates for quoted and unquoted non-equity investments range from 2.37% to 3.80% (FY2015/16: 1.30% to 3.96%) per annum and 1.00% to 4.46% (FY2015/16: 1.00% to 4.08%) per annum respectively.

Reclassification to assets held for sale

In the previous financial year, the Group entered into a conditional sale and purchase agreement with Rolls-Royce Overseas Holdings Limited and Hong Kong Aircraft Engineering Company Limited to divest its 10% stake in Hong Kong Aero Engine Services Limited ("HAESL"). The Group remeasured its investment in HAESL to its fair value of approximately $156.5 million, and recognised a gain of approximately $141.9 million in other comprehensive income. In accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations, the Group's equity interest in HAESL was reclassified from long-term investments to assets held for sale. The equity interest in HAESL is classified as Level 2 under the fair value hierarchy.

During the financial year, the Group completed the disposal. Proceeds of $156.6 million that were received resulted in a surplus on disposal of $141.6 million recognised in other non-operating items (Note 9) arising from the realisation of the $141.9 million gain previously recognised in other comprehensive income.

26 Other Long-Term Assets (in $ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Deposit	**–**	28.6	**–**	–
Other receivables	**435.7**	460.8	**354.3**	391.3
Derivative assets	**43.6**	7.4	**43.6**	7.4
	479.3	496.8	**397.9**	398.7

In the previous financial year, the deposit was held for the purpose of payment for the purchase price option payable on a finance lease (Note 18).

The Group's other receivables are stated at amortised cost and are expected to be received over a period of two to 10 years.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

27 Inventories (in $ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Technical stocks and stores	**160.1**	154.2	**94.6**	88.6
Catering and general stocks	**18.3**	27.7	**11.5**	19.6
Total inventories at lower of cost and net realisable value	**178.4**	181.9	**106.1**	108.2

The cost of inventories recognised as an expense amounted to $109.9 million (FY2015/16: $118.8 million). In addition, the Group wrote down $5.8 million (FY2015/16: $26.6 million) of inventories, which is recognised as other operating expenses in the profit and loss account.

28 Trade Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Trade debtors	**1,075.0**	1,137.8	**694.7**	798.9
Accrued receivables	**43.9**	61.9	**–**	–
Amounts owing by associated companies	**9.0**	9.1	**–**	0.5
Amounts owing by joint venture companies	**16.7**	13.0	**–**	–
	1,144.6	1,221.8	**694.7**	799.4
Amounts owing by subsidiary companies	**–**	–	**203.8**	318.0
Loan receivable from an associated company	**–**	62.0	**–**	62.0
	–	62.0	**203.8**	380.0
	1,144.6	1,283.8	**898.5**	1,179.4

Trade debtors are non-interest bearing. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless the Group writes off the amount ascertained to be uncollectible. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days aging of debtor balances) are considered indicators that the trade debtor is impaired. Individual trade debtor is written off when Management deems the amount not to be collectible.

Accrued receivables pertain to services rendered which have not been billed.

Amounts owing by subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and are repayable on demand. The amounts are neither overdue nor impaired.

The interest on a short-term loan to an associated company was computed using Bank Bill Swap Bid Rate plus an agreed margin. The loan was denominated in AUD and the interest rate was 10.345% per annum. The carrying amount of the loan approximated fair value as interest rates on the loan approximated market interest rates. The short-term loan to an associated company has been repaid during the year.

28 Trade Debtors (in $ million) (continued)

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

	The Group 31 March		The Company 31 March	
	2017	2016	**2017**	2016
Not past due and not impaired	**1,013.3**	1,186.9	**868.4**	1,174.1
Past due but not impaired	**128.7**	95.7	**27.2**	4.8
	1,142.0	1,282.6	**895.6**	1,178.9
Impaired trade debtors - collectively assessed	**5.2**	5.3	**3.4**	0.4
Less: Accumulated impairment losses	**(2.6)**	(5.1)	**(0.5)**	–
	2.6	0.2	**2.9**	0.4
Impaired trade debtors - individually assessed				
Customers in bankruptcy or other financial reorganisation	**2.6**	5.0	**–**	0.1
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	**1.4**	1.9	**1.4**	2.0
Less: Accumulated impairment losses	**(4.0)**	(5.9)	**(1.4)**	(2.0)
	–	1.0	**–**	0.1
Total trade debtors, net	**1,144.6**	1,283.8	**898.5**	1,179.4

Included in trade and other debtors are amounts owing by related parties of $8.4 million (2016: $3.3 million) and $2.7 million (2016: $1.9 million) for the Group and Company respectively.

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

	The Group 31 March		The Company 31 March	
	2017	2016	**2017**	2016
Balance at 1 April	**11.0**	16.8	**2.0**	2.9
Written back during the year	**(1.3)**	(4.7)	**0.5**	(0.9)
Written off during the year	**(2.7)**	(1.1)	**(0.6)**	–
Impact of FRS 109 transferred to reserves	**(0.4)**	–	**–**	–
Balance at 31 March	**6.6**	11.0	**1.9**	2.0
Bad debts written off directly to profit and loss account, net of debts recovered	**0.4**	1.1	**0.5**	0.8

As at 31 March 2017, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 13.0% (2016: 16.7%), AUD – 9.8% (2016: 13.7%), EUR – 6.5% (2016: 5.4%), GBP – 4.7% (2016: 4.1%) and JPY – 2.4% (2016: 2.0%).

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

29 Deposits and Other Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Deposits	**50.3**	66.7	**8.2**	8.5
Other debtors	**77.1**	48.1	**47.6**	35.0
	127.4	114.8	**55.8**	43.5

Included in deposits is an amount of $34.2 million (2016: $50.8 million) placed with a financial institution for the purpose of payment due at the time of exercise of purchase option at the end of the 15th year of the lease period for one of the finance lease (Note 18). This deposit generates interest at a fixed rate of 5.68% (FY2015/16: 5.68%) per annum to meet the obligation at maturity of the lease in December 2017.

30 Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Quoted				
Equity investments	**37.6**	33.5	**–**	–
Non-equity investments	**502.3**	544.3	**469.9**	511.6
Unquoted				
Non-equity investments	**–**	90.3	**–**	90.3
	539.9	668.1	**469.9**	601.9

The Group's non-equity investments comprised investments in government securities, corporate bonds, certificates of deposits and money market funds. These investments are held to manage the Group's liquidity needs.

The interest rates for quoted non-equity investments range from 0.51% to 5.50% (FY2015/16: 1.12% to 5.25%) per annum.

31 Cash and Bank Balances (in $ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Fixed deposits	**2,386.9**	3,002.7	**2,364.9**	2,822.9
Cash and bank balances	**993.6**	969.7	**368.3**	416.3
	3,380.5	3,972.4	**2,733.2**	3,239.2

As at 31 March 2017, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 39.4% (2016: 25.6%), EUR – 2.9% (2016: 4.3%) and AUD – 3.4% (2016: 1.6%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.86% to 2.01% (FY2015/16: 0.43% to 2.76%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 1.36% (FY2015/16: 1.45%) per annum.

32 Trade and Other Creditors (in $ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Trade creditors	**3,234.1**	2,844.8	**2,248.6**	2,192.4
Purchase option price payable to lessor	**34.2**	50.8	**–**	–
Amounts owing to associated companies	**27.8**	3.4	**3.3**	2.5
	3,296.1	2,899.0	**2,251.9**	2,194.9
Funds from subsidiary companies	**–**	–	**1,174.6**	1,073.8
Amounts owing to subsidiary companies	**–**	–	**179.9**	117.3
	–	–	**1,354.5**	1,191.1

Trade and other creditors are non-interest bearing. As at 31 March 2017, 18.0% (2016: 18.7%) of trade and other creditors were held in USD by the Group. Included in trade and other creditors are amounts owing to related parties of $169.2 million (2016: $158.6 million) and $127.2 million (2016: $113.0 million) for the Group and Company respectively.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which range from 0.20% to 1.20% (FY2015/16: 0.01% to 1.53%) per annum for SGD funds, and 0.87% to 1.20% (FY2015/16: 0.32% to 1.23%) per annum for USD funds.

As at 31 March 2017, 20.9% of the funds from subsidiary companies are denominated in USD (2016: USD 33.9%).

Amounts owing to related parties, subsidiary and associated companies are unsecured, trade-related, non-interest bearing and are repayable on demand.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

33 Analysis of Capital Expenditure Cash Flow (in $ million)

	The Group	
	FY2016/17	**FY2015/16**
Purchase of property, plant and equipment	**4,029.9**	2,923.7
Property, plant and equipment acquired under credit terms	**(14.9)**	(14.7)
Property, plant and equipment settled by credit notes	**(70.3)**	–
Cash invested in capital expenditure	**3,944.7**	2,909.0
Purchase of intangible assets	**44.5**	52.1
Acquisition of goodwill	**–**	(6.6)
Intangible assets acquired under credit terms	**(0.9)**	–
Cash invested in purchase of intangible assets	**43.6**	45.5

34 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated $21,021.9 million (2016: $23,688.6 million) for the Group and $15,293.5 million (2016: $16,961.0 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of associated companies' and joint venture companies' commitments for capital expenditure totaled $4,137.6 million (2016: $4,367.2 million) and $6.0 million (2016: $6.2 million) respectively.

34 Capital and Other Commitments (in $ million) (continued)

(b) Operating lease commitments

As lessee

Aircraft

The Company has three B777-300ERs, 25 A330-300s and nine A380-800s under operating leases at fixed rental rates. In five of the A380 lease agreements, lease rentals will be adjusted if the one-month LIBOR exceeds 6.50% per annum. The original lease terms range from eight to 12 years.

For flexibility in fleet planning, most leases include extension options. The extension options provide for lease renewals up to a maximum of five years. In addition, there are 15 early termination options that allow termination of the leases up to two years prior to original lease expiry. Sub-leasing is allowed under all the lease arrangements.

SilkAir has three A319-100s, eight A320-200s, and nine B737-800s under operating leases with fixed rental rates. The original lease terms for the three A319-100s range from 6.9 to 11.5 years, and SilkAir holds options to extend the leases for up to a maximum of three years. The original lease terms for the eight A320-200s range from 6.6 to 11.8 years and SilkAir holds options to extend the leases for one to five years. The original lease terms for the nine B737-800s range from 9.8 to 10.5 years, and SilkAir holds options to extend the leases for up to a maximum of four years. Sub-leasing is allowed under all the lease arrangements.

Budget Aviation Holdings ("BAH") Group has 31 A320-200s and two A319s under operating leases. The original lease terms on the aircraft are for 12 years. Sub-leasing is allowed under all the lease arrangements, subject to certain terms and conditions stated in the agreements.

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

	The Group 31 March		The Company 31 March	
	2017	**2016**	**2017**	**2016**
Not later than one year	**775.5**	820.1	**549.3**	609.4
Later than one year but not later than five years	**2,228.3**	2,438.5	**1,348.9**	1,554.5
Later than five years	**859.5**	1,289.7	**383.6**	631.7
	3,863.3	4,548.3	**2,281.8**	2,795.6

Engines

The Company has operating lease agreements for four GE90-115B engines and nine Trent 800 engines with fixed rental rates. The basic lease term for each engine varies from four to six years with extension options.

BAH Group has two spare engines under operating leases. The original lease terms on the engines are for 12 years. Sub-leasing is allowed under all the lease arrangements.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

34 Capital and Other Commitments (in $ million) (continued)

(b) Operating lease commitments (continued)

As lessee (continued)

Engines (continued)

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Not later than one year	**18.0**	22.0	**16.0**	20.2
Later than one year but not later than five years	**9.2**	16.2	**5.8**	11.3
Later than five years	**–**	0.2	**–**	–
	27.2	38.4	**21.8**	31.5

Property and equipment

The Group has entered into operating lease agreements for office and computer equipment, leasehold land and buildings. These non-cancellable leases have lease terms of between one and 50 years.

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Not later than one year	**74.0**	76.4	**53.9**	55.5
Later than one year but not later than five years	**109.2**	122.1	**79.6**	95.1
Later than five years	**61.2**	63.7	**12.1**	12.8
	244.4	262.2	**145.6**	163.4

The minimum lease payments recognised in the profit and loss account amounted to $69.6 million (FY2015/16: $63.9 million) and $54.3 million (FY2015/16: $53.1 million) for the Group and the Company respectively.

As lessor

Aircraft

The Company leased three B777 aircraft for a lease term of five years each to NokScoot. The lease rental is fixed throughout the lease term and is non-cancellable.

BAH Group sub-leased two A320-200 aircraft to an external party. The sub-lease term for the aircraft is between eight and nine years. BAH Group also sub-leased one A320-200 aircraft to Tigerair Australia. The sub-lease term for the aircraft is eight years. VAH has provided a guarantee to BAH Group to cover obligations for the assets leased by Tigerair Australia.

34 Capital and Other Commitments (in $ million) (continued)

(b) Operating lease commitments (continued)

As lessor (continued)

Aircraft (continued)

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Not later than one year	**47.3**	52.5	**33.9**	32.0
Later than one year but not later than five years	**108.7**	164.8	**68.7**	91.1
Later than five years	**13.7**	25.7	**–**	–
	169.7	243.0	**102.6**	123.1

35 Contingent Liabilities (in $ million)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions

In 2006 and thereafter, SIA Cargo and the Company were among several airlines that received notice of investigations by competition authorities in the United States, European Union, Australia, Canada, New Zealand, South Africa, South Korea and Switzerland as to whether surcharges, rates or other competitive aspects of air cargo service were lawfully determined (the "air cargo issues").

On 9 November 2010, the European Commission issued an adverse decision against 13 air cargo airlines, including SIA Cargo and the Company, in respect of fuel surcharges, security surcharges and commissions on surcharges. A fine of EUR74.8 million ($135.7 million) was imposed on SIA Cargo and the Company. SIA Cargo paid the fine in February 2011 in accordance with European Union laws. This amount was reflected as an exceptional item in the Group's accounts in FY2010/11. SIA Cargo and the Company filed an appeal to the European General Court seeking annulment of the decision. In December 2015, the European General Court annulled the decision of the European Commission in its entirety vis-à-vis SIA Cargo and the Company. In February 2016, EUR76.4 million ($119.1 million) comprising the fine amount and returns thereon was refunded to SIA Cargo. This refund was recognised as a non-operating item (Note 9) in the Group's FY2015/16 accounts. In March 2017, the European Commission re-adopted a decision in respect of the same case against the air cargo airlines, imposing a fine of EUR74.8 million ($111.8 million) against SIA Cargo and the Company. This amount was recognised as a non-operating item (Note 9) in the Group's accounts in FY2016/17.

In January 2014, the Swiss Competition Commission announced a fine against SIA Cargo and the Company of CHF1.7 million ($2.3 million) in respect of the air cargo issues. This amount was reflected as an exceptional item in the Group's accounts in FY2013/14. SIA Cargo and the Company have filed an appeal to the Swiss Federal Administrative Tribunal seeking annulment of the decision.

The proceedings by competition authorities in the United States, South Korea, South Africa, Australia and New Zealand were resolved in previous financial periods.

After the investigations commenced, civil damage lawsuits were filed in the United States, Canada, Australia, South Korea, England, the Netherlands, Norway and Germany by private parties against several airlines, including SIA Cargo and the Company. Other lawsuits have been threatened by customers of SIA Cargo or shippers that purportedly contracted with SIA Cargo's customers.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

35 Contingent Liabilities (in $ million) (continued)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions (continued)

The plaintiffs in the South Korea proceedings withdrew their complaint in July 2011 and the proceedings were accordingly dismissed without prejudice. In January 2014, a shipper from South Korea which purportedly contracted with SIA Cargo's customers served a claim against SIA Cargo and other airlines. SIA Cargo is defending this proceeding.

In September 2016, one of SIA Cargo's customers filed a claim against SIA Cargo and the Company in the United States after opting out of SIA Cargo's and the Company's class action settlement. SIA Cargo and the Company are defending this proceeding.

Without admitting any liabilities, SIA Cargo and the Company have settled with plaintiffs in the United States class action, Australia and Canada to resolve all liabilities of SIA Cargo and the Company as concerns the civil damage or class action lawsuits filed in the relevant jurisdictions.

In addition, without admitting any liability, in 2012, 2013 and 2015, SIA Cargo reached settlements with certain customers to resolve all pending and potential future civil damage claims regarding the air cargo issues. The settlements in 2012, 2013, 2015 and potential settlement in 2017 have been reflected in the Group's financial statements in the respective financial years. The individual terms of all such settlements are required to be kept confidential.

Apart from Canada, the United States class action and Australia, the filed cases remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

Apart from the items recorded as non-operating items noted above, it is premature to make a provision in the financial statements for the other pending investigations, court proceedings, civil suits, or threatened claims as their respective outcomes are uncertain.

(b) Passengers: Civil Class Actions

The Company and several other airlines have been named in a civil class action lawsuit in Canada alleging an unlawful agreement to fix surcharges and fares on transpacific flights. The case is currently in the procedural stage and has not been tried thus far on its substantive legal merits. As the lawsuit has neither been tried nor alleged damages quantified, it is premature to make a provision in the financial statements.

In August 2014, without admitting any liability, the Company entered into a settlement agreement with the class action plaintiffs in the United States for USD9.2 million ($11.4 million) with respect to the passenger civil class action lawsuits filed in the United States. In accordance with the agreement, the Company paid the above amount into an escrow account pending court approval. Final approval of the settlement was granted by the court in June 2015. Subsequently, one of the class members filed an appeal against the court judgement approving the settlement. This appeal is currently pending.

(c) Guarantee to a Joint Venture Company

During the year, the Company provided a guarantee of THB600.0 million ($24.3 million) in respect of a revolving credit facility granted by a lender to NokScoot.

36 Financial Instruments (in $ million)

Classification and fair values of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how revenue and expenses, including fair value gains and losses, are recognised. The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as per the following tables.

Financial assets and financial liabilities that are classified as measured at amortised cost with carrying amounts being a reasonable approximation of their fair values are not presented in these tables. These financial assets include trade debtors, deposits and other debtors, amounts owing by subsidiary companies and cash and bank balances. These financial liabilities include deposits received from lessee, trade and other creditors, amounts owing to subsidiary companies and loans.

	Carrying amount				Fair value		
31 March 2017	**Amortised cost**	**FVTPL**	**FVOCI**	**Total**	**Level 1**	**Level 2**	**Level 3**
The Group							
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	138.7	–	–	138.7	140.6	–	–
Unquoted							
Non-equity investments*	–	221.9	–	221.9	–	221.9	–
Equity investments	–	43.7	1.4	45.1	–	–	45.1
Other long-term receivables	435.7	–	–	435.7	–	–	432.8
Derivative assets*	–	128.6	–	128.6	–	128.6	–
Investments							
Quoted							
Equity investments*	–	37.6	–	37.6	37.6	–	–
Non-equity investments*	–	32.4	–	32.4	32.4	–	–
Non-equity investments	469.9	–	–	469.9	466.3	–	–
	1,044.3	464.2	1.4	1,509.9	676.9	350.5	477.9
Financial liabilities							
Derivative liabilities*	–	369.3	–	369.3	–	369.3	–
Notes payable	1,430.0	–	–	1,430.0	1,469.2	–	–
	1,430.0	369.3	–	1,799.3	1,469.2	369.3	–

* *Mandatorily measured at FVTPL*

Notes to the Financial Statements
For The Financial Year Ended 31 March 2017

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2017	Carrying amount				Fair value		
	Amortised cost	FVTPL	FVOCI	Total	Level 1	Level 2	Level 3
The Company							
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	138.7	–	–	138.7	140.6	–	–
Unquoted							
Non-equity investments*	–	221.9	–	221.9	–	221.9	–
Equity investments	–	33.4	1.3	34.7	–	–	34.7
Other long-term receivables	354.3	–	–	354.3	–	–	354.3
Derivative assets*	–	125.7	–	125.7	–	125.7	–
Investments							
Quoted							
Non-equity investments	469.9	–	–	469.9	466.3	–	–
	962.9	381.0	1.3	1,345.2	606.9	347.6	389.0
Financial liabilities							
Derivative liabilities*	–	369.3	–	369.3	–	369.3	–
Notes payable	1,430.0	–	–	1,430.0	1,469.2	–	–
	1,430.0	369.3	–	1,799.3	1,469.2	369.3	–

* *Mandatorily measured at FVTPL*

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2016	Carrying amount						Fair value		
	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
The Group									
Financial assets									
Long-term investments									
Quoted									
Non-equity investments	–	–	528.0	–	–	528.0	528.0	–	–
Unquoted									
Non-equity investments	–	215.7	–	–	–	215.7	–	215.7	–
Equity investments	–	29.4	–	–	–	29.4	–	–	29.4
Deposit	79.4	–	–	–	–	79.4	–	–	84.1
Other long-term receivables	460.8	–	–	–	–	460.8	–	–	457.9
Derivative assets	–	–	–	32.3	–	32.3	–	32.3	–
Investments									
Quoted									
Equity investments	–	33.5	–	–	–	33.5	33.5	–	–
Non-equity investments	–	192.9	351.4	–	–	544.3	544.3	–	–
Unquoted									
Non-equity investments	–	90.3	–	–	–	90.3	–	90.3	–
Assets held for sale	–	156.5	–	–	–	156.5	–	156.5	–
	540.2	718.3	879.4	32.3	–	2,170.2	1,105.8	494.8	571.4
Financial liabilities									
Derivative liabilities	–	–	–	727.8	–	727.8	–	727.8	–
Notes payable	–	–	–	–	1,000.0	1,000.0	1,036.3	–	–
	–	–	–	727.8	1,000.0	1,727.8	1,036.3	727.8	–

Notes to the Financial Statements
For The Financial Year Ended 31 March 2017

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

	Carrying amount						Fair value		
31 March 2016	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
The Company									
Financial assets									
Long-term investments									
Quoted									
Non-equity investments	–	–	528.0	–	–	528.0	528.0	–	–
Unquoted									
Non-equity investments	–	215.7	–	–	–	215.7	–	215.7	–
Equity investments	–	10.7	–	–	–	10.7	–	–	10.7
Other long-term receivables	391.3	–	–	–	–	391.3	–	–	391.3
Derivative assets	–	–	–	29.7	–	29.7	–	29.7	–
Investments									
Quoted									
Non-equity investments	–	160.2	351.4	–	–	511.6	511.6	–	–
Unquoted									
Non-equity investments	–	90.3	–	–	–	90.3	–	90.3	–
	391.3	476.9	879.4	29.7	–	1,777.3	1,039.6	335.7	402.0
Financial liabilities									
Derivative liabilities	–	–	–	699.8	–	699.8	–	699.8	–
Notes payable	–	–	–	–	1,000.0	1,000.0	1,036.3	–	–
	–	–	–	699.8	1,000.0	1,699.8	1,036.3	699.8	–

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

Financial instruments carried at fair value

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 – Unobservable inputs for the asset or liability

There has been no transfer between Level 1 and Level 2 during the financial year.

Determination of fair value

The fair values of the financial instruments are determined as follows:

- Jet fuel swap contracts – mark-to-market valuations.
- InterContinental Exchange ("ICE") Brent swap and Brent-MOPS crack swap contracts – by reference to available market information and the marked-to-market values of these swap contracts. As the Group hedges with ICE Brent and Brent-MOPS crack contracts, the ICE Brent futures contract price and its differential relative to MOPS price are used as the mark-to-market prices.
- Forward currency contracts – by reference to current forward prices for contracts with similar maturity profiles.
- Cross currency swap contracts – by reference to market prices for existing cash flow profiles pre-agreed with counterparties at trade inception.
- Quoted investments – by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques that are commonly used by market participants.
- Deposit – by discounting expected future cash flows at market incremental lending rate for similar types of lending at the end of the reporting period.
- Other long-term receivables – by discounting expected future cash flows at market incremental lending rate for similar types of lending at the end of the reporting period.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

36 Financial Instruments (in $ million) (continued)

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group also enters into netting arrangements with International Air Transport Association ("IATA").

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Effects of offsetting in the statements of financial position			Related amounts not offset	
The Group	**Gross amounts**	**Gross amounts set-off in the statements of financial position**	**Net amounts presented in the statements of financial position**	**Amounts subject to master netting arrangements**	**Net amount**
31 March 2017					
Derivative assets	128.6	–	128.6	(107.5)	21.1
Trade debtors	1,155.5	(10.9)	1,144.6	–	1,144.6
	1,284.1	(10.9)	1,273.2	(107.5)	1,165.7
Derivative liabilities	369.3	–	369.3	(107.5)	261.8
Trade and other creditors	3,307.0	(10.9)	3,296.1	–	3,296.1
	3,676.3	(10.9)	3,665.4	(107.5)	3,557.9
31 March 2016					
Derivative assets	32.3	–	32.3	(27.7)	4.6
Trade debtors	1,230.4	(8.6)	1,221.8	–	1,221.8
	1,262.7	(8.6)	1,254.1	(27.7)	1,226.4
Derivative liabilities	727.8	–	727.8	(27.7)	700.1
Trade and other creditors	2,907.6	(8.6)	2,899.0	–	2,899.0
	3,635.4	(8.6)	3,626.8	(27.7)	3,599.1

36 Financial Instruments (in $ million) (continued)

Master netting or similar agreements (continued)

The Company	Effects of offsetting in the statements of financial position			Related amounts not offset	
	Gross amounts	Gross amounts set-off in the statements of financial position	Net amounts presented in the statements of financial position	Amounts subject to master netting arrangements	Net amount
31 March 2017					
Derivative assets	125.7	–	125.7	(107.5)	18.2
Trade debtors	705.6	(10.9)	694.7	–	694.7
Amounts owing by subsidiary companies	363.8	(160.0)	203.8	–	203.8
	1,195.1	(170.9)	1,024.2	(107.5)	916.7
Derivative liabilities	369.3	–	369.3	(107.5)	261.8
Trade and other creditors	2,262.8	(10.9)	2,251.9	–	2,251.9
Amounts owing to subsidiary companies	1,514.5	(160.0)	1,354.5	–	1,354.5
	4,146.6	(170.9)	3,975.7	(107.5)	3,868.2
31 March 2016					
Derivative assets	29.7	–	29.7	(27.7)	2.0
Trade debtors	808.0	(8.6)	799.4	–	799.4
Amounts owing by subsidiary companies	469.5	(151.5)	318.0	–	318.0
	1,307.2	(160.1)	1,147.1	(27.7)	1,119.4
Derivative liabilities	699.8	–	699.8	(27.7)	672.1
Trade and other creditors	2,203.5	(8.6)	2,194.9	–	2,194.9
Amounts owing to subsidiary companies	1,342.6	(151.5)	1,191.1	–	1,191.1
	4,245.9	(160.1)	4,085.8	(27.7)	4,058.1

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

37 Financial Risk Management Objectives and Policies (in $ million)

The Group operates globally and generates revenue in various currencies. The Group's airline operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of its investments. The Group's overall risk management approach is to moderate the effects of such volatility on its financial performance through the use of derivatives to hedge specific exposures.

As derivatives are used for the purpose of risk management, they do not expose the Group to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenues or expenses being hedged. Moreover, counterparty credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore, the possibility of a material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

Financial risk management policies are periodically reviewed and approved by the Board Executive Committee ("BEC").

Derivative financial instruments for cash flow hedges included in the statements of financial position are as follows:

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Derivative assets				
Current				
Currency hedging contracts	**38.4**	20.9	**38.3**	20.2
Fuel hedging contracts	**45.1**	2.5	**43.8**	2.1
Cross currency swap contracts	**1.5**	1.5	**–**	–
	85.0	24.9	**82.1**	22.3
Non-current				
Currency hedging contracts	**9.8**	2.3	**9.8**	2.3
Fuel hedging contracts	**26.7**	–	**26.7**	–
Cross currency swap contracts	**7.1**	5.1	**7.1**	5.1
	43.6	7.4	**43.6**	7.4
	128.6	32.3	**125.7**	29.7
Derivative liabilities				
Current				
Currency hedging contracts	**52.8**	98.5	**52.8**	94.5
Fuel hedging contracts	**66.9**	524.6	**66.9**	500.6
	119.7	623.1	**119.7**	595.1
Non-current				
Currency hedging contracts	**15.1**	25.9	**15.1**	25.9
Fuel hedging contracts	**228.6**	75.6	**228.6**	75.6
Cross currency swap contracts	**5.9**	3.2	**5.9**	3.2
	249.6	104.7	**249.6**	104.7
	369.3	727.8	**369.3**	699.8

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(a) 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, as defined by BEC, aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps, options and collars with approved counterparties and within approved credit limits to hedge approved range of anticipated jet fuel purchases over a specified time frame.

Cash flow hedges

The Group manages this fuel price risk by using swap, option and collar contracts and hedging up to 20 quarters forward using jet fuel swap, option and collar contracts, ICE Brent swap contracts and Brent-MOPS crack swap contracts.

The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value loss before tax of $241.0 million (2016: loss before tax of $610.7 million), with a related deferred tax credit of $40.9 million (2016: deferred tax credit of $103.8 million), was included in the fair value reserve in respect of these contracts.

The table below sets out the movements for fuel hedges designated on 1 October 2016 when the Group voluntarily adopted FRS 109 Financial Instruments:

	The Group FY2016/17	The Company FY2016/17
Change in fair value of hedging instrument	(236.5)	(239.2)
Change in fair value of hedged item	236.5	239.2
Hedge ineffectiveness recognised in profit or loss	–	–

For the financial year ended 31 March 2017, ineffectiveness of $36.4 million related to hedge designations made under FRS 39 were de-designated on 30 September 2016.

As at 31 March 2017, the Group had entered into longer dated Brent hedges with maturity extending to 2022, covering between 40% and 45% of our projected annual fuel consumption, at average prices ranging from USD53 to USD59 per barrel.

Jet fuel price sensitivity analysis

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one USD per barrel of jet fuel affects the Group's and the Company's annual fuel costs by $55.7 million and $43.1 million (FY2015/16: $52.4 million and $41.3 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are still outstanding as at the end of the reporting period and assumes that all jet fuel, Brent and crack hedges are highly effective. Under these assumptions, with an increase or decrease in jet fuel prices, each by one USD per barrel, the before tax effects on equity are set out in the table below.

Sensitivity analysis on outstanding fuel hedging contracts:

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
	Effect on equity		Effect on equity	
Increase in one USD per barrel	**125.2**	25.4	**94.7**	20.7
Decrease in one USD per barrel	**(125.2)**	(25.4)	**(94.7)**	(20.7)

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For the financial year ended 31 March 2017, these accounted for 49.9% of total revenue (FY2015/16: 48.6%) and 53.6% of total operating expenses (FY2015/16: 58.0%). The Group's largest exposures are from United States Dollar, Euro, UK Sterling Pound, Swiss Franc, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan, Korean Won and Malaysian Ringgit. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for USD or SGD. The Group also uses foreign currency forward and option 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 either USD or SGD depending on forecast requirements, with settlement dates that range from one month up to one year. The Company also uses cross currency swap contracts to hedge a portion of its fixed future foreign exchange exposure in USD. The cross currency swap contracts provide for the Company to exchange surplus currency, specifically JPY and EUR into USD predetermined costs. The Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements.

Cash flow hedges

a) Net operating and other exposures

The Group and Company hold cash flow hedges to manage net operating exposures to foreign currencies. As at 31 March 2017, the carrying amounts of these hedges consisted of $34.7 million derivative assets and $45.3 million derivative liabilities for the Group, and $33.1 million derivative assets and $45.3 million derivative liabilities for the Company. During the financial year, the amount reclassified from the cash flow hedge reserve to profit or loss (classified under 'Other operating expenses') is $36.6 million for the Group and $34.7 million for the Company, and no ineffectiveness has been recognised in the profit or loss for the Group or Company.

The Company holds currency swaps for the principal amounts outstanding on foreign currency denominated bonds until December 2017. As at 31 March 2017, the hedge was assessed to be highly effective on a prospective basis and a net fair value gain of $0.6 million (2016: loss of $4.3 million) was included in the fair value reserve with respect to these contracts.

The Company also holds cross currency swap contracts to hedge expected future lease commitments in USD and foreign currency risk of expected future JPY and EUR surpluses until August 2021. As at 31 March 2017, the hedges were assessed to be effective and a net fair value gain of $1.0 million (2016: gain of $2.0 million) is included in the fair value reserve with respect to these contracts.

b) Capital expenditure exposures

The Group and the Company designate cash flow hedges to manage the exposure to USD-denominated capital expenditure commitments. As at 31 March 2017, the total nominal amount of these cash flow hedges over the next two years was USD2,592.3 million with a hedged rate range of SGD/USD 1.29 – 1.45 for the Group and USD2,260.4 million with a hedged rate range of SGD/USD 1.29 – 1.45 for the Company.

As at 31 March 2017, the Company held USD756.2 million (2016: USD512.6 million) in short-term deposits to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 12 months. A fair value loss of $11.4 million (2016: loss of $22.5 million) was included in the fair value reserve in respect of these contracts.

During the financial year, the Company also entered into new foreign currency forward contracts to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 12 to 24 months. As at 31 March 2017, a fair value loss of $6.1 million (2016: loss of $50.3 million) was included in the fair value reserve in respect of these contracts.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk (continued)

b) Capital expenditure exposures (continued)

The table below sets out the derivative positions and movements for these cash flow hedges:

	The Group and the Company 31 March 2017
Fixed deposits	1,056.6
Derivative assets	22.1
Derivative liabilities	(28.5)

	The Group and the Company FY2016/17
Change in fair value of hedging instrument	(17.8)
Change in fair value of hedged item	17.8
Hedge ineffectiveness recognised in profit or loss	–

For the financial year ended 31 March 2017, there was no realised foreign currency hedging gain/(loss) reclassified to profit or loss for the Group or Company as it had been capitalised in the carrying value of non-financial assets.

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

The following table details the sensitivity of a 1% strengthening of SGD against the respective foreign currencies. The sensitivity analysis includes only outstanding foreign currency hedging contracts and significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates.

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis:

	The Group 31 March			
	2017		2016	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	**2.3**	**(1.5)**	2.6	(2.0)
EUR	**1.4**	**–**	1.0	(1.9)
GBP	**1.7**	**(0.5)**	1.4	(0.7)
JPY	**2.4**	**(0.3)**	0.8	(0.2)
USD	**(51.8)**	**0.8**	(31.8)	(0.7)

	The Company 31 March			
	2017		2016	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	**1.8**	**(1.3)**	2.3	(1.8)
EUR	**0.9**	**(0.1)**	0.4	(0.1)
GBP	**1.4**	**(0.4)**	1.1	(0.6)
JPY	**2.3**	**(0.2)**	0.7	(0.2)
USD	**(43.3)**	**3.6**	(25.3)	5.2

[R1] *Sensitivity analysis on outstanding foreign currency hedging contracts and fuel hedging contracts denominated in foreign currency*

[R2] *Sensitivity analysis on significant outstanding foreign currency denominated monetary items*

If the relevant foreign currency strengthens by 1% against SGD, equity and profit before taxation would change by the same amounts in the opposite direction.

(c) Interest rate risk

The Group's earnings are also affected by changes in interest rates due to the impact such changes have on interest income and expense from short-term deposits and other interest-bearing financial assets and liabilities. The Group enters into interest rate swap contracts and interest rate cap contracts to manage interest rate costs on its financial assets and liabilities, with the prior approval of the BEC or Boards of subsidiary companies.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(c) Interest rate risk (continued)

Cash flow hedges

In FY2013/14, the Company entered into interest rate swap contracts to protect a portion of the future operating lease rent payments from exposure to fluctuations in interest rates. These contracts were settled in FY2014/15. The balance in the fair value reserve will be recognised in the profit and loss account over the lease term of the respective aircraft. A net fair value loss before tax of $0.3 million (2016: loss before tax of $0.7 million), with a related deferred tax credit of $0.1 million (2016: deferred tax credit of $0.1 million), was included in the fair value reserve in respect of these contracts.

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the end of the reporting period.

Under these assumptions, an increase or decrease in market interest rates of 10 basis points for all currencies in which the Group has derivative financial instruments and variable rate assets and liabilities at 31 March 2017 will have the effects as set out in the table below.

Sensitivity analysis:

	The Group 31 March			
	2017		2016	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in 10 basis points in market interest rates	**–**	**3.3**	–	3.9
Decrease in 10 basis points in market interest rates	**–**	**(3.3)**	–	(3.9)

	The Company 31 March			
	2017		2016	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in 10 basis points in market interest rates	**–**	**1.6**	–	2.4
Decrease in 10 basis points in market interest rates	**–**	**(1.6)**	–	(2.4)

[R1] *Sensitivity analysis on derivative financial instruments.*

[R2] *Sensitivity analysis on variable rate assets and liabilities.*

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(d) Market rate risk

At 31 March 2017, the Group and the Company own investments of $945.6 million (2016: $1,441.2 million) and $865.2 million (2016: $1,356.3 million) respectively, out of which $337.0 million (2016: $532.4 million) and $256.6 million (2016: $466.2 million) are subject to market risk, being the potential loss resulting from a decrease in market prices.

Market price sensitivity analysis

If prices for these investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity are set out in the table below.

Sensitivity analysis on investments:

	The Group 31 March			
	2017		2016	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	**–**	**3.4**	5.3	–
Decrease in 1% of quoted prices	**–**	**(3.4)**	(5.3)	–

	The Company 31 March			
	2017		2016	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	**–**	**2.6**	4.7	–
Decrease in 1% of quoted prices	**–**	**(2.6)**	(4.7)	–

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(e) Liquidity risk

At 31 March 2017, the Group has at its disposal, cash and short-term deposits amounting to $3,380.5 million (2016: $3,972.4 million). In addition, the Group has available short-term credit facilities of about $475.0 million (2016: $375.0 million). The Group also has a Medium Term Note Programme under which it may issue notes up to $2,000.0 million (2016: $2,000.0 million) and as of 31 March 2017, $570.0 million (2016: $1,000.0 million) remained unutilised. Under this Programme, notes issued by the Company may have varying maturities as contracted with the relevant financial institutions.

The Group's holdings of cash and short-term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for the Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The Group's policies in this regard are in line with the funding policies of other major airlines.

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

31 March 2017	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	47.1	47.1	47.1	539.0	227.9	825.4	1,733.6
Loans	21.5	20.9	22.8	23.0	22.8	13.7	124.7
Finance lease commitments	24.5	–	–	–	–	–	24.5
Maintenance reserve	–	–	3.7	6.1	–	–	9.8
Purchase option payable to lessor	35.1	–	–	–	–	–	35.1
Deposit received from a lessee	–	0.1	–	–	–	9.4	9.5
Trade and other creditors	3,261.9	–	–	–	–	–	3,261.9
Derivative financial instruments:							
Currency hedging contracts	52.8	15.1	–	–	–	–	67.9
Fuel hedging contracts	66.9	17.7	56.7	88.2	66.1	–	295.6
Cross currency swap contracts	2.4	1.5	0.9	0.4	0.1	–	5.3
	3,512.2	102.4	131.2	656.7	316.9	848.5	5,567.9
The Company							
Notes payable	47.1	47.1	47.1	539.0	227.9	825.4	1,733.6
Maintenance reserve	–	–	3.7	6.1	–	–	9.8
Trade and other creditors	2,251.9	–	–	–	–	–	2,251.9
Amounts owing to subsidiary companies	1,354.5	–	–	–	–	–	1,354.5
Derivative financial instruments:							
Currency hedging contracts	52.8	15.1	–	–	–	–	67.9
Fuel hedging contracts	66.9	17.7	56.6	88.2	66.1	–	295.5
Cross currency swap contracts	2.4	1.5	0.9	0.4	0.1	–	5.3
	3,775.6	81.4	108.3	633.7	294.1	825.4	5,718.5

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(e) Liquidity risk (continued)

31 March 2016	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	33.6	33.6	33.6	33.6	525.6	542.7	1,202.7
Loans	197.5	20.6	20.6	22.5	22.7	36.4	320.3
Finance lease commitments	23.8	23.7	–	–	–	–	47.5
Maintenance reserve	–	–	–	2.3	3.1	–	5.4
Purchase option payable to lessor	50.8	33.9	–	–	–	–	84.7
Deposit received from a lessee	–	–	0.1	–	–	9.0	9.1
Trade and other creditors	2,848.2	–	–	–	–	–	2,848.2
Derivative financial instruments:							
Currency hedging contracts	96.3	32.8	–	–	–	–	129.1
Fuel hedging contracts	524.6	75.6	–	–	–	–	600.2
Cross currency swap contracts	0.5	4.8	3.0	2.0	1.0	0.2	11.5
	3,775.3	225.0	57.3	60.4	552.4	588.3	5,258.7
The Company							
Notes payable	33.6	33.6	33.6	33.6	525.6	542.7	1,202.7
Maintenance reserve	–	–	–	2.3	3.1	–	5.4
Trade and other creditors	2,194.9	–	–	–	–	–	2,194.9
Amounts owing to subsidiary companies	1,191.1	–	–	–	–	–	1,191.1
Derivative financial instruments:							
Currency hedging contracts	92.3	32.8	–	–	–	–	125.1
Fuel hedging contracts	500.6	75.6	–	–	–	–	576.2
Cross currency swap contracts	0.5	4.8	3.0	2.0	1.0	0.2	11.5
	4,013.0	146.8	36.6	37.9	529.7	542.9	5,306.9

(f) Credit risk

The Group has an independent Group Debts Review Committee to review the follow up actions on outstanding receivables monthly. On a day-to-day basis, the respective Finance divisions have the primary responsibility for measuring and managing specific risk exposures.

The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset in the statement of financial position.

There are no significant concentrations of credit risk other than from counterparties of cash and bank balances and derivative instruments, where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to broad diversification. In specific instances, the contract may require special collateral.

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(f) Credit risk (continued)

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collateral requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

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

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2017	2016	2017	2016	2017	2016	2017	2016
Counterparty profiles								
By industry:								
Travel agencies	**436.8**	434.5	**7.1%**	5.7%	**227.6**	230.8	**4.5%**	3.6%
Airlines	**151.5**	160.3	**2.4%**	2.1%	**21.8**	125.3	**0.4%**	1.9%
Financial institutions	**3,727.2**	4,900.7	**60.3%**	64.3%	**3,058.8**	4,108.3	**60.6%**	64.8%
Others	**1,590.9**	1,636.7	**25.7%**	21.5%	**1,339.2**	1,647.2	**26.5%**	26.0%
	5,906.4	7,132.2	**95.5%**	93.6%	**4,647.4**	6,111.6	**92.0%**	96.3%
By region:								
East Asia	**3,096.8**	3,977.4	**50.1%**	52.2%	**2,321.0**	3,495.0	**45.9%**	55.1%
Europe	**1,449.8**	1,887.0	**23.4%**	24.8%	**1,211.3**	1,545.5	**24.0%**	24.4%
South West Pacific	**1,011.1**	927.5	**16.4%**	12.2%	**961.4**	864.1	**19.0%**	13.6%
Americas	**260.0**	276.3	**4.2%**	3.6%	**104.2**	169.0	**2.1%**	2.7%
West Asia and Africa	**88.7**	64.0	**1.4%**	0.8%	**49.5**	38.0	**1.0%**	0.5%
	5,906.4	7,132.2	**95.5%**	93.6%	**4,647.4**	6,111.6	**92.0%**	96.3%
By Moody's credit ratings:								
Investment grade (A to Aaa)	**4,125.1**	5,464.2	**66.7%**	71.7%	**3,472.4**	4,666.7	**68.8%**	73.6%
Investment grade (Baa)	**19.1**	8.8	**0.3%**	0.1%	**–**	1.3	**0.0%**	0.0%
Non-rated	**1,762.2**	1,659.2	**28.5%**	21.8%	**1,175.0**	1,443.6	**23.2%**	22.7%
	5,906.4	7,132.2	**95.5%**	93.6%	**4,647.4**	6,111.6	**92.0%**	96.3%

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

38 Capital Management (in $ million)

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

During the financial year ended 31 March 2017, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

	The Group 31 March		The Company 31 March	
	2017	2016	**2017**	2016
Notes payable	**1,430.0**	1,000.0	**1,430.0**	1,000.0
Finance lease commitments	**23.7**	44.4	**–**	–
Loans	**114.1**	303.1	**–**	–
Total debt	**1,567.8**	1,347.5	**1,430.0**	1,000.0
Share capital	**1,856.1**	1,856.1	**1,856.1**	1,856.1
Reserves	**11,226.9**	10,898.6	**10,657.5**	10,152.1
Total capital	**13,083.0**	12,754.7	**12,513.6**	12,008.2
Gearing ratio (times)	**0.12**	0.11	**0.11**	0.08

39 Related Party Transactions (in $ million)

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

Key Management Personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer and Executive Vice Presidents of the Company to be Key Management Personnel of the Company.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business during the financial year:

	The Group	
	FY2016/17	FY2015/16
Purchases of services from associated companies	**118.5**	121.8
Services rendered to associated companies	**(59.3)**	(92.8)
Purchases of services from joint venture companies	**0.9**	0.7
Services rendered to joint venture companies	**(44.6)**	(37.0)
Purchases of services from related parties	**1,188.6**	1,187.8
Services rendered to related parties	**(13.9)**	(15.4)
Professional fees paid to a firm of which a Director is a member	**1.4**	1.5

39 Related Party Transactions (in $ million) (continued)

Key Management Personnel remuneration of the Group

	The Group FY2016/17	FY2015/16
Directors		
Salary, bonuses, fee and other costs	**5.3**	5.3
CPF and other defined contributions	*****	*
Share-based compensation expense	**1.6**	1.4
	6.9	6.7
Key executives (excluding executive Directors)		
Salary, bonuses, fee and other costs	**3.1**	3.0
CPF and other defined contributions	*****	*
Share-based compensation expense	**1.5**	1.3
	4.6	4.3

* *Amount less than $0.1 million*

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

Name of participant	Aggregate options granted since commencement of scheme up to end of financial year under review	Aggregate options exercised since commencement of scheme up to end of financial year under review	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	444,075	444,075	–
Mak Swee Wah	362,750	362,750	–
Ng Chin Hwee	214,025	214,025	–

Conditional awards granted to a Director and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

RSP/RSP 2014 Base Awards

Name of Participant	Balance as at 1 April 2016	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2017	Aggregate Base Awards granted since commencement of RSP/RSP 2014 to end of financial year under review
Goh Choon Phong	121,488	60,000	61,488	120,000	400,232
Mak Swee Wah	60,744	30,000	30,744	60,000	235,674
Ng Chin Hwee	60,744	30,000	30,744	60,000	219,756

Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

39 Related Party Transactions (in $ million) (continued)

RSP/RSP 2014 Final Awards (Pending Release) [R1]

Name of Participant	Balance as at 1 April 2016	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2017	Aggregate ordinary shares released to participant since commencement of RSP/RSP 2014 to end of financial year under review*
Goh Choon Phong	29,118	79,940	58,941	50,117	179,435
Mak Swee Wah	14,561	39,970	29,471	25,060	123,168
Ng Chin Hwee	14,561	39,970	29,471	25,060	104,237

Deferred RSP/RSP 2014 Awards

Name of Participant	Balance as at 1 April 2016	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2017	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Goh Choon Phong	74,777	12,860	42,037	45,600	45,737
Mak Swee Wah	33,278	7,410	16,878	23,810	18,368
Ng Chin Hwee	35,728	7,410	16,878	26,260	18,368

PSP/PSP 2014 Base Awards [R2]

Name of Participant	Balance as at 1 April 2016	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2017	Aggregate Base Awards granted since commencement of PSP/PSP 2014 to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP/PSP 2014 to end of financial year under review*
Goh Choon Phong	251,592	82,500	84,546	249,546	511,228	103,762
Mak Swee Wah	100,636	33,000	33,818	99,818	249,178	88,793
Ng Chin Hwee	100,636	33,000	33,818	99,818	234,472	72,580

[R1] *The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the two-year performance periods relating to the relevant awards.*

[R2] *The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.*

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

* *During the financial year, 117,883, 82,473 and 76,100 treasury shares were issued to a Director and key executives of the Company pursuant to the RSP, DSA and PSP respectively.*

40 Comparative Information

Certain comparative figures have been reclassified to conform with current year's presentation. The significant reclassifications are set out below:

	FY2015/16	
	As previously reported	As restated
Consolidated Profit and Loss Account		
Revenue	15,228.5	15,238.7
Staff costs	2,461.0	2,451.8
Aircraft maintenance and overhaul costs	790.0	804.9
Commission and incentives	365.3	365.0
Handling charges	1,144.9	1,138.9
Advertising and sales costs	289.0	289.8
Other operating expenses	586.7	596.7

	The Group		The Company	
	31 March 2016			
	As previously reported	As restated	As previously reported	As restated
Statements of Financial Position				
Deferred account:				
- Current assets	–	17.7	–	15.0
- Non-current assets	6.0	65.2	–	50.5
- Current liabilities	–	47.2	–	40.6
- Non-current liabilities	225.3	255.0	197.5	222.4

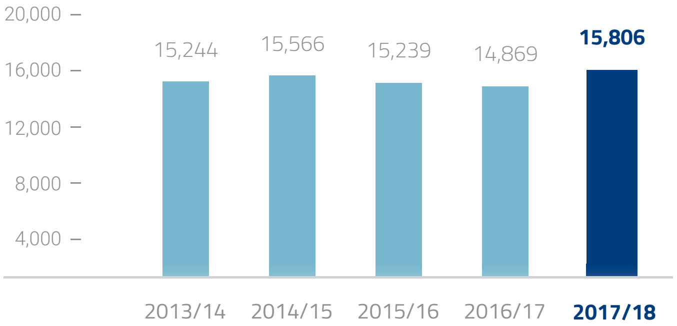
41 Subsequent Event

The Company announced on 3 April 2017 that it had increased the size of its Multicurrency Medium Term Note Programme (the "MTN Programme"). The aggregate principal amount of notes which may be issued increased from $2 billion to $5 billion. $700 million notes under the MTN Programme were issued on 11 April 2017. The $700 million notes bear fixed interest of 3.035% per annum and are repayable on 11 April 2025.

FINANCIAL REVIEW

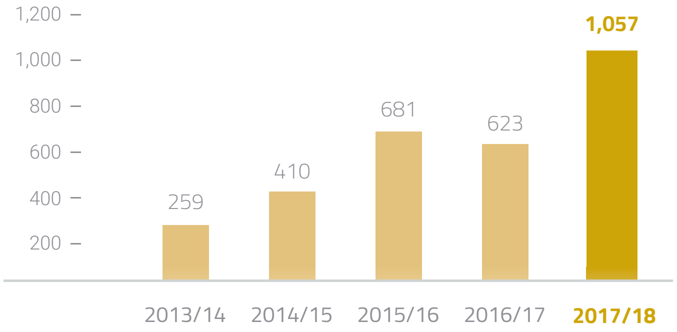
Highlights of the Group's Performance

Revenue ($ million)



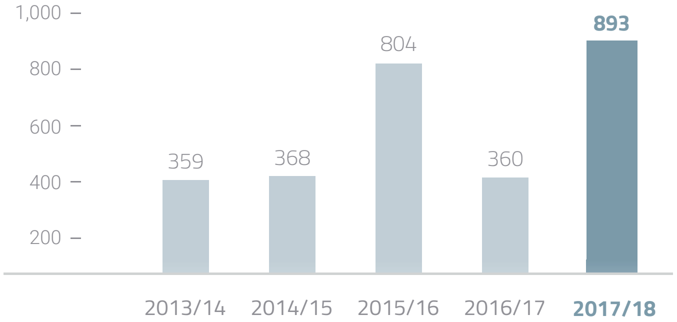
$15,806 million
(+$937m, +6.3%)

Operating profit ($ million)



$1,057 million
(+$434m, +69.8%)

Profit attributable to owners of the Company ($ million)



$893 million
(+$533m, +147.8%)

Performance of the Group

Key Financial Highlights

	2017/18	2016/17	% Change
Earnings For The Year ($ million)			
Revenue	**15,806.1**	14,868.5	+ 6.3
Expenditure	**14,748.8**	14,245.7	+ 3.5
Operating profit	**1,057.3**	622.8	+ 69.8
Profit attributable to owners of the Company	**892.9**	360.4	+ 147.8
Per Share Data (cents)			
Earnings per share – basic	**75.5**	30.5	+ 147.5
Ordinary dividend per share	**40.0**	20.0	+ 100.0
Ratios (%)			
Return on equity holders' funds	**6.5**	2.8	+ 3.7 points
Return on total assets	**3.6**	1.8	+ 1.8 points

Group Earnings

During the financial year, improving economic conditions contributed to higher passenger and cargo carriage by the Group, although intense competition in key operating markets remained. Cost pressures intensified, partly due to rising fuel prices.

Group revenue rose $937 million (+6.3 per cent) year-on-year to $15,806 million. Revenue from Singapore Airlines (the "Parent Airline Company" or the "Company") was higher, driven by growth in passenger carriage (+3.2 per cent), partly offset by lower yield (-1.0 per cent), and incidental income arising from changes in estimated breakage rates for the KrisFlyer programme ($178 million). These were partially negated by the absence of up-front recognition of revenue from unutilised tickets recorded in the previous year ($145 million).

Scoot and SilkAir reported revenue gains, boosted by passenger carriage growth from expanded operations, albeit with some dilution in yield. Cargo revenue rose by $266 million, lifted by higher loads carried (+5.3 per cent) and yield (+8.9 per cent), on strength in trade conditions in the year.

	2017/18 $ million	2016/17 $ million	% Change
Singapore Airlines	**10,544.2**	10,134.2	+ 4.0
SilkAir	**998.9**	969.2	+ 3.1
Scoot	**1,533.8**	1,349.1	+ 13.7
SIA Engineering	**480.9**	429.4	+ 12.0
SIA Cargo	**2,216.4**	1,950.2	+ 13.6
Others	**31.9**	36.4	- 12.4
Total revenue	**15,806.1**	14,868.5	+ 6.3

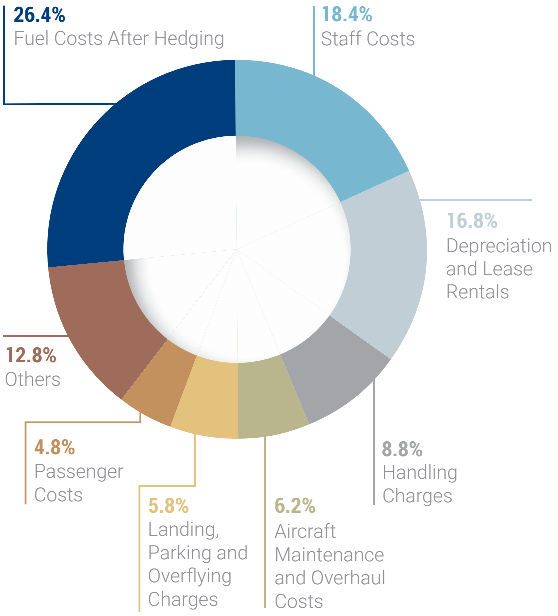
FINANCIAL REVIEW

Performance of the Group (continued)

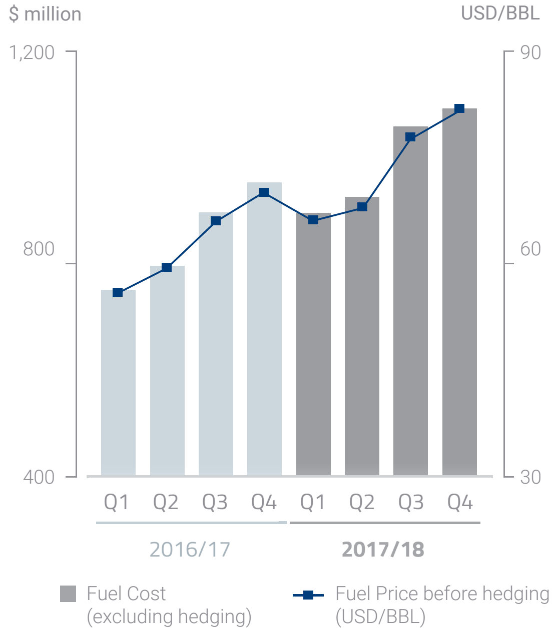
Group Earnings (continued)

Group expenditure rose $503 million (+3.5 per cent) year-on-year to $14,749 million. Higher fuel prices and fuel volume uplifted contributed $671 million, partially offset by a fuel hedging gain versus a loss last year ($439 million), and a weaker US Dollar against the Singapore Dollar ($80 million), resulting in an increase of $152 million in net fuel cost (+4.1 per cent). Non-fuel costs increased $351 million (+3.3 per cent), partly attributable to double-digit capacity expansion at Scoot and SilkAir.

Group Expenditure



Quarterly Trend of Group Fuel Price and Fuel Cost (excluding hedging)



The Group's operating profit was $434 million higher at $1,057 million (+69.8 per cent) for the financial year ended 31 March 2018. With the exception of SilkAir, operating performance for all other major companies in the Group improved over last year. Singapore Airlines earned an operating profit of $703 million in the financial year, a $317 million improvement compared to last year. SIA Cargo reported an operating profit of $148 million, $145 million higher year-on-year. Please refer to the review of the Company and subsidiary companies for further details.

Net profit for the Group rose $533 million (+147.8 per cent) to $893 million, largely driven by the better operating profit, and absence of SIA Cargo's provision for competition-related matters (+$132 million), write-down of Tigerair related brand and trademarks (+$98 million), and gain on SIA Engineering's divestment of Hong Kong Aero Engines Services Ltd ("HAESL") and special dividends received from HAESL (-$178 million), which were recorded last year.

Performance of the Group (continued)

Financial Position

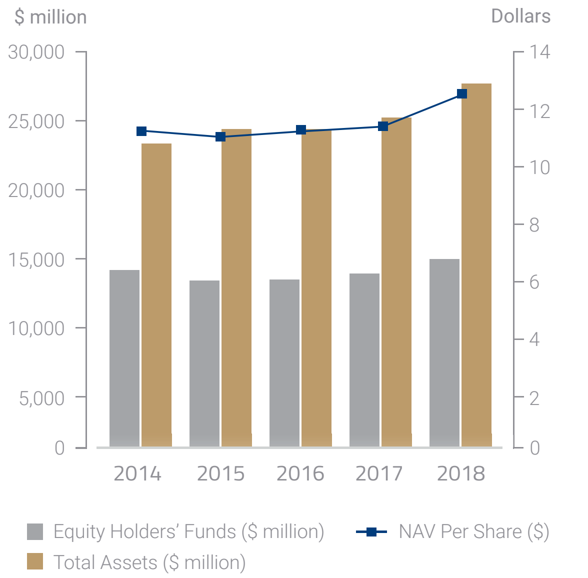
Equity attributable to owners of the parent increased by $1,168 million (+8.9 per cent) to $14,251 million as at 31 March 2018, largely due to higher net profit for the financial year (+$893 million) and fair value movement on cash flow hedges (+$548 million), partially offset by payment of dividends (-$248 million). The fair value movement on cash flow hedges of $548 million was mainly attributable to fair value gains in the year, against losses last year, on outstanding fuel hedges, partly offset by higher losses in foreign exchange hedges.

Total Group assets increased by $2,829 million (+11.4 per cent) to $27,549 million. The increase was mainly attributable to an increase in property, plant and equipment (+$3,391 million) and derivative assets (+$514 million), partially offset by a reduction in cash balances (-$812 million) and investments (-$442 million). Cash balances fell, primarily from higher capital expenditure (-$5,210 million) and payment of dividends (-$248 million). These were financed by cash flows generated from operations (+$2,611 million), issuance of bonds (+$1,600 million), and proceeds from disposal and maturity of investments, net of acquisitions (+$470 million).

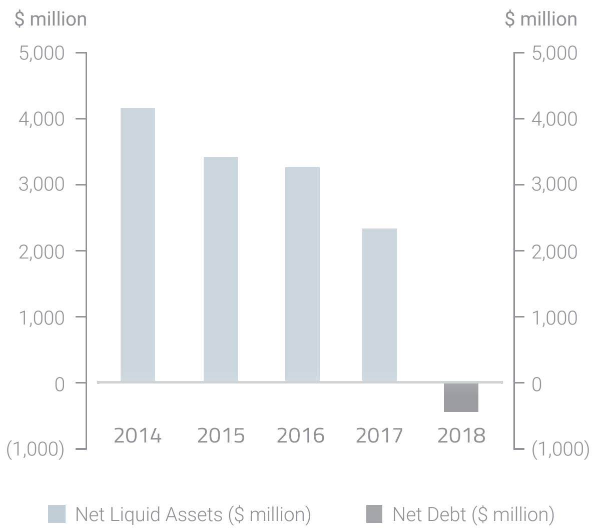
Total Group liabilities increased by $1,680 million (+14.9 per cent) to $12,930 million as at 31 March 2018, primarily arising from the increase in medium term notes payable (+$1,600 million) and sales in advance of carriage (+$791 million), partly offset by lower trade creditors (-$479 million), deferred revenue (-$152 million) and derivative liabilities (-$139 million).

The Group's liquidity position turned from net liquid assets[R1] of $2,353 million a year ago to a net debt of $401 million as at 31 March 2018, attributable to a reduction in cash and bank balances (-$812 million) and short-term investments (-$382 million), and an increase in total debt from the issuance of medium term notes (+$1,600 million). Total debt to equity ratio increased by 0.10 times to 0.22 times as at 31 March 2018.

Group Equity Holders' Funds, Total Assets and Net Asset Value (NAV) per Share



Group Net Liquid Assets and Net Debt



[R1] Net liquid assets is defined as the sum of cash and bank balances and short-term investments, net of loans and bonds issued.

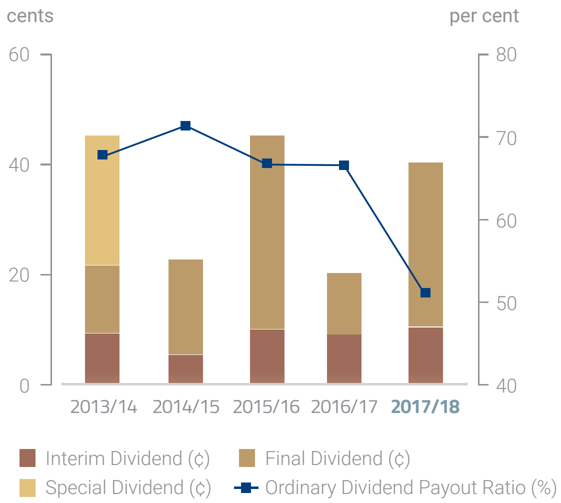
FINANCIAL REVIEW

Performance of the Group (continued)

Dividends

For the financial year ended 31 March 2018, the Board recommends a final dividend of 30 cents per share. Including the interim dividend of 10 cents per share paid on 5 December 2017, the total dividend for the 2017/18 financial year will be 40 cents per share. This amounts to a payout of approximately $473 million based on the number of issued shares as at 31 March 2018. The total ordinary dividend per share of 40 cents translates to a payout ratio of 53.0 per cent, a reduction of 12.6 percentage points compared to the 2016/17 payout ratio of 65.6 per cent.

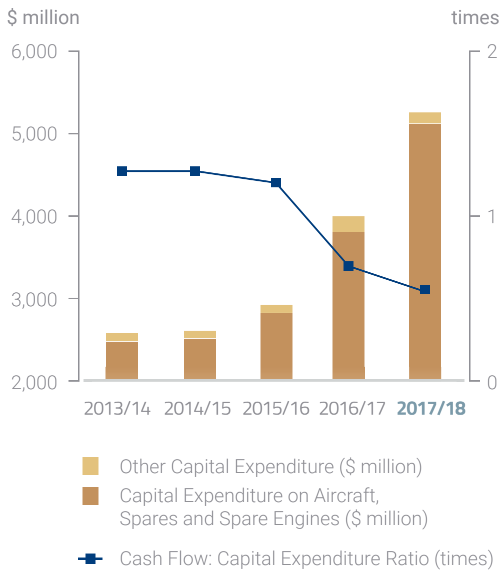
Dividend Payout



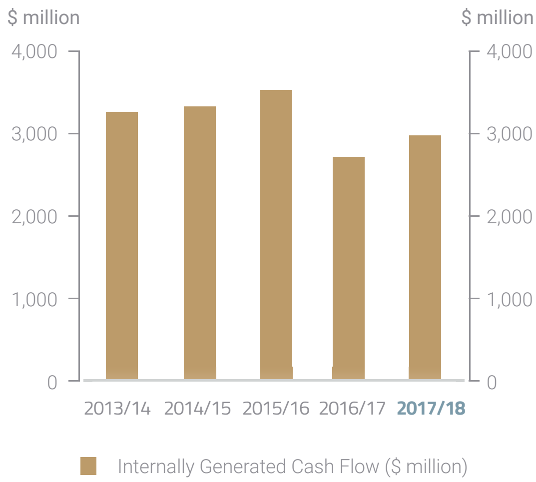
Capital Expenditure and Cash Flow of the Group

Capital expenditure was $5,210 million, 32.1 per cent higher than last year. Approximately 97 per cent of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of $2,959 million (+9.3 per cent) was approximately 60 per cent of capital expenditure. The increase in internally generated cash flow was mainly attributable to higher cash flow from operations, as well as higher proceeds from the disposal of aircraft, spares and spare engines.

Group Capital Expenditure



Internally Generated Cash Flow



Performance of the Group (continued)

Group Staff Strength and Productivity

The Group's staff strength as at 31 March 2018 was as follows:

	31 March		%	
	2018	2017	Change	
Singapore Airlines	**14,729**	14,800	-	0.5
SIA Engineering	**6,614**	6,482	+	2.0
SilkAir	**1,574**	1,632	-	3.6
SIA Cargo	**841**	870	-	3.3
Scoot	**2,051**	1,847	+	11.0
Others	**180**	182	-	1.1
	25,989	25,813	+	0.7

Average staff productivity was as follows:

	2018	2017	% Change	
Revenue per employee ($)	**610,251**	590,160	+	3.4
Value added per employee ($)	**216,779**	192,232	+	12.8

Statements of Value Added and its Distribution

Value added is a measure of wealth created. The statement below shows the Group's value added and its distribution by way of payments to employees, government, and to those who have provided capital. It also indicates the portion retained in the business for future capital requirements.

	2017/18 $ million	2016/17 $ million
Total revenue	**15,806.1**	14,868.5
Less: Purchase of goods and services	**(10,325.6)**	(10,033.7)
	5,480.5	4,834.8
Add:		
Interest income	**60.9**	73.9
Surplus/(Loss) on disposal of aircraft, spares and spare engines	**16.1**	(31.7)
Dividends from long-term investments	**6.2**	45.0
Other non-operating items	**18.6**	(103.2)
Share of profits of joint venture companies	**43.6**	21.1
Share of (losses)/profits of associated companies	**(11.1)**	3.2
Total value added for distribution	**5,614.8**	4,843.1
Applied as follows:		
To employees:		
- Salaries and other staff cost	**2,709.0**	2,616.2
To government:		
- Corporation taxes	**165.0**	143.1
To suppliers of capital:		
- Interim and proposed dividends	**473.0**	236.4
- Finance charges	**89.8**	46.1
- Non-controlling interests	**43.9**	81.5
Retained for future capital requirements:		
- Depreciation and amortisation	**1,714.2**	1,595.8
- Retained profit	**419.9**	124.0
Total value added	**5,614.8**	4,843.1
Value added per $ revenue ($)	**0.36**	0.33
Value added per $ employment cost ($)	**2.07**	1.85
Value added per $ investment in property, plant and equipment ($)	**0.17**	0.17

FINANCIAL REVIEW

Performance of the Company

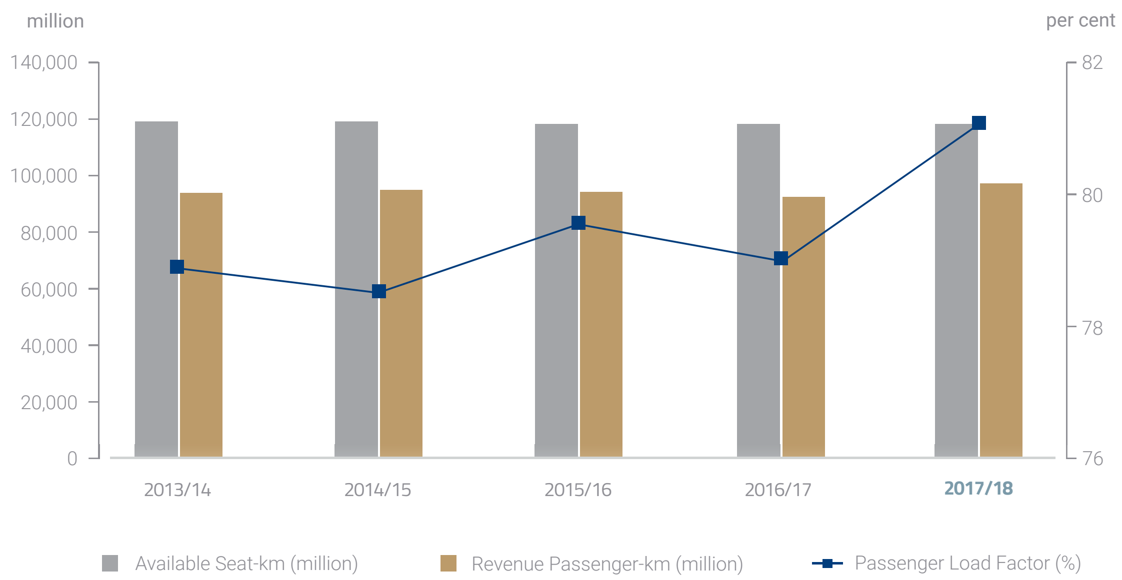
Operating Performance

	2017/18	2016/17	% Change		
Passengers carried (thousand)	**19,505**	18,990	+	2.7	
Available seat-km (million)	**118,126.7**	117,662.3	+	0.4	
Revenue passenger-km (million)	**95,855.0**	92,913.8	+	3.2	
Passenger load factor (%)	**81.1**	79.0	+	2.1	points
Passenger yield (¢/pkm)	**10.2**	10.3	-	1.0	
Revenue per available seat-km (¢/ask)	**8.3**	8.2	+	1.2	
Passenger unit cost (¢/ask)	**8.4**	8.3	+	1.2	
Passenger breakeven load factor (%)	**82.4**	80.6	+	1.8	points

While economic conditions improved during the year, competition in key operating markets remained intense. Tactical and promotional initiatives by the Company helped to boost loads, but yields fell 1.0 per cent year-on-year to 10.2¢/pkm.

Passenger load factor grew 2.1 percentage points over last year to 81.1 per cent as passenger carriage rose 3.2 per cent, outpacing the 0.4 per cent increase in capacity.

Available Seat Capacity, Passenger Traffic and Load Factor



Performance of the Company (continued)

A review of the Company's operating performance by route region is as follows:

	By Route Region[R2] (2017/18 against 2016/17)		
	Passengers Carried Change (thousand)	Revenue Passenger-KM % Change	Available Seat-KM % Change
East Asia	+ 207	+ 1.7	- 0.3
Americas	- 29	—	- 3.2
Europe	+ 112	+ 5.9	+ 1.2
South West Pacific	+ 189	+ 5.2	+ 4.6
West Asia and Africa	+ 36	+ 0.6	- 3.0
Systemwide	+ 515	+ 3.2	+ 0.4

Passenger load factor by route region was as follows:

	Passenger Load Factor (%)		
	2017/18	2016/17	% Change points
East Asia	**80.8**	79.1	+ 1.7
Americas	**81.6**	79.0	+ 2.6
Europe	**80.9**	77.3	+ 3.6
South West Pacific	**83.4**	83.0	+ 0.4
West Asia and Africa	**76.9**	74.2	+ 2.7
Systemwide	**81.1**	79.0	+ 2.1

[R2] Each route region comprises routes originating from Singapore to final destinations in countries and territories within the region concerned and vice versa. For example, Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region. East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, South Korea, Malaysia, People's Republic of China, Myanmar, Philippines, Thailand, Taiwan and Vietnam. Americas denotes USA. Europe consists of Denmark, England, France, Germany, Italy, Russia, Spain, Sweden, Switzerland, The Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, India, Maldives, South Africa, Sri Lanka and United Arab Emirates.

FINANCIAL REVIEW

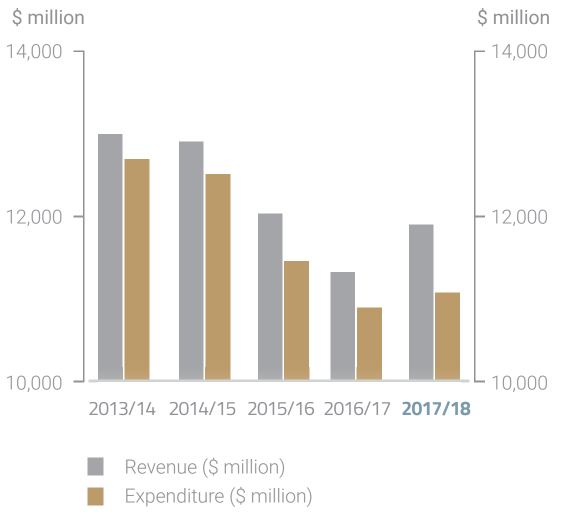
Performance of the Company (continued)

Earnings

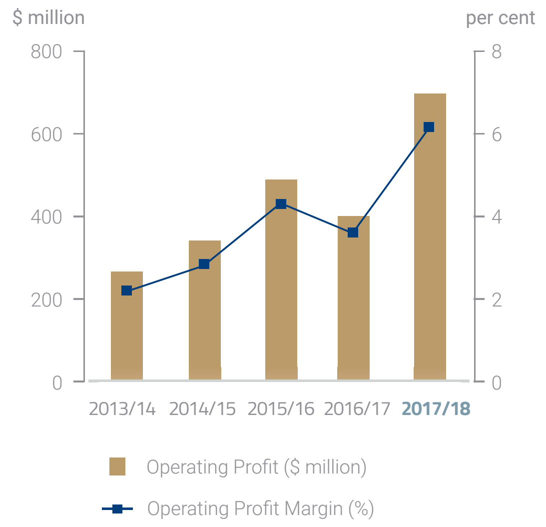
	2017/18 $ million	2016/17 $ million	% Change	
Revenue	**11,583.8**	11,094.2	+	4.4
Expenditure	**10,880.6**	10,707.8	+	1.6
Operating profit	**703.2**	386.4	+	82.0
Finance charges	**(95.8)**	(47.6)	+	101.3
Interest income	**87.8**	99.1	-	11.4
Surplus/(Loss) on disposal of aircraft, spares and spare engines	**15.4**	(2.9)		n.m.
Dividends from subsidiary and associated companies	**168.9**	136.6	+	23.6
Dividends from long-term investments	**6.2**	5.2	+	19.2
Other non-operating items	**15.7**	2.5		n.m.
Profit before taxation	**901.4**	579.3	+	55.6
Taxation	**(112.1)**	(65.3)	+	71.7
Profit after taxation	**789.3**	514.0	+	53.6

n.m. not meaningful

Company Revenue and Expenditure



Operating Profit and Operating Profit Margin



Performance of the Company (continued)

Revenue

The Company's revenue rose 4.4 per cent to $11,584 million as follows:

	2017/18	2016/17	Change			
	$ million	$ million		$ million		%
Passenger revenue	**9,816.6**	9,606.9	+	209.7	+	2.2
Bellyhold revenue from SIA Cargo	**975.1**	903.4	+	71.7	+	7.9
Others	**792.1**	583.9	+	208.2	+	35.7
Total operating revenue	**11,583.8**	11,094.2	+	489.6	+	4.4

The Company's passenger revenue increased in 2017/18, as a result of:

		$ million		$ million
3.2% increase in passenger traffic:			+	304.1
1.0% decrease in passenger yield (including fuel surcharge):				
Lower local currency yields	-	320.3		
Change in passenger mix	+	219.9		
Foreign exchange	+	6.0	-	94.4
Increase in passenger revenue			+	209.7

The sensitivity of passenger revenue to a one percentage point change in passenger load factor and a one percentage change in passenger yield is as follows:

	$ million
1.0% point change in passenger load factor, if yield and seat capacity remain constant	121.0
1.0% change in passenger yield, if passenger traffic remains constant	98.2

A breakdown of passenger revenue by route region and area of original sale is shown below:

	By Route Region ($ million)				By Area of Original Sale[R3] ($ million)			
	2017/18	2016/17	%	Change	2017/18	2016/17	%	Change
East Asia	**3,291.2**	3,241.8	+	1.5	**5,256.3**	5,280.1	-	0.5
Americas	**1,384.7**	1,409.2	-	1.7	**659.9**	621.6	+	6.2
Europe	**2,249.0**	2,130.9	+	5.5	**1,607.9**	1,574.8	+	2.1
South West Pacific	**1,969.6**	1,849.9	+	6.5	**1,676.0**	1,543.0	+	8.6
West Asia and Africa	**922.1**	975.1	-	5.4	**616.5**	587.4	+	5.0
Systemwide	**9,816.6**	9,606.9	+	2.2	**9,816.6**	9,606.9	+	2.2

[R3] Each area of original sale comprises countries within a region from which the sale is made.

FINANCIAL REVIEW

Performance of the Company (continued)

Expenditure

The Company's expenditure increased 1.6 per cent to $10,881 million in 2017/18.

	2017/18 $ million	2017/18 %	2016/17 $ million	2016/17 %	% Change	
Fuel costs	**2,971.0**	27.3	2,893.5	27.0	+	2.7
Staff costs	**1,762.3**	16.2	1,672.7	15.6	+	5.4
Depreciation	**1,323.6**	12.2	1,251.1	11.7	+	5.8
Handling charges	**922.9**	8.5	911.1	8.5	+	1.3
Aircraft maintenance and overhaul costs	**724.3**	6.6	784.7	7.3	-	7.7
Inflight meals and other passenger costs	**644.4**	5.9	669.7	6.3	-	3.8
Rentals on leased aircraft	**572.3**	5.3	647.9	6.1	-	11.7
Airport and overflying charges	**630.5**	5.8	603.2	5.6	+	4.5
Sales costs	**608.5**	5.6	590.3	5.5	+	3.1
Communication and information technology costs	**99.1**	0.9	99.1	0.9		-
Other costs	**621.7**	5.7	584.5	5.5	+	6.4
Total	**10,880.6**	100.0	10,707.8	100.0	+	1.6

A breakdown of fuel costs is shown below:

	2017/18 $ million	2016/17 $ million	Change $ million	
Fuel costs (before hedging)	**3,043.5**	2,624.5	+	419.0
Fuel hedging (gain)/loss	**(72.5)**	269.0	-	341.5
	2,971.0	2,893.5	+	77.5

Expenditure on fuel before hedging was $419.0 million higher because of:

	$ million	
17.8% increase in weighted average fuel price from 61.1 USD/BBL to 72.0 USD/BBL	+	466.7
0.3% increase in volume uplifted from 30.9 million BBL to 31.0 million BBL	+	12.0
Weaker USD against SGD	-	59.7
	+	419.0

Staff costs rose $90 million (+5.4 per cent), largely attributable to higher provision for profit sharing bonus on stronger operating performance, increase in staff strength, and service increments.

Depreciation was $73 million (+5.8 per cent) higher, mainly due to the addition of new aircraft.

Aircraft maintenance and overhaul costs fell by $60 million (-7.7 per cent) on lower airframe maintenance costs and lower provision for redelivery check costs primarily from the expiry of aircraft leases.

Rentals on leased aircraft was $76 million (-11.7 per cent) lower than last year, largely due to fewer aircraft on operating lease.

Airport and overflying charges rose $27 million (+4.5 per cent), partly due to an increase in landing and parking rates, as well as an increase in number of flights.

Other costs increased $37 million (+6.4 per cent), primarily due to professional fees incurred for the ongoing transformation programme, a larger loss on foreign exchange, higher equipment fees and more expenses incurred to mount non-scheduled services.

Performance of the Company (continued)

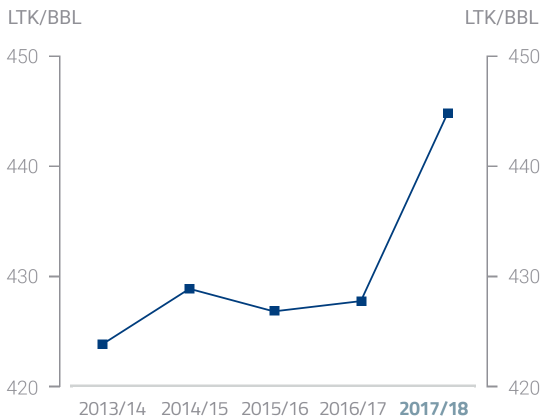
Fuel Productivity and Sensitivity Analysis

Fuel productivity as measured by load tonne-km per barrel (ltk/BBL) increased by 4.0 per cent from 428ltk/BBL to 445ltk/BBL, mainly due to the increase in load factor and number of fuel efficient aircraft.

A change in fuel productivity (passenger aircraft) of 1.0 per cent would impact the Company's annual fuel costs before hedging by about $29 million, before accounting for changes in fuel price, USD exchange rate and flying operations.

A change in the price of fuel before hedging of one US dollar per barrel affects the Company's annual fuel cost by about $41 million, before accounting for USD exchange rate movements, and changes in volume of fuel consumed.

Fuel Productivity of Passenger Fleet



Finance Charges

Finance charges were $48 million or 101.3 per cent higher, mainly due to issuance of debt amounting to $2,030 million between November 2016 and October 2017.

Disposal of Aircraft, Spares and Spare Engines

The surplus on disposal, of $15 million, was primarily attributable to a gain on sale of three aircraft.

Dividends from Subsidiary and Associated Companies

Dividends from subsidiary and associated companies were $32 million higher than last year, mainly due to a higher dividend from SIA Engineering Company, partially offset by a lower dividend from SilkAir.

Taxation

Tax expense of $112 million was 71.7 per cent higher than last year, in line with the improved performance of the Company.

FINANCIAL REVIEW

Performance of the Company (continued)

Staff Strength and Productivity

The Company's staff strength as at 31 March 2018 was 14,729, a reduction of 71 over last year. The distribution of employee strength by category and location is as follows:

	31 March		
	2018	**2017**	**% Change**
Category			
Senior staff (executives and higher ranking officers)	**1,509**	1,413	+ 6.8
Technical crew	**2,065**	2,087	- 1.1
Cabin crew	**8,207**	8,356	- 1.8
Other ground staff	**2,948**	2,944	+ 0.1
	14,729	14,800	- 0.5
Location			
Singapore	**12,707**	12,782	- 0.6
East Asia	**861**	863	- 0.2
Europe	**436**	421	+ 3.6
South West Pacific	**345**	348	- 0.9
West Asia and Africa	**265**	265	—
Americas	**115**	121	- 5.0
	14,729	14,800	- 0.5

The Company's average staff productivity ratios[R4] are shown below:

	2017/18	**2016/17**	**% Change**
Seat capacity per employee (seat-km)	**8,000,451**	8,157,963	- 1.9
Passenger load carried per employee (tonne-km)	**602,123**	598,451	+ 0.6
Revenue per employee ($)	**784,545**	769,202	+ 2.0
Value added per employee ($)	**276,539**	246,183	+ 12.3

[R4] The Company's staff productivity ratios were computed based on average staff strength of 14,765 in 2017/18 (2016/17: 14,423).

Performance of the Subsidiary Companies

The major subsidiary companies are SIA Engineering, SIA Cargo, SilkAir and Scoot. The following performance review includes intra-group transactions.

SIA Engineering

	2017/18 $ million	2016/17 $ million	% Change	
Total revenue	**1,094.9**	1,104.1	-	0.8
Total expenditure	**1,018.5**	1,032.1	-	1.3
Operating profit	**76.4**	72.0	+	6.1
Net profit	**184.1**	332.4	-	44.6

SIAEC Group recorded a net profit of $184 million for the year, $148 million (-44.6 per cent) lower than last year. The reduction in profit was mainly due to the absence of a gain on divestment of HAESL recorded last year.

Revenue was $1,095 million, a decrease of 0.8 per cent, mainly from lower fleet management revenue, partially mitigated by higher cabin services revenue.

Expenditure declined by $13 million to $1,019 million, mainly due to a reduction in staff costs from the absence of provision made for the profit-linked component of staff remuneration, arising from the gain on divestment of HAESL last year. This was partly offset by annual salary increments and increase in headcount at subsidiaries. Operating profit was $76 million, an increase of 6.1 per cent or $4 million.

Share of profits of associated and joint venture companies rose by $13 million or 13.8 per cent to $110 million, largely contributed by the Engine and Component segment.

As at 31 March 2018, SIAEC's equity attributable to owners of the parent was $1,496 million, $58 million (-3.7 per cent) lower than 31 March 2017. The reduction was due to dividends paid to shareholders and higher foreign currency translation losses as a result of the weakening of US Dollar against the Singapore Dollar, partially offset by profits earned for the year.

Basic earnings per share was 16.5 cents for the current financial year.

FINANCIAL REVIEW

Performance of the Subsidiary Companies (continued)

SIA Cargo

	2017/18 $ million	2016/17 $ million	% Change	
Total revenue	**2,220.1**	1,955.6	+	13.5
Total expenditure	**2,072.0**	1,952.5	+	6.1
Operating profit	**148.1**	3.1		n.m.
Profit/(Loss) after taxation	**139.0**	(125.9)		n.m.

SIA Cargo closed the year with an operating profit of $148 million, an improvement of $145 million against the prior year. Revenue increased by $264 million due to higher yield and higher freight carriage. Expenditure increased by $119 million, which was driven in part by increases in handling charges, in line with higher freight carriage, staff costs, and aircraft maintenance and overhaul costs.

Overall cargo traffic (in load tonne kilometers) increased by 5.3 per cent, outpacing the growth in capacity of 2.0 per cent. This resulted in cargo load factor increasing by 2.1 percentage points to 65.3 per cent. Cargo breakeven load factor dropped by 3.2 percentage points to 61.7 per cent, as the increase in yield (8.9 per cent) was higher than the increase in unit cost (3.6 per cent).

Profit after taxation was $139 million. In the prior year, loss after taxation took into account certain provisions for the air cargo competition cases, including the provision for a fine of EUR75 million ($112 million) imposed by the European Commission, which had re-adopted an earlier decision in the European Union air cargo competition law case involving several cargo airlines, including SIA Cargo.

As at 31 March 2018, equity holders' funds of SIA Cargo stood at $901 million (+21.8 per cent).

SilkAir

	2017/18 $ million	2016/17 $ million	% Change	
Total revenue	**1,020.3**	990.3	+	3.0
Total expenditure	**977.8**	889.5	+	9.9
Operating profit	**42.5**	100.8	-	57.8
Profit after taxation	**28.5**	59.1	-	51.8

SilkAir's revenue increased by $30 million (+3.0 per cent) to $1,020 million, as passenger revenue rose from a 16.9 per cent increase in passenger carriage, albeit eroded by an 11.5 per cent decline in passenger yield because of intense competition in the regional markets. Operating expenses rose due to the 12.7 per cent growth in capacity. As a result, operating profit decreased by $58 million (-57.8 per cent) to $43 million.

Yield fell 11.5 per cent to 11.5¢/pkm and unit cost declined by 2.3 per cent to 8.4¢/ask. Consequently, passenger breakeven load factor increased by 6.8 percentage points to 73.0 per cent. Passenger load factor increased by 2.6 percentage points to 73.4 per cent.

Profit after taxation declined 51.8 per cent to $29 million.

SilkAir's route network spanned 52 cities in 16 countries including Singapore. During the year, SilkAir added Colombo (Sri Lanka) and Hiroshima (Japan) services, while Kuching (Malaysia) and Palembang (Indonesia) flights were discontinued.

As at 31 March 2018, equity holders' funds of SilkAir stood at $1,064 million (+4.8 per cent).

Scoot

	2017/18 $ million	2016/17 $ million	% Change	
Total revenue	**1,581.1**	1,388.7	+	13.9
Total expenditure	**1,503.7**	1,321.3	+	13.8
Operating profit	**77.4**	67.4	+	14.8
Profit after taxation	**15.7**	21.6	-	27.3

The integration of Scoot and Tigerair during the financial year contributed to Scoot's $10 million improvement in operating profit, as synergistic benefits from cross selling and operational cost savings materialised. Revenue growth of $192 million (+13.9 per cent) was driven by higher passenger carriage (+15.9 per cent) on the back of an 11.6 per cent capacity expansion, while yield was slightly lower (-1.7 per cent). Expenditure increased $182 million (+13.8 per cent), attributable to the expansion in operations.

Breakeven load factor increased by 3.1 percentage points to 84.5 per cent, as unit cost rose 2.1 per cent to 4.9¢/ask on the back of the lower yield. Passenger load factor increased by 3.3 percentage points to 85.7 per cent.

Scoot's route network spanned 64 cities in 17 countries and territories, including Singapore. During the year, Scoot took over Kuching (Malaysia) and Palembang (Indonesia) services from SilkAir, and introduced four new services, to Honululu (USA), Harbin (China), Athens (Greece), and Kuantan (Malaysia).

As at 31 March 2018, equity holders' funds of Scoot[R5] stood at $923 million (+13.1 per cent).

[R5] Refers to the immediate holding company of Scoot and its Subsidiaries.

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Singapore Airlines Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, the consolidated profit and loss account, consolidated statements of comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 95 to 199.

In our opinion, the accompanying consolidated financial statements of the Group and the statements of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority 'Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities' (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Accuracy of passenger revenue

Refer to note 2(t) 'Revenue' and note 3(c) 'Passenger revenue recognition' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
Passenger revenue is not recorded immediately on sale of flight tickets but is deferred to be recorded at a later time as revenue in the profit and loss account when a passenger is flown. Such deferred revenue is presented on the statement of financial position as sales in advance of carriage and is measured based on the sales price to the customer, net of discounts and rebates. Flight tickets sold often involve multiple flight sectors and partner airlines. The amount of revenue to be recognised for each flight as it is flown relies on complex internal IT systems that handle large volumes of transaction data and includes the exchange of information with industry systems and partner airlines. As a result of the complexity in determining on flight date the revenue to be recognised for flown flights, this is a key focus area in our audit.	To check the accuracy of the revenue recorded by the passenger revenue systems, we tested the relevant computer system controls, these being the user access, program change controls and application controls over internal passenger revenue systems. Our tests of these controls were designed to determine whether these key computer systems controls operated as they are designed, and are protected from tampering of data or software logic that would result in inaccurate accounting information relating to passenger revenue. Computer system controls were tested selectively; these included those relating to the completeness of transfers of data between systems, ticket validation to identify data errors and the assignment of ticket prices to each flight. Key manual controls were also tested to assess the appropriateness of the treatment applied to exceptions and reconciliations of the Group's records with the outputs from shared industry systems and partner airlines. We also visited Singapore Airlines stations in Tokyo, Surabaya and Singapore as well as SilkAir stations in Surabaya and Singapore to test the effectiveness of key controls in the passenger revenue accounting process at those locations.

Findings

No significant exceptions were noted in our testing of the IT and manual controls. Our site visits found the key controls to be operating as designed.

Determining the fair value of KrisFlyer miles and the miles that will expire without use

Refer to note 2(t) 'Revenue' and note 3(d) 'Frequent flyer programme' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
Cash is received by Singapore Airlines from programme partners in return for the issuance of miles in its KrisFlyer frequent flyer programme. In addition, a portion of unearned revenue is separately identified from the value of the ticket sales for flights on which KrisFlyer members qualify to earn KrisFlyer miles ("miles"). Cash received from programme partners from the issuance of miles and the portion of unearned revenue attributable to miles earned on qualifying flights are recognised on the statement of financial position as deferred revenue. Revenue is subsequently recognised when KrisFlyer members fly, or when it is assessed that the miles awarded will expire without use. Significant judgement is required in the following aspects: ● The number of miles that will expire without use – This takes into account of historical expiry patterns and the anticipated impact of KrisFlyer scheme revisions. During the year, the Group reviewed the actual expiry of miles against the expected breakage rate determined in FY2013/14, when the Pay With Miles option to the KrisFlyer frequent flyer programme was introduced. Following the review, an adjustment was made to the estimate for actual miles usage as compared to estimated miles usage upon the expiry of miles. The true up of actual miles used upon expiry have resulted in a one-off recognition of $178.2 million in revenue and is accounted for in the financial year ended 31 March 2018 (the "current year"). ● The determination of the fair value of frequent flyer miles – Singapore Airlines relies on historical redemption patterns in determining these estimates. Predicting the impact of KrisFlyer scheme revisions that are anticipated to change the number of miles that will expire over time is judgemental. The estimation of the fair value of miles awarded in the KrisFlyer frequent flyer programme is complex and requires judgement to be applied. These are key focus areas of our audit.	We challenged the assumptions used to estimate the number of miles that will expire without use, including a comparison to historical expiry patterns and actual changes as well as planned changes to the KrisFlyer frequent flyer programme that may affect future redemptions. We checked the accuracy of the historical analysis used by testing relevant computer system controls. We evaluated the assumptions applied in the mathematical models used to determine the fair value of expected miles to be awarded. This included undertaking a comparison to historical redemption patterns and testing the calculations for mile values against observable inputs such as Singapore Airlines' published market air fares. We tested the controls implemented over the models.

Findings

We found the estimate of the percentage of miles that will not be used continues to be cautious. We found the estimate for the fair value of miles awards to be balanced.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Accounting for aircraft related assets and carrying values

Refer to note 2(i) 'Property, plant and equipment', note 2(g)(iv) 'Intangible assets – goodwill', note 3(a) 'Impairment of property, plant and equipment – aircraft fleet' and note 3(b) 'Depreciation of property, plant and equipment – aircraft fleet' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
The accounting for aircraft and related assets has a material impact on Singapore Airlines due to the cumulative value of the aircraft and long-lived nature of these assets. Significant judgement is required in the following aspects: ● The determination of the useful lives and residual values of the various components of the aircraft – This takes into account physical and commercial considerations; and ● The assessment of CGUs for possible impairment – An assessment is required to determine if there are any indicators of impairment. Where it is determined that an indicator of impairment or goodwill exists, the carrying value of all assets in the CGU are compared to the amounts expected to be recoverable from each CGU. This requires estimates to be made for each CGU of future revenues, operating costs, capital expenditure, timing of cash flows and the discount rates applicable to these cash flows. The assessment of these judgements is a key focus area of our audit.	We compared the estimates of useful lives and residual values to the Singapore Airlines' fleet plan, recent aircraft transactions, contractual rights and industry practices. We considered the need for impairment provisions by assessing whether there were indicators of potential impairment in each CGU taking into consideration changes in profitability, cashflow generation and outlook as compared to the previous reporting period. In addition, we considered the changes in market capitalisation of the Group. Where a CGU required testing for impairment, we challenged the forecasts of its future revenues, operating costs, capital expenditure and discount rates based on our knowledge of the business and the aviation industry. We assessed the arithmetical accuracy of the discounted cash flow models by re-performing the mathematical calculations.

Findings

We found that the estimates of useful lives and residual values were balanced and residual values were adjusted appropriately to reflect Singapore Airlines' fleet plans.

The 'Low-Cost Airlines' CGU requires impairment testing as it includes goodwill. Cash flow forecasting was found to be in accordance with approved plans. Scoot operates in a competitive market place and is subject to volatility of key input costs such as fuel and as such is inherently complex to forecast. We found management forecasts had sufficient headroom to be considered balanced.

Return costs for leased aircraft

Refer to note 2(p) 'Provisions' and note 3(f) 'Provision for lease return costs' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
Singapore Airlines had 69 aircraft in the operating fleet held under operating leases at 31 March 2018. Under the terms of operating lease agreements with aircraft lessors, the Group is contractually committed to meet, at the end of each lease, conditions relating to the state of the aircraft upon return. The expected repair work thus required on each aircraft will vary, depending on the historical utilisation and future utilisation patterns of the aircraft in the period up to its return. As a result, the estimation of the expected future cash outflows associated with these lease return costs requires significant judgement and is a key focus area for our audit.	We read the lease agreements for a sample of aircraft to gain an understanding of the significant terms which influence the economics of, and hence accounting for, the Group's obligations. We reviewed certain maintenance records of these aircraft to determine their condition, and discussed with management the plans for their future utilisation. We tested the key internal control over the adequacy and reasonableness of the provisions for lease return costs. We assessed the appropriateness of the methodologies and assumptions used in determining the estimates for these agreements, taking into account known factors, including the historical experience of how actual return costs compared to amounts previously provided.

Findings

The methodology used in the provision for aircraft return costs reflected the nature of the Group's contractual obligations. We found the estimates of the costs to be balanced.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Impact of adopting Singapore Financial Reporting Standards (International) (SFRS(I)) in FY2018/19

Refer to note 2(c) 'Adoption of Singapore Financial Reporting Standards (International)' for the relevant disclosures.

The key audit matter	How the matter was addressed in our audit
Singapore Airlines must adopt SFRS(I) from 1 April 2018. The Group has disclosed the impact of adopting SFRS(I) in the FY2017/18 Financial Report. SFRS(I) 1 requires all SFRS(I) to be applied on a retrospective basis except for a number of optional exemptions. Out of these optional exemptions, property, plant and equipment can be fair valued on an asset-by-asset basis. These values become the 'deemed cost' for accounting under SFRS(I) post adoption. The Group has determined the fair values of its aircraft on 1 April 2017 utilising an independent valuer for aircraft where there is a history of secondary market sales, Singapore Airlines' own experience for aircraft which the Group has sold in the period prior to the transition date and depreciated replacement cost methodology for A380s as there have been no secondary market aircraft sales globally for used A380s. The fair value exercise has resulted in a one-off downward revision in the 'deemed cost' of these aircraft of $2.1 billion. The corresponding decrease is recognised in the Group's general reserve net of tax being $1.8 billion and a corresponding deferred tax liability of $365.6 million. SFRS(I) requires a restatement of the FY2017/18 statement of financial position and profit and loss account. As a result of the downward revision in the 'deemed cost' of these aircraft, a $490.7 million decrease in depreciation will be recognised in the FY2017/18 restated profit or loss account upon adoption.	Where external valuations were used, we evaluated the qualification and competence of the external valuer. We held discussions with the external valuer to understand the valuation methodology and assumptions used. Where Singapore Airlines' had sold similar aircraft in the period prior to the transition date, we considered the appropriateness of applying this experience to other aircraft of the same type and approximate age and condition. For A380 aircraft type, we reviewed the depreciated replacement cost methodology adopted by the Group, agreed inputs to internal data and compared where appropriate, key assumptions to industry experience. We considered the adequacy of the associated disclosures in the FY2017/18 Financial Report.

Findings

The Group has appointed an external valuer to provide valuations for certain aircraft. The personnel undertaking the valuations are certified by professional bodies for aircraft valuers.

We found the Group's application of relevant comparable sales data for aircraft types sold by the Company in the period prior to the transition date to be appropriate to provide an estimate of fair values for the equivalent aircraft types given their age and condition.

We considered the depreciated replacement cost methodology to be an appropriate methodology given the lack of secondary market sales for A380 aged aircraft. Whilst the assumptions require significant judgement, we were able to satisfy ourselves with the data used to determine the valuation as they were traceable to current manufacturers' sales prices upon aircraft delivery, actual operating performance data and reasonable industry assumptions.

We found the disclosures made by the Group to be adequate.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report except for the *SIA Group Portfolio, Our Transformational Journey, Chairman's Letter, Year in Review, Environment, Community Engagement, Subsidiaries and Information on Shareholdings* ("the Reports") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Malcolm Ramsay.

KPMG LLP
Public Accountants and
Chartered Accountants

Dated this 17th day of May 2018
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Financial Year Ended 31 March 2018 (in $ million)

		The Group	
	Notes	FY2017/18	FY2016/17
REVENUE	4	**15,806.1**	14,868.5
EXPENDITURE			
Staff costs	5	**2,709.0**	2,616.2
Fuel costs		**3,899.3**	3,747.5
Depreciation	20	**1,639.6**	1,552.1
Impairment of property, plant and equipment	20	**30.2**	3.9
Amortisation of intangible assets	21	**44.4**	39.8
Aircraft maintenance and overhaul costs		**918.6**	898.3
Commission and incentives		**437.5**	387.1
Landing, parking and overflying charges		**853.4**	809.3
Handling charges		**1,299.0**	1,197.1
Rentals on leased aircraft		**804.9**	895.9
Material costs		**60.2**	63.8
Inflight meals		**532.6**	543.7
Advertising and sales costs		**291.4**	304.3
Insurance expenses		**53.2**	44.7
Company accommodation and utilities		**92.0**	115.4
Other passenger costs		**172.2**	176.3
Crew expenses		**160.4**	156.8
Other operating expenses		**750.9**	693.5
		14,748.8	14,245.7
OPERATING PROFIT	6	**1,057.3**	622.8
Finance charges	7	**(89.8)**	(46.1)
Interest income	8	**60.9**	73.9
Surplus/(Loss) on disposal of aircraft, spares and spare engines		**16.1**	(31.7)
Dividends from long-term investments		**6.2**	5.5
Dividends from asset held for sale		**–**	39.5
Other non-operating items	9	**18.6**	(103.2)
Share of profits of joint venture companies		**41.0**	20.9
Share of losses of associated companies		**(9.3)**	(63.0)
PROFIT BEFORE TAXATION		**1,101.0**	518.6
TAXATION	10	**(164.2)**	(76.7)
PROFIT FOR THE FINANCIAL YEAR		**936.8**	441.9
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		**892.9**	360.4
NON-CONTROLLING INTERESTS		**43.9**	81.5
		936.8	441.9
BASIC EARNINGS PER SHARE (CENTS)	11	**75.5**	30.5
DILUTED EARNINGS PER SHARE (CENTS)	11	**75.3**	30.3

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 2018 (in $ million)

	The Group	
	FY2017/18	FY2016/17
PROFIT FOR THE FINANCIAL YEAR	**936.8**	441.9
OTHER COMPREHENSIVE INCOME:		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences	**(62.5)**	27.5
Net fair value changes on cash flow hedges	**533.5**	369.5
Share of other comprehensive income of associated and joint venture companies	**27.1**	29.6
Realisation of foreign currency translation reserves on disposal of an associated company	**0.5**	–
Items that will not be reclassified subsequently to profit or loss:		
Net fair value changes on financial assets measured at fair value through other comprehensive income ("FVOCI")	**–**	(133.2)
Actuarial gain/(loss) on revaluation of defined benefit plans	**10.2**	(5.1)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX	**508.8**	288.3
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**1,445.6**	730.2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE COMPANY	**1,411.2**	676.3
NON-CONTROLLING INTERESTS	**34.4**	53.9
	1,445.6	730.2

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

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2018 (in $ million)

	Notes	The Group 2018	The Group 2017	The Company 2018	The Company 2017
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	13	**1,856.1**	1,856.1	**1,856.1**	1,856.1
Treasury shares	14	**(183.5)**	(194.7)	**(183.5)**	(194.7)
Other reserves	15	**12,578.6**	11,421.6	**11,799.4**	10,852.2
		14,251.2	13,083.0	**13,472.0**	12,513.6
NON-CONTROLLING INTERESTS		**368.1**	387.2	**–**	–
TOTAL EQUITY		**14,619.3**	13,470.2	**13,472.0**	12,513.6
DEFERRED ACCOUNT	16	**123.3**	234.5	**109.2**	214.9
DEFERRED TAXATION	17	**2,122.7**	1,890.5	**1,687.2**	1,482.1
LONG-TERM LIABILITIES	18, 37	**3,199.8**	1,794.7	**3,114.4**	1,689.4
PROVISIONS	19	**821.5**	910.3	**576.7**	648.0
DEFINED BENEFIT PLANS		**113.2**	131.2	**104.8**	122.3
		20,999.8	18,431.4	**19,064.3**	16,670.3
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	20	**19,824.6**	16,433.3	**14,845.4**	12,050.8
INTANGIBLE ASSETS	21	**435.3**	423.5	**179.8**	169.5
SUBSIDIARY COMPANIES	22	**–**	–	**4,840.8**	4,610.1
ASSOCIATED COMPANIES	23	**1,048.8**	1,056.9	**818.5**	756.8
JOINT VENTURE COMPANIES	24	**150.6**	160.2	**–**	–
LONG-TERM INVESTMENTS	25	**346.0**	405.7	**335.6**	395.3
OTHER LONG-TERM ASSETS	26, 37	**722.7**	479.3	**624.6**	397.9
DEFERRED ACCOUNT	16	**52.9**	61.1	**43.5**	49.1
CURRENT ASSETS					
Inventories	27	**179.3**	178.4	**108.0**	106.1
Trade debtors	28	**1,402.2**	1,144.6	**836.7**	694.7
Deposits and other debtors	29	**87.8**	127.4	**40.7**	55.8
Prepayments		**184.6**	211.0	**125.1**	169.9
Deferred account	16	**9.9**	11.8	**7.3**	9.1
Amounts owing by subsidiary companies	28	**–**	–	**140.1**	203.8
Derivative assets	37	**351.4**	85.0	**351.2**	82.1
Investments	30	**157.8**	539.9	**88.7**	469.9
Cash and bank balances	31	**2,568.3**	3,380.5	**2,144.6**	2,733.2
Other short-term assets		**27.0**	21.4	**27.0**	21.4
		4,968.3	5,700.0	**3,869.4**	4,546.0
Less: **CURRENT LIABILITIES**					
Sales in advance of carriage		**2,425.6**	1,634.3	**2,197.5**	1,465.9
Deferred revenue		**556.1**	707.8	**556.1**	707.8
Deferred account	16	**64.8**	86.0	**60.3**	76.3
Current tax payable		**134.1**	80.3	**42.4**	30.3
Trade and other creditors	32	**2,817.2**	3,296.1	**1,858.9**	2,251.9
Amounts owing to subsidiary companies	32	**–**	–	**1,290.4**	1,354.5
Borrowings	18	**20.6**	42.0	**–**	–
Provisions	19	**369.1**	322.4	**325.8**	298.8
Derivative liabilities	37	**161.9**	119.7	**161.9**	119.7
		6,549.4	6,288.6	**6,493.3**	6,305.2
NET CURRENT LIABILITIES		**(1,581.1)**	(588.6)	**(2,623.9)**	(1,759.2)
		20,999.8	18,431.4	**19,064.3**	16,670.3

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 2018 (in $ million)

The Group

	Notes	Share capital	Treasury shares
Balance at 1 April 2017		1,856.1	(194.7)
Comprehensive income			
Currency translation differences	15(b)	–	–
Net fair value changes on cash flow hedges	15(d)	–	–
Share of other comprehensive income of associated and joint venture companies		–	–
Realisation of reserves on disposal of an associated company		–	–
Actuarial gain on revaluation of defined benefit plans		–	–
Other comprehensive income for the financial year, net of tax		–	–
Profit for the financial year		–	–
Total comprehensive income for the financial year		–	–
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Share of other changes in equity of associated companies		–	–
Changes in ownership interest without loss of control		–	–
Share-based compensation expense	5	–	–
Share options lapsed		–	–
Treasury shares reissued pursuant to equity compensation plans	14	–	11.2
Dividends	12	–	–
Total contributions by and distributions to owners		–	11.2
Balance at 31 March 2018		1,856.1	(183.5)

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

	Attributable to owners of the Company							
	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
	(147.6)	(123.7)	88.5	(234.4)	11,838.8	13,083.0	387.2	13,470.2
	–	(52.6)	–	–	–	(52.6)	(9.9)	(62.5)
	–	–	–	533.1	–	533.1	0.4	533.5
	11.9	0.4	–	14.8	–	27.1	–	27.1
	–	0.5	–	–	–	0.5	–	0.5
	–	–	–	–	10.2	10.2	–	10.2
	11.9	(51.7)	–	547.9	10.2	518.3	(9.5)	508.8
	–	–	–	–	892.9	892.9	43.9	936.8
	11.9	(51.7)	–	547.9	903.1	1,411.2	34.4	1,445.6
	(4.7)	–	–	–	–	(4.7)	–	(4.7)
	–	–	(1.1)	–	(2.0)	(3.1)	(3.4)	(6.5)
	–	–	13.1	–	–	13.1	–	13.1
	–	–	(8.8)	–	8.8	–	–	–
	1.0	–	(12.2)	–	–	–	–	–
	–	–	–	–	(248.3)	(248.3)	(50.1)	(298.4)
	(3.7)	–	(9.0)	–	(241.5)	(243.0)	(53.5)	(296.5)
	(139.4)	(175.4)	79.5	313.5	12,500.4	14,251.2	368.1	14,619.3

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2018 (in $ million)

The Group

	Notes	Share capital	Treasury shares
Balance at 1 April 2016		1,856.1	(381.5)
Effects of adopting FRS 109		–	–
Comprehensive income			
Currency translation differences	15(b)	–	–
Net fair value changes on financial assets measured at FVOCI	15(d)	–	–
Net fair value changes on cash flow hedges	15(d)	–	–
Share of other comprehensive income of associated and joint venture companies		–	–
Actuarial loss on revaluation of defined benefit plans		–	–
Other comprehensive income for the financial year, net of tax		–	–
Profit for the financial year		–	–
Total comprehensive income for the financial year		–	–
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Share of other changes in equity of associated companies		–	–
Loss on dilution of interest in a subsidiary company due to share options exercised		–	–
Realisation of reserves from dilution of interest in an associated company		–	–
Issuance of share capital by a subsidiary company		–	–
Share-based compensation expense	5	–	–
Share options and share awards lapsed		–	–
Purchase of treasury shares	14	–	(134.3)
Treasury shares reissued pursuant to equity compensation plans	14	–	34.3
Treasury shares reissued pursuant to Voluntary General Offer ("VGO") of Tiger Airways	14	–	286.8
Dividends	12	–	–
Total contributions by and distributions to owners		–	186.8
Changes in ownership interests in a subsidiary company			
Acquisition of non-controlling interests without a change in control	22(f)	–	–
Total changes in ownership interests in a subsidiary company		–	–
Total transactions with owners		–	186.8
Balance at 31 March 2017		1,856.1	(194.7)

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

Attributable to owners of the Company							
Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
(129.2)	(151.3)	123.7	(498.6)	11,935.5	12,754.7	378.2	13,132.9
–	–	–	(28.4)	47.2	18.8	–	18.8
–	22.3	–	–	–	22.3	5.2	27.5
–	–	–	(100.3)	–	(100.3)	(32.9)	(133.2)
–	–	–	369.4	–	369.4	0.1	369.5
6.5	–	(0.5)	23.6	–	29.6	–	29.6
–	–	–	–	(5.1)	(5.1)	–	(5.1)
6.5	22.3	(0.5)	292.7	(5.1)	315.9	(27.6)	288.3
–	–	–	–	360.4	360.4	81.5	441.9
6.5	22.3	(0.5)	292.7	355.3	676.3	53.9	730.2
(9.8)	–	–	–	–	(9.8)	–	(9.8)
–	–	(5.9)	–	(1.3)	(7.2)	(2.6)	(9.8)
(8.5)	5.3	(0.5)	0.8	9.0	6.1	–	6.1
–	–	–	–	–	–	8.2	8.2
–	–	15.2	–	–	15.2	–	15.2
1.7	–	(16.1)	–	14.4	–	–	–
–	–	–	–	–	(134.3)	–	(134.3)
3.3	–	(16.0)	–	–	21.6	–	21.6
25.8	–	(11.4)	–	–	301.2	–	301.2
–	–	–	–	(521.3)	(521.3)	(37.6)	(558.9)
12.5	5.3	(34.7)	0.8	(499.2)	(328.5)	(32.0)	(360.5)
(37.4)	–	–	(0.9)	–	(38.3)	(12.9)	(51.2)
(37.4)	–	–	(0.9)	–	(38.3)	(12.9)	(51.2)
(24.9)	5.3	(34.7)	(0.1)	(499.2)	(366.8)	(44.9)	(411.7)
(147.6)	(123.7)	88.5	(234.4)	11,838.8	13,083.0	387.2	13,470.2

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2018 (in $ million)

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2017		1,856.1	(194.7)	25.7	76.7	(189.6)	10,939.4	12,513.6
Comprehensive income								
Net fair value changes on cash flow hedges	15(d)	–	–	–	–	396.3	–	396.3
Actuarial gain on revaluation of defined benefit plans		–	–	–	–	–	9.9	9.9
Other comprehensive income for the financial year, net of tax		–	–	–	–	396.3	9.9	406.2
Profit for the financial year		–	–	–	–	–	789.3	789.3
Total comprehensive income for the financial year		–	–	–	–	396.3	799.2	1,195.5
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share-based compensation expense		–	–	–	11.2	–	–	11.2
Share options lapsed		–	–	–	(1.1)	–	1.1	–
Treasury shares reissued pursuant to equity compensation plans	14	–	11.2	1.0	(12.2)	–	–	–
Dividends	12	–	–	–	–	–	(248.3)	(248.3)
Total transactions with owners		–	11.2	1.0	(2.1)	–	(247.2)	(237.1)
Balance at 31 March 2018		1,856.1	(183.5)	26.7	74.6	206.7	11,491.4	13,472.0

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

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2016		1,856.1	(381.5)	(5.1)	108.0	(470.9)	10,901.6	12,008.2
Effects of adopting FRS 109		–	–	–	–	(20.7)	33.0	12.3
<u>Comprehensive income</u>								
Net fair value changes on financial assets measured at FVOCI	15(d)	–	–	–	–	5.0	–	5.0
Net fair value changes on cash flow hedges	15(d)	–	–	–	–	297.0	–	297.0
Actuarial loss on revaluation of defined benefit plans		–	–	–	–	–	(2.1)	(2.1)
Other comprehensive income for the financial year, net of tax		–	–	–	–	302.0	(2.1)	299.9
Profit for the financial year		–	–	–	–	–	514.0	514.0
Total comprehensive income for the financial year		–	–	–	–	302.0	511.9	813.9
<u>Transactions with owners, recorded directly in equity</u>								
<u>Contributions by and distributions to owners</u>								
Share-based compensation expense		–	–	–	12.0	–	–	12.0
Share options and share awards lapsed		–	–	1.7	(15.9)	–	14.2	–
Purchase of treasury shares	14	–	(134.3)	–	–	–	–	(134.3)
Treasury shares reissued pursuant to equity compensation plans	14	–	34.3	3.3	(16.0)	–	–	21.6
Treasury shares reissued persuant to the VGO of Tiger Airways	14	–	286.8	25.8	(11.4)	–	–	301.2
Dividends	12	–	–	–	–	–	(521.3)	(521.3)
Total transactions with owners		–	186.8	30.8	(31.3)	–	(507.1)	(320.8)
Balance at 31 March 2017		1,856.1	(194.7)	25.7	76.7	(189.6)	10,939.4	12,513.6

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 2018 (in $ million)

		The Group	
	Notes	FY2017/18	FY2016/17
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**1,101.0**	518.6
Adjustments for:			
Depreciation	20	**1,639.6**	1,552.1
Impairment of property, plant and equipment	20	**30.2**	3.9
Amortisation of intangible assets	21	**44.4**	39.8
Impairment/(Writeback of impairment) of trade debtors	6	**1.0**	(1.3)
Writedown of inventories	27	**7.4**	5.8
Income from short-term investments	6	**(1.8)**	(1.8)
Provisions	19	**282.9**	304.8
Share-based compensation expense	5	**13.1**	15.2
Exchange differences		**25.9**	(47.1)
Amortisation of deferred gain on sale and operating leaseback transactions	6	**(3.9)**	(6.0)
Finance charges	7	**89.8**	46.1
Interest income	8	**(60.9)**	(73.9)
(Surplus)/Loss on disposal of aircraft, spares and spare engines		**(16.1)**	31.7
Dividends from long-term investments		**(6.2)**	(5.5)
Dividends from asset held for sale		**–**	(39.5)
Net gain on financial assets mandatorily measured at fair value through profit or loss ("FVTPL")		**(6.3)**	(1.6)
Other non-operating items	9	**(18.6)**	103.2
Share of profits of joint venture companies		**(41.0)**	(20.9)
Share of losses of associated companies		**9.3**	63.0
Operating cash flow before working capital changes		**3,089.8**	2,486.6
(Decrease)/Increase in trade and other creditors		**(756.1)**	31.7
Increase in sales in advance of carriage		**791.3**	8.1
(Increase)/Decrease in trade debtors		**(283.8)**	82.0
Decrease in deposits and other debtors		**38.0**	17.4
Decrease/(Increase) in prepayments		**26.4**	(78.5)
Increase in inventories		**(8.3)**	(2.3)
(Decrease)/Increase in deferred revenue		**(151.7)**	38.4
Cash generated from operations		**2,745.6**	2,583.4
Payment of fines and settlements		**(139.0)**	–
Income taxes refunded/(paid)		**4.3**	(50.5)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**2,610.9**	2,532.9

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

	Notes	The Group FY2017/18	FY2016/17
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	33	**(5,209.5)**	(3,944.7)
Purchase of intangible assets	33	**(59.8)**	(43.6)
Proceeds from disposal of aircraft and other property, plant and equipment		**108.3**	45.4
Purchase of long-term investments		**–**	(0.6)
Proceeds from disposal of long-term investments		**31.4**	20.2
Purchase of short-term investments		**(688.1)**	(1,038.0)
Proceeds from disposal of short-term investments		**1,126.6**	1,570.4
Dividends received from associated and joint venture companies		**104.6**	78.4
Dividends received from investments		**9.0**	6.4
Dividends received from asset held for sale		**–**	39.5
Interest received from investments and deposits		**65.6**	76.9
Proceeds from disposal of assets held for sale		**–**	405.5
Loan to an associated company		**–**	(54.4)
Proceeds from repayment of loan from an associated company		**–**	116.4
Proceeds from capital reduction of an associated company		**3.3**	–
Investments in associated companies		**(93.8)**	(225.3)
Proceeds from disposal/partial disposal of associated companies		**21.1**	4.0
NET CASH USED IN INVESTING ACTIVITIES		**(4,581.3)**	(2,943.5)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	12	**(248.3)**	(521.3)
Dividends paid by subsidiary companies to non-controlling interests	12	**(50.1)**	(37.6)
Issuance of share capital by a subsidiary company		**–**	8.2
Interest paid		**(75.7)**	(41.1)
Proceeds from issuance of bonds		**1,600.0**	430.0
Proceeds from borrowings		**5.0**	1.8
Repayment of borrowings		**(20.3)**	(192.0)
Repayment of long-term lease liabilities		**(23.7)**	(21.5)
Proceeds from exercise of share options		**1.0**	33.2
Purchase of treasury shares	14	**–**	(134.3)
Proceeds from exercise of share options pursuant to the VGO of Tiger Airways		**–**	301.2
Acquisition of non-controlling interests without a change in control		**–**	(51.2)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**1,187.9**	(224.6)
NET CASH OUTFLOW		**(782.5)**	(635.2)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**3,380.5**	3,972.4
Effect of exchange rate changes		**(29.7)**	43.3
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**2,568.3**	3,380.5
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Fixed deposits	31	**1,809.1**	2,386.9
Cash and bank balances	31	**759.2**	993.6
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**2,568.3**	3,380.5

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 2018

1 General

Singapore Airlines Limited ("the Company") is a limited liability company incorporated and domiciled in the Republic of Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is a subsidiary company of Temasek Holdings (Private) Limited, incorporated in the Republic of Singapore.

The registered office of the Company is at Airline House, 25 Airline Road, Singapore 819829.

The financial statements of the Group as at and for the year ended 31 March 2018 comprise the Company and its subsidiary companies (together referred to as "the Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The principal activities of the Group consist of passenger and cargo air transportation, engineering services, training of pilots, air charters and tour wholesaling and related activities. The principal activity of the Company consists of passenger air transportation.

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 17 May 2018.

2 Summary of Significant Accounting Policies

The accounting policies applied by the Group and the Company are consistent with those used in the previous financial year, except as explained in note 2(b), which addresses changes in accounting policies.

(a) 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"), which is the Company's functional currency and all values in the tables are rounded to the nearest million, unless otherwise stated.

(b) Changes in accounting policies

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

On 1 April 2017, the Group adopted all the new and revised standards and interpretations of FRS ("INT FRS") that are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

<u>Disclosure Initiative (Amendments to FRS 7)</u>

Arising from Amendments to FRS 7, which takes effect from 1 April 2017, the Group is required to provide additional disclosure in relation to the changes in liabilities arising from financing activities. Comparative information have not been presented (see note 38).

2 Summary of Significant Accounting Policies (continued)

(c) Adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS)

As required by the listing rules of the Singapore Exchange, the Group will apply SFRS(I) with effect from 1 April 2018.

The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I), and IFRS issued by the International Accounting Standards Board. As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group is required to apply the specific transition requirements in IFRS 1 First-time Adoption of IFRS. In addition to the adoption of the new framework, the following new IFRSs, amendments to and interpretation of IFRS are effective on the same date.

- IFRS 15 Revenue from Contracts with Customers and Amendments to IFRS 15: Clarifications to FRS 115;
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions;
- Amendments to IFRS 1: Deletion of short-term exemptions for first-time adopters;
- Amendments to IAS 28: Measuring an Associate or Joint Venture at Fair Value; and
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for the application of IFRS 1 optional exemptions and IFRS 15, as outlined below.

(i) Application of IFRS 1 optional exemptions

IFRS 1 generally requires that the Group applies IFRS on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective 1 April 2018, restatement of comparatives may be required because IFRS 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. IFRS 1 provides mandatory exceptions and optional exemptions from retrospective application, which are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in IFRS 1 to have any significant impact on the financial statements.

a) Fair value as deemed cost exemption for property, plant and equipment

The Group plans to elect and regard the fair values of certain aircraft and aircraft spares as their deemed cost at the date of transition to IFRS 1 on 1 April 2017.

b) Foreign currency translation reserve

The Group plans to elect to reset the foreign currency translation reserve for all foreign operations to zero as at the date of transition to IFRS 1 on 1 April 2017.

c) Fair value as deemed cost exemption for investments in associated companies

The Company plans to elect and regard the fair value of its investment in Virgin Australia Holdings Limited, an associated company, as its deemed cost in its separate financial statements at the date of transition to IFRS 1 on 1 April 2017.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(c) Adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) (continued)

(ii) IFRS 15 Revenue from Contracts with Customer

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group will adopt IFRS 15 in its 31 March 2019 financial statements, using the retrospective approach with practical expedients. The expected impact upon adoption of IFRS 15 are described below.

a) Passenger revenue - ancillary revenue

Revenue associated with ancillary services that is currently recognised at transaction date will be deferred to flight date. This is in line with recognition of revenue associated with the carriage of passengers.

b) Cargo interline revenue

Cargo interline revenue will be presented at gross rather than net of related costs as the Group is considered to be principal rather than agent in these transactions.

(iii) Summary of provisional financial impact

The line items on the Group's and Company's financial statements that may be adjusted with significant impact arising from the adoption of IFRS 1 and IFRS 15 as described above are summarised below:

		31 March 2018		
		Increase/(Decrease)		
	Current framework	IFRS 1	IFRS 15	IFRS framework
The Group				
Foreign currency translation reserve	(175.4)	123.7	–	(51.7)
General reserve	12,500.4	(1,497.7)	(16.5)	10,986.2
Deferred taxation	2,122.7	(282.3)	–	1,840.4
Sales in advance of carriage	2,425.6	–	16.5	2,442.1
Property, plant and equipment	19,824.6	(1,656.3)	–	18,168.3
Depreciation	1,639.6	(490.7)	–	1,148.9
Tax expense	164.2	83.3	–	247.5
The Company				
General reserve	11,491.4	(1,234.4)	(8.4)	10,248.6
Deferred taxation	1,687.2	(198.2)	–	1,489.0
Sales in advance of carriage	2,197.5	–	8.4	2,205.9
Property, plant and equipment	14,845.4	(1,165.6)	–	13,679.8
Associated companies	818.5	(267.0)	–	551.5

The provisional financial impact presented above is not finalised as the Company can continue to make accounting policy and transition choices until 31 March 2019. The Management believe that it is unlikely that they will change any of their decisions but they cannot foresee all circumstances that might result in such a change.

2 Summary of Significant Accounting Policies (continued)

(d) Standards issued but not yet effective

New standards and amendments to standards that are effective from the Group's financial year ending 31 March 2019 are as follows:

Description	Effective from
Amendments to IAS 23: Borrowing costs eligible for capitalisation	1 April 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 April 2019
Amendments to IAS 12: Income tax consequences of payments on financial instruments classified as equity	1 April 2019
IFRS 16 Leases	1 April 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 April 2019

The Accounting Standards Council has issued the above new IFRS, amendments to and interpretations of IFRS as SFRS (I). The Group is still in the process of assessing the impact of the new IFRSs, amendments to and interpretations of IFRSs on the financial statements. The Group's preliminary assessment of IFRS 16, which is expected to have a more significant impact on the Group, is as described below.

IFRS 16 Leases

IFRS 16 replaces existing lease accounting guidance. IFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lease accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases, unless the term is less than 12 months or the underlying asset is of low value.

As at the reporting date, the Group has non-cancellable operating lease commitments amounting to $3,127.8 million (note 34(b)). The Group expects a large proportion of these operating leases to be recognised as lease liabilities with corresponding ROU assets under the new standard. This will increase the Group's leverage ratio and its foreign exchange volatility arising from revaluation of lease liabilities that are denominated in USD. There will also be an impact on the timing of expense recognition in the profit and loss account over the period of lease. Interest expense will be recognised using the effective interest method on outstanding lease liabilities and the ROU assets will be depreciated, rather than operating lease payments being the expense.

The approximate financial impact of the standard is unknown due to factors that impact the calculation of lease liabilities such as determining the number of aircraft that will be under operating lease at transition date, discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

(e) Basis of consolidation

Business combinations are accounted for by applying the acquisition method in accordance with FRS 103 Business Combinations as at the acquisition date, which is the date on which control is transferred to the Group. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are recognised as expenses as incurred.

Any excess of the total 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 net assets is recorded as goodwill. The accounting policy for goodwill is set out in note 2(g)(iv). When the amount is negative, a bargain purchase gain is recognised immediately in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(e) Basis of consolidation (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit and loss account.

Any contingent consideration will be recognised at fair value at the acquisition date and included in the consideration amount. If the contingent consideration is classified as equity, it is not remeasured and settled within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the profit and loss account.

The Group elects for each separate business combination, whether the 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.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions and therefore no adjustments are made to goodwill and no gain or loss is recognised in the profit and loss account. In such circumstances, adjustments are based on a proportionate amount of the net assets of the subsidiary companies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with associated and joint venture companies are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(f) Subsidiary, associated and joint venture companies

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

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiary companies are included in the consolidated financial statements from the date the control commences until the date the control ceases.

The accounting policies of subsidiary companies have been changed when necessary to align them with policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balance.

An associated company is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

A joint venture company is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group accounts for its investments in associated and joint venture companies using the equity method, initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of associated and joint venture companies, until the date on which significant influence or joint control ceases. Dividends reduce the carrying amounts of the investments.

2 Summary of Significant Accounting Policies (continued)

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

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

The most recently available audited financial statements of the associated and joint venture companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period where provided by the associate or joint venture. Otherwise an estimate is made for the balances to the end of the accounting period based on historical experience and adjusting for the effects of known significant transactions. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon the loss of significant influence or joint control over the associated or joint venture company, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

(g) Intangible assets

(i) Computer software

Acquired computer software is stated at cost less accumulated amortisation and accumulated impairment losses.

(ii) Deferred engine development cost

The Group's share of engine development payments, made in connection with its participation in aircraft engine development projects with other companies, is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Brand and trademarks

The brand and trademarks were acquired in business combinations. The useful life of the brand is indefinite and is measured at cost less accumulated impairment losses. When the brand is no longer in use and the Group has no intention to sell the brand, the entire carrying amount is considered impaired. Trademarks which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Goodwill

Goodwill acquired in a business combination is included in intangible assets. For the measurement of goodwill at initial recognition, see note 2(e). Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

Goodwill that forms part of the carrying amount of an associated company is not recognised separately, and therefore, is not tested for impairment separately. Instead, the entire amount of the investment in the associated company is tested for impairment as a single asset when there is objective evidence that the investment in associated company may be impacted.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(g) Intangible assets (continued)

(v) Other intangible assets

Purchased landing slots are measured at cost less accumulated impairment losses.

Licences were acquired in business combinations and are measured at cost less accumulated amortisation and accumulated impairment losses.

(vi) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(vii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

● Computer software	3 – 10 years
● Licences	3 years
● Trademarks	23 – 24 years

For deferred engine development cost, amortisation begins when the aircraft engines are available for sale. These deferred engine development costs are amortised on a straight-line basis over the period of expected sales of the aircraft engines, which is estimated to be over a period of 44 years.

Advance and progress payments are not amortised. Amortisation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted if appropriate.

(h) Foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into SGD at the rates prevailing at the dates of those transactions.

All foreign currency monetary assets and liabilities are translated into SGD at rates prevailing at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The foreign currency gain or loss on monetary assets and liabilities is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency re-translated at the exchange rate at the end of the year.

Foreign currency differences are recognised in the profit and loss account, except for qualifying cash flow hedges which are deferred to equity.

2 Summary of Significant Accounting Policies (continued)

(h) Foreign currencies (continued)

Foreign operations

For the purpose of the consolidated financial statements, the net assets of foreign subsidiary, associated and joint venture companies are translated into SGD at rates prevailing at the reporting date. The financial results of foreign subsidiary, associated and joint venture companies are translated monthly into SGD at prevailing exchange rates. The resulting gains or losses on exchange are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, and translated into SGD at the closing rate at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity, except to the extent that the foreign currency differences are allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary company while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associated or a joint venture company while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(i) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of a property, plant and equipment have different useful lives, they are accounted for as separate components. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

Leasehold hotel properties held by an associated company are carried at fair value, less accumulated depreciation and accumulated impairment losses. Fair values of leasehold hotel properties are determined by independent professional valuers on an annual basis. The Group's share of the revaluation gain or loss is reflected under the share of post-acquisition capital reserve.

(ii) Depreciation of property, plant and equipment

Depreciation is based on the cost of an asset less its residual value. Operational lives, residual values and depreciation methods are reviewed annually, and adjusted prospectively, if appropriate. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised from the date the property, plant and equipment is installed and ready for use.

Freehold land, advance and progress payments are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(i) Property, plant and equipment (continued)

(ii) Depreciation of property, plant and equipment (continued)

The estimated useful lives and residual values are as follows:

Property, plant and equipment type	Useful lives	Residual values
Aircraft, spares and spare engines		
Passenger aircraft, spares and spare engines	15 – 20 years	5% to 10% of cost
Embedded engine overhaul costs	4 – 8 years	Nil
New freighter aircraft	20 years	5% of cost
Used freighter aircraft	20 years less age of aircraft	5% of cost
Major inspection costs relating to landing gear overhauls and heavy maintenance visits	4 – 10 years	Nil
Training aircraft	5 – 15 years	10% of cost
Flight simulators	5 – 10 years	Nil
Leasehold land and buildings		
Company owned office premises	Shorter of lease period or 30 years	Nil
Company owned household premises	Shorter of lease period or 10 years	Nil
Other premises	Shorter of lease period or 5 years	Nil
Leasehold hotel properties held by an associated company	Lease period of 99 years, up to 2081	Nil
Others		
Plant and equipment, office and computer equipment	1 to 15 years	Nil

(j) 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 and the arrangement conveys a right to use the asset.

(i) Finance lease – as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, 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 finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the profit and loss account.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the average expected life between major overhauls (estimated to be 4 to 8 years).

2 Summary of Significant Accounting Policies (continued)

(j) Leases (continued)

(ii) Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. 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.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the remaining lease term period or, where appropriate, the average expected life between major overhauls (estimated to be 4 to 10 years).

(iii) 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. Aircraft leased out under operating leases are included under property, plant and equipment and are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

(l) Financial instruments

(i) Recognition and initial measurement

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, in the case of the financial asset or liability not carried at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

For equity investments that are not held for trading, the Group may irrevocably elect on initial recognition to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

a) Amortised cost: A non-equity financial asset can be measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

b) FVOCI: A non-equity financial asset can be measured at FVOCI only if it meets both of the following conditions:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) FVTPL: All other financial assets are classified as measured at FVTPL. Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's Management;
- The risks that affect the performance of the business model and how those risks are managed;
- How managers of the portfolio are compensated; and
- The frequency, volume and timing of disposals in prior periods, the reasons for such disposals and its expectations about future activity.

Assessment of whether contractual cash flows are solely payments of principal and interest

For assessment purposes, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contingent events, leverage features, modifications of the time value of money and other limiting terms in the contractual terms of the instrument, which could change the timing or amount of contractual cash flows such that the cash flows of the instrument would not be reflective of solely payments of principal and interest.

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing those financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of the (i) consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income, in respect of equity investment securities designated as at FVOCI, is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition, that is created or retained by the Group, is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(v) Impairment

Expected credit loss

The Group recognises loss allowances for expected credit loss ("ECL") on non-equity financial instruments that are not measured at FVTPL.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Non-equity financial instruments that are determined to have a low credit risk at the reporting date; and
- Other non-equity financial instruments (other than trade debtors) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade debtors are always measured at an amount equal to lifetime ECL.

The Group considers a non-equity financial instrument to have a low credit risk when its credit quality is rated to be of an investment grade by credit rating agencies.

12-month ECL is the portion of lifetime ECL that results from the default events on a financial instrument that are possible within the 12 months after the reporting date. The lifetime ECL is the expected credit loss over the term of the financial instrument, and is the shortfall of the probability weighted net present value of cash flows as compared to the carrying value of the non-equity financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether non-equity financial assets that are carried at amortised cost or FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(vi) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts, foreign currency option contracts, cross currency swap contracts, interest rate swap contracts, interest rate cap contracts, jet fuel option contracts, jet fuel, Brent and crack swap contracts and jet fuel collar contracts to hedge its risks associated with foreign currency, interest rate 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; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to the profit and loss account.

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Designation of hedges

The Group designates certain derivatives as well as non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedge, the economic relationship between the hedge instrument and the hedged item, the effects of credit risk on the hedge, the hedge ratio and the hedge type (cash flow or fair value).

Designation of a risk component of a hedged item is permitted when it is a separable identifiable component of the item, and the changes in the cash flows or the fair value of the item attributable to changes in the risk component is reliably measurable.

At the inception of the hedge relationship, the Group makes an assessment of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated. For a cash flow hedge of a forecast transaction, the Group also assesses whether the forecast transaction is highly probable to occur and if it presents an exposure to variations in cash flows that could ultimately affect profit or loss.

The hedge effectiveness assessment is an assessment of the economic relationship between the hedged item and the hedging instrument, and is therefore only forward looking. There is no prescribed quantitative hedge effectiveness threshold. Hedge effectiveness is the extent to which the fair value of the hedging instrument offsets changes in the fair value of the hedged item.

The time value of an option is excluded from the designation of a financial instrument and is accounted for as a cost of hedging. The fair value changes related to time value are recognised in other comprehensive income and depending on the nature of the hedged item, will either be transferred to profit and loss account in the same period that the underlying transaction affects profit or loss, or be capitalised into the initial carrying value of a hedged item.

Cash flow hedges

When a derivative is designated in a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the fair value reserve. Any ineffective portion of changes in the fair value of the derivative (i.e. the extent to which changes in the fair value of the hedge instrument do not match the changes in fair value of the hedged item) is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income, and depending on the nature of the hedged item, will either be transferred to the profit or loss in the same period that the underlying transaction affects the profit and loss account or be capitalised in the initial carrying amount of a hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued. The cumulative gain or loss previously recognised in the fair value reserve remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Designation of hedges (continued)

Fair value hedges

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(m) 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 CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or its related CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For non-financial assets excluding goodwill and those with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU'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 the profit and loss account unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(n) Loans, notes payable and borrowings

Loans, notes payable and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

(o) Trade and other creditors

Trade and other creditors and amounts owing to subsidiary and associated companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

2 Summary of Significant Accounting Policies (continued)

(p) Provisions

Provisions are recognised when, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions for return costs to meet contractual minimum conditions for the return of aircraft, at the end of the lease terms for aircraft under operating leases, are recorded over the lease terms.

Other provisions include provisions for warranty claims, upgrade costs and end-of-lease liabilities. Provision for warranty claims is made for engine overhauls, repairs and maintenance of aircraft (excluding line maintenance), based on past experience of repairs.

(q) Share capital and share issuance expenses

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital, net of any tax effect.

(r) Treasury shares

When shares are reacquired by the Company, the amount of consideration paid which includes directly attributable costs, net of any tax effect, is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve. Voting rights related to treasury shares are nullified and no dividends are allocated to them.

(s) Taxation

(i) Current income tax

Tax recoverable and tax liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to, respectively, the tax authorities using tax rates enacted or substantively enacted at balance sheet date. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(s) Taxation (continued)

(ii) Deferred tax

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

Deferred tax assets and liabilities are not recognised for:

- Temporary differences on 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

- Temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, 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.

Deferred tax assets are 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.

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 is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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 tax authority.

(t) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, net of discounts and rebates.

Revenue is principally earned from the carriage of passengers, cargo and mail, engineering services, training of pilots, air charters and tour wholesaling and related activities. Revenue for the Group excludes dividends from subsidiary companies and intra-group transactions.

Passenger and cargo sales are recognised as operating revenue when the transportation is provided. The value of unutilised tickets and airway bills is included in current liabilities as sales in advance of carriage. The value of unutilised tickets is recognised as revenue by estimating a percentage of the breakage revenue upfront at flight date based on historical trends and experience. The value of airway bills is recognised as revenue if unused after one year.

2 Summary of Significant Accounting Policies (continued)

(t) Revenue (continued)

Revenue from repair and maintenance of aircraft, and engine and component overhaul is recognised based on the percentage of completion of the projects. The percentage of completion of the projects is determined based on the number of man-hours incurred to date against the estimated man-hours needed to complete the projects.

Rental income from the lease of aircraft is recognised on a straight-line basis over the lease term.

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage upon redemption, which is then used to project the expected utilisation of these benefits.

In addition, the Company also sells miles to programme partners for issuance to their programme members. For miles purchased by programme partners, revenue is deferred until awards are utilised. The deferrals are based on the expected utilisation of these awards.

(u) Income from investments

Dividend income from investments is recognised when the Group's right to receive the payment is established.

Interest income from investments and fixed deposits is recognised using the effective interest method.

(v) Employee benefits

(i) Equity compensation plans

The fair value determined at the grant date of the equity-settled share-based payment awards is recognised on a straight-line basis over the vesting period. In valuing the share options and share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company and non-vesting performance conditions.

Non-market vesting performance conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share-based compensation reserve, over the remaining vesting period.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(v) Employee benefits (continued)

(ii) Defined benefit plans

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Remeasurements comprising actuarial gains and losses, and the return on plan assets are recognised immediately in other comprehensive income in the period in which they arise. All expenses related to the defined benefit plans are recognised as an expense in profit or loss. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group.

(iii) Defined contribution plans

As required by law, the companies in Singapore make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Certain of the Group's subsidiary companies and overseas stations outside Singapore make contributions to their respective countries' defined contribution pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

(iv) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(w) Aircraft maintenance and overhaul costs

The Group recognises aircraft maintenance and overhaul expenses (except heavy maintenance visits, engine overhaul and landing gear overhaul expenses) on an incurred basis. For engine overhaul costs covered by power-by-hour third-party maintenance agreements, a portion of the cost is expensed at a fixed rate per hour during the terms of the agreements. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised in the future. Upon completion of an overhaul, these amounts are transferred to property, plant and equipment and depreciated over their useful lives.

(x) Borrowing costs

Borrowing costs incurred to finance advance and progress payments for aircraft are capitalised as part of advance and progress payments until the aircraft are commissioned for operation or the projects are completed. All other borrowing costs are recognised as finance charges in the period in which they are incurred.

2 Summary of Significant Accounting Policies (continued)

(y) Segment reporting

(i) Business segment

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

(ii) Geographical segment

The analysis of revenue by area of original sale from airline operations is derived by allocating revenue to the area in which the sale was made. Revenue from other operations, which consist principally of engineering services and cargo operations, is derived in East Asia and is therefore, not shown.

Assets, which consist principally of flight and ground equipment, support the entire worldwide transportation system, and are mainly located in Singapore. An analysis of assets and capital expenditure of the Group by geographical distribution has therefore not been included.

3 Significant Accounting Estimates and Critical Judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income, expenses, and disclosures made. Actual results may differ from these estimates. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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) Impairment of property, plant and equipment – aircraft fleet

Impairment is recognised when events and circumstances indicate that the aircraft may be impaired and the carrying amounts of the aircraft exceed the recoverable amounts. Recoverable amount is defined as the higher of an aircraft's fair value less costs to sell and its value-in-use. When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on financial budgets approved by the Management covering a specified period.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Determination of a CGU requires judgement, as it requires identification of the lowest aggregation of assets that generate largely independent cash flows.

(b) Depreciation of property, plant and equipment – aircraft fleet

Aircraft are depreciated on a 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. Certain estimates regarding the operational lives and residual values of the fleet are made by the Group based on past experience and these 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 and the Company's aircraft fleet at 31 March 2018 was $12,754.2 million (2017: $10,829.1 million) and $9,239.7 million (2017: $7,898.8 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

3 Significant Accounting Estimates and Critical Judgements (continued)

(c) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the statement of financial position. Certain estimates are made by the Group's passenger airlines with regards to the expected ticket breakage (tickets sold and not uplifted at flight date) to determine the amount of revenue to be recognised as revenue in the current financial year pertaining to tickets that will never be utilised.

In the previous financial year, the Group revised certain estimates to recognise passenger ticket breakage revenue from expected unutilised tickets on flight date, resulting in a one-time increase in revenue of approximately $151.2 million. Effects in future periods have not been disclosed because the estimates rely on future flown revenue information.

The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2018 was $2,425.6 million (2017: $1,634.3 million) and $2,197.5 million (2017: $1,465.9 million) respectively.

(d) Frequent flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage upon redemption, which is then used to project the expected utilisation of these benefits.

In addition, the Company also sells miles to programme partners for issuance to their programme members. For miles purchased by programme partners, revenue is deferred until awards are utilised. The deferrals are based on the expected utilisation of these awards.

During the year, the Company reviewed the actual expiry of miles against the expected breakage rate determined in financial year 2013/14, when the Pay With Miles option to the KrisFlyer programme was introduced. The impact of the revision in estimates is an increase of approximately $178.2 million in revenue. Effects in future periods have not been disclosed because the estimates rely on future flown revenue information.

The carrying amount of the Group's and the Company's deferred revenue at 31 March 2018 was $556.1 million (2017: $707.8 million).

(e) Aircraft maintenance and overhaul expenditure under power-by-hour agreements

The Group has entered into several power-by-hour ("PBH") engine maintenance agreements with original equipment manufacturers of aircraft engines. The monthly payments are based on the number of flying hours flown. A portion of the cost is expensed at a fixed rate per hour during the term of the PBH agreement. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised through future maintenance activities, if any, or capitalised upon completion of an overhaul.

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate of the proportion of day-to-day maintenance compared to maintenance which extends the useful lives of the engine. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2018 was $1,072.0 million (2017: $783.3 million) and $836.2 million (2017: $611.9 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to $56.6 million (FY2016/17: $70.9 million) for the Group and $21.4 million (FY2016/17: $28.1 million) for the Company.

3 Significant Accounting Estimates and Critical Judgements (continued)

(f) Provision for lease return costs

Prior to the return of aircraft leased by the Group entities to the lessor, the Group entities are required to fulfil certain lease return conditions which may include the completion of certain maintenance activities to the airframe and engines and the reconfiguration of seats within the aircraft. The provision for lease return costs for these leased aircraft is determined based on the best estimate of the costs that will be incurred to fulfil the stipulated lease return conditions. The carrying amount of the provision for the Group and the Company at 31 March 2018 was $1,100.8 million (2017: $1,137.2 million) and $833.1 million (2017: $886.3 million) respectively.

4 Segment Information (in $ million)

Following the Group's multi-brand portfolio strategy and integration activities of Tiger Airways and Scoot, Management has determined that the Group has the following reportable segments:

(i) The Singapore Airlines segment provides passenger air transportation under the Singapore Airlines brand with a focus on full-service passenger segment serving short and long haul markets.

(ii) The SilkAir segment provides passenger air transportation under the SilkAir brand with a focus on full-service passenger segment serving regional markets.

(iii) The Budget Aviation segment provides passenger air transportation under the Tiger Airways and Scoot brands with a focus on the low-cost passenger segment.

(iv) SIAEC segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management. It also manufactures aircraft cabin equipment, refurbishes aircraft galleys, provides technical and non-technical handling services and repair and overhaul of hydro-mechanical aircraft equipment.

(v) Singapore Airlines Cargo ("SIA Cargo") segment is involved in air cargo transportation and related activities.

Other services provided by the Group, such as the training of pilots, air charters and tour wholesaling, have been aggregated under the segment "Others". None of these segments meets any of the quantitative thresholds for determining reportable segments in FY2017/18 or FY2016/17.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transactions carried out between operating segments during the financial year are in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

4 Segment Information (in $ million) (continued)

Business segments

The Group's business is organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial years ended 31 March 2018 and 2017 and certain assets and liabilities information of the business segments as at those dates.

	Singapore Airlines FY2017/18	SilkAir FY2017/18	Budget Aviation FY2017/18	SIAEC FY2017/18	SIA Cargo FY2017/18	Others FY2017/18	Total of segments FY2017/18	Elimination* FY2017/18	Consolidated FY2017/18
TOTAL REVENUE									
External revenue	10,544.2	998.9	1,533.8	480.9	2,216.4	31.9	15,806.1	–	15,806.1
Inter-segment revenue	1,039.6	21.4	47.3	614.0	3.7	84.5	1,810.5	(1,810.5)	–
	11,583.8	1,020.3	1,581.1	1,094.9	2,220.1	116.4	17,616.6	(1,810.5)	15,806.1
RESULTS									
Segment result	703.2	42.5	77.4	76.4	148.1	21.1	1,068.7	(11.4)	1,057.3
Finance charges	(95.8)	–	(31.8)	(0.8)	(0.2)	–	(128.6)	38.8	(89.8)
Interest income	87.8	2.5	1.3	4.9	2.5	0.5	99.5	(38.6)	60.9
Surplus on disposal of aircraft, spares and spare engines	15.4	–	0.7	–	–	–	16.1	–	16.1
Dividends from long-term investments	6.2	–	–	–	–	–	6.2	–	6.2
Other non-operating items	13.1	(7.2)	(0.3)	16.1	(3.1)	–	18.6	–	18.6
Share of profits of joint venture companies	–	–	0.7	40.3	–	–	41.0	–	41.0
Share of (losses)/profits of associated companies	(78.5)	–	(0.3)	69.5	–	–	(9.3)	–	(9.3)
Taxation	(112.1)	(9.3)	(8.4)	(21.1)	(9.7)	(3.6)	(164.2)	–	(164.2)
Profit for the financial year	539.3	28.5	39.3	185.3	137.6	18.0	948.0	(11.2)	936.8
Attributable to:									
Owners of the Company									892.9
Non-controlling interests									43.9
									936.8

* *Relates to inter-segment transactions eliminated on consolidation.*

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines FY2016/17	SilkAir FY2016/17	Budget Aviation FY2016/17	SIAEC FY2016/17	SIA Cargo FY2016/17	Others FY2016/17	Total of segments FY2016/17	Elimination* FY2016/17	Consolidated FY2016/17
TOTAL REVENUE									
External revenue	10,134.2	969.2	1,349.1	429.4	1,950.2	36.4	14,868.5	–	14,868.5
Inter-segment revenue	960.0	21.1	39.6	674.7	5.4	48.1	1,748.9	(1,748.9)	–
	11,094.2	990.3	1,388.7	1,104.1	1,955.6	84.5	16,617.4	(1,748.9)	14,868.5
RESULTS									
Segment result	386.4	100.8	67.4	72.0	3.1	9.6	639.3	(16.5)	622.8
Finance charges	(47.6)	–	(28.0)	(0.7)	–	–	(76.3)	30.2	(46.1)
Interest income	99.1	2.8	5.0	4.0	1.4	0.3	112.6	(38.7)	73.9
Loss on disposal of aircraft, spares and spare engines	(2.9)	(25.9)	(0.8)	–	(1.2)	(0.9)	(31.7)	–	(31.7)
Dividends from long-term investments	5.2	0.3	–	–	–	–	5.5	–	5.5
Dividends from asset held for sale	–	–	–	39.5	–	–	39.5	–	39.5
Other non-operating items	12.1	(0.8)	(127.5)	143.8	(131.9)	0.1	(104.2)	1.0	(103.2)
Share of (losses)/profits of joint venture companies	–	–	(10.7)	31.6	–	–	20.9	–	20.9
Share of (losses)/profits of associated companies	(127.5)	–	(0.4)	64.9	–	–	(63.0)	–	(63.0)
Taxation	(65.3)	(18.1)	7.4	(17.9)	1.3	(1.0)	(93.6)	16.9	(76.7)
Profit/(Loss) for the financial year	259.5	59.1	(87.6)	337.2	(127.3)	8.1	449.0	(7.1)	441.9
Attributable to:									
Owners of the Company									360.4
Non-controlling interests									81.5
									441.9

* *Relates to inter-segment transactions eliminated on consolidation.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines 2018	SilkAir 2018	Budget Aviation 2018	SIAEC 2018	SIA Cargo 2018	Others 2018	Total of segments 2018	Elimination* 2018	Consolidated 2018
OTHER INFORMATION AS AT 31 MARCH									
Segment assets	19,562.7	1,500.1	3,572.7	1,274.2	1,429.6	188.4	27,527.7	(1,523.9)	26,003.8
Investments in associated and joint venture companies	656.3	–	(1.3)	544.4	–	–	1,199.4	–	1,199.4
Long-term investments	335.6	0.6	–	–	–	9.8	346.0	–	346.0
Total assets	20,554.6	1,500.7	3,571.4	1,818.6	1,429.6	198.2	29,073.1	(1,523.9)	27,549.2
Segment liabilities	6,234.3	275.0	593.2	222.1	378.0	58.1	7,760.7	(1,611.8)	6,148.9
Long-term liabilities	84.3	–	8.8	–	–	–	93.1	–	93.1
Provisions	902.5	67.6	219.8	0.7	–	–	1,190.6	–	1,190.6
Defined benefit plans	104.8	0.5	–	–	7.9	–	113.2	–	113.2
Borrowings	3,030.1	–	75.3	21.9	–	–	3,127.3	–	3,127.3
Tax liabilities	1,729.6	119.8	184.8	46.7	171.0	4.9	2,256.8	–	2,256.8
Total liabilities	12,085.6	462.9	1,081.9	291.4	556.9	63.0	14,541.7	(1,611.8)	12,929.9
Capital expenditure	4,253.7	287.1	570.4	31.6	66.5	0.3	5,209.6	–	5,209.6
Purchase of intangible assets	42.9	2.2	2.3	11.5	0.7	0.2	59.8	–	59.8
Depreciation	1,264.5	65.5	125.0	50.9	133.1	1.0	1,640.0	(0.4)	1,639.6
Impairment of property, plant and equipment	26.7	7.9	–	3.5	–	–	38.1	–	38.1
Amortisation of intangible assets	32.4	2.5	3.0	5.4	0.6	0.5	44.4	–	44.4
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	6.0	2.3	1.8	8.6	4.4	0.6	23.7	–	23.7

* *Relates to inter-segment transactions eliminated on consolidation.*

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines 2017	SilkAir 2017	Budget Aviation 2017	SIAEC 2017	SIA Cargo 2017	Others 2017	Total of segments 2017	Elimination* 2017	Consolidated 2017
OTHER INFORMATION AS AT 31 MARCH									
Segment assets	17,213.4	1,425.4	3,198.6	1,376.3	1,426.0	193.0	24,832.7	(1,735.5)	23,097.2
Investments in associated and joint venture companies	676.2	–	(1.1)	542.0	–	–	1,217.1	–	1,217.1
Long-term investments	395.3	0.6	–	–	–	9.8	405.7	–	405.7
Total assets	18,284.9	1,426.0	3,197.5	1,918.3	1,426.0	202.8	26,455.5	(1,735.5)	24,720.0
Segment liabilities	6,191.0	255.6	506.2	258.7	496.6	77.3	7,785.4	(1,707.0)	6,078.4
Long-term liabilities	259.4	–	9.5	–	–	–	268.9	–	268.9
Provisions	946.8	57.3	219.5	0.9	8.2	–	1,232.7	–	1,232.7
Defined benefit plans	122.3	0.5	–	–	8.4	–	131.2	–	131.2
Borrowings	1,430.0	–	88.2	25.9	23.7	–	1,567.8	–	1,567.8
Tax liabilities	1,512.4	99.4	160.3	44.8	152.2	1.7	1,970.8	–	1,970.8
Total liabilities	10,461.9	412.8	983.7	330.3	689.1	79.0	12,956.8	(1,707.0)	11,249.8
Capital expenditure	3,120.5	314.1	471.1	38.3	84.9	1.0	4,029.9	–	4,029.9
Purchase of intangible assets	30.4	3.2	3.6	5.2	0.8	1.3	44.5	–	44.5
Depreciation	1,219.3	57.6	100.6	47.6	125.7	1.2	1,552.0	0.1	1,552.1
Impairment of property, plant and equipment	3.9	–	21.2	–	–	–	25.1	–	25.1
Amortisation of intangible assets	27.9	2.1	3.4	5.2	0.7	0.5	39.8	–	39.8
Provision for competition related fines and settlement	–	–	–	–	131.9	–	131.9	–	131.9
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	3.2	3.4	(1.6)	(1.8)	(0.4)	0.2	3.0	–	3.0

* *Relates to inter-segment transactions eliminated on consolidation.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

4 Segment Information (in $ million) (continued)

Geographical segments

The following table presents revenue information on airline operations by geographical areas for the financial years ended 31 March 2018 and 2017.

	By area of original sale	
	FY2017/18	**FY2016/17**
East Asia	**7,179.3**	6,930.8
Europe	**1,685.3**	1,667.8
South West Pacific	**1,873.1**	1,736.7
Americas	**681.4**	640.6
West Asia and Africa	**840.5**	854.7
Systemwide	**12,259.6**	11,830.6
Non-scheduled services and incidental revenue	**1,925.6**	1,642.6
	14,185.2	13,473.2

There was no single customer who contributed to more than 10% of the Group's revenue during the financial years ended 31 March 2018 and 2017.

5 Staff Costs (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Salary, bonuses and other costs	**2,494.3**	2,409.0
CPF, other defined contributions and defined benefit expense	**201.6**	192.0
Share-based compensation expense	**13.1**	15.2
	2,709.0	2,616.2

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expense for the Group was $11.0 million for FY2017/18 (FY2016/17: $11.3 million). As this is not material to the total staff costs of the Group for FY2017/18 and FY2016/17, additional disclosures of the defined benefit plans are not shown.

Share-based compensation arrangements

As at 31 March 2018, the Group has the following share-based payment arrangements:

(a) Share option plans (equity-settled)

Singapore Airlines Limited Employee Share Option Plan ("ESOP") which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, were approved by shareholders on 8 March 2000 and modified at the Extraordinary General Meetings of the Company held on 14 July 2001, 26 July 2003 and 31 July 2009.

Following the expiry of the share option plans in March 2010, the Company ceased to grant options under ESOP.

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(b) Share-based incentive plans (equity-settled)

The Singapore Airlines Limited Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans for senior executives and key Senior Management, which were first approved by the shareholders of the Company on 28 July 2005. On 30 July 2014, the shareholders of the Company approved the RSP 2014 and PSP 2014, to replace the RSP and PSP respectively which expired on 27 July 2015.

The RSP/RSP 2014 awards fully paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of the performance period based on medium-term Group and Company objectives.

The PSP/PSP 2014 awards fully paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.

Key terms and conditions related to the grants under these programmes are as follows:

Plans	Vesting Conditions	Performance conditions^	Payout
Senior Executive Share Option Scheme@	• 25% per annum of total ordinary shares subject to the options.	None	100%
Employee Share Option Scheme@	• Two years service from grant date.	None	100%
RSP/RSP 2014	Awards granted prior to FY2016/17 • Based on meeting stated performance conditions over a two-year performance period, 50% of award vests. Awards granted in and after FY2016/17 • Based on meeting stated performance conditions over a one-year performance period, 33% of award vests. • Balance vests equally over the subsequent two years with fulfilment of service requirements.	At both Company and Group level • EBITDAR# Margin • Value Added per $ Employment Cost	0% - 150%*
PSP/PSP 2014	• Based on meeting stated performance conditions over a three-year performance period.	• Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") • Relative TSR against selected airline peer index companies	0% - 200%*
Deferred share award	• Awards cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition and provided that individual performance remains satisfactory.	None	100%

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(b) Share-based incentive plans (equity-settled) (continued)

@ *The share options have contractual life of no longer than 10 years from grant date.*

EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Rentals on leased aircraft.

* *The payout depends on the achievement of pre-set performance targets over the performance period.*

^ *For non-market conditions, achievement factors are determined based on inputs from the Board Compensation & Industrial Relations Committee for the purpose of accrual for the share-based incentive plans until the achievement of the targets can be accurately ascertained.*

Movement of share options during the financial year

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

	FY2017/18		FY2016/17	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	**16,723,550**	**$13.83**	21,113,197	$13.03
Cancelled	**(9,002,746)**	**$15.35**	(2,079,636)	$10.64
Exercised	**–**	**–**	(2,310,011)	$9.34
Balance at 31 March	**7,720,804**	**$12.07**	16,723,550	$13.83
Exercisable at 31 March	**7,720,804**	**$12.07**	16,723,550	$13.83

The exercise price for options outstanding at the end of the year is $12.07 (FY2016/17: $12.07 to $15.46).

There were no options exercised during the year. The weighted average share price for options exercised in FY2016/17 was $10.40. The weighted average remaining contractual life for these options is 0.25 years (FY2016/17: 0.73 years).

Movement of share awards during the financial year

	Number of Restricted Shares				
Date of grant	Balance at 01.04.2017/ date of grant	Adjustment#	Cancelled	Vested	Balance at 31.03.2018
RSP/RSP 2014					
15.07.2013	85,930	–	–	(85,930)	**–**
03.07.2014	373,085	–	–	(188,312)	**184,773**
03.07.2015	709,692	43,628	(2,970)	(386,700)	**363,650**
18.07.2016	790,696	(8,747)	(3,927)	(264,483)	**513,539**
19.07.2017	787,664	–	(4,158)	–	**783,506**
	2,747,067	34,881	(11,055)	(925,425)	**1,845,468**

5 Staff Costs (in $ million) (continued)

(b) Share-based incentive plans (equity-settled) (continued)

Movement of share awards during the financial year (continued)

Date of grant	Number of Performance Shares			
	Balance at 01.04.2017/ date of grant	Adjustment#	Vested	Balance at 31.03.2018
PSP/PSP 2014				
03.07.2014	248,568	(194,098)	(54,470)	**–**
03.07.2015	239,700	–	–	**239,700**
18.07.2016	240,900	–	–	**240,900**
19.07.2017	217,426	–	–	**217,426**
	946,594	(194,098)	(54,470)	**698,026**

\# *Adjustment at the end of performance period upon meeting performance targets and adjustment for number of days in service for retirees.*

Deferred RSP/RSP 2014 Awards ("DSA")

Movement of DSA during the financial year

Date of grant	Number of Deferred RSP/RSP 2014 Awards			
	Balance at 01.04.2017/ date of grant	Adjustment*	Vested	Balance at 31.03.2018
DSA				
28.08.2014	73,470	5,460	(78,930)	**–**
10.09.2015	74,790	–	–	**74,790**
01.09.2016	65,740	–	–	**65,740**
06.09.2017	94,070	–	–	**94,070**
	308,070	5,460	(78,930)	**234,600**

* *Adjustment at the end of performance period for Accumulated Dividend Yield.*

Since the commencement of the RSP 2014 and PSP 2014 plans in July 2014, 3,303,706 awards have been granted.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

5 Staff Costs (in $ million) (continued)

(c) Measurement of fair values

The methods and inputs used in the measurement of fair values at grant date of the equity-settled share-based incentive plans were as follows:

	FY2017/18			FY2016/17		
	RSP 2014	PSP 2014	DSA	RSP 2014	PSP 2014	DSA
Valuation Method	Monte Carlo Simulation					
Expected dividend paid yield (%)	Management's forecast in line with dividend policy					
Expected volatility (%)	11.65 – 15.77	15.77	15.82	15.53 – 17.52	16.25	15.92
Risk-free interest rate (%)	1.11 – 1.32	1.32	1.37	0.81 – 1.08	1.08	1.03
Expected term (years)	0.95 – 2.95	3.00	3.00	0.95 – 2.95	3.00	3.00
Share price at date of grant ($)	10.29	10.29	10.23	11.08	11.08	10.62
Estimated fair value ($)	9.65 – 10.08	8.23	9.56	9.82 – 10.65	11.30	9.53

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurating with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

6 Operating Profit (in $ million)

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

	The Group	
	FY2017/18	FY2016/17
Compensation for changes in aircraft delivery slots	**(101.5)**	(36.8)
Interest income from short-term investments	**(1.0)**	(0.9)
Dividend income from short-term investments	**(0.8)**	(0.9)
Income from operating lease of aircraft	**(57.2)**	(45.1)
Amortisation of deferred gain on sale and operating leaseback transactions	**(3.9)**	(6.0)
Loss on disposal of short-term investments	**0.2**	0.8
Remuneration for auditors of the Company		
Audit fees	**1.6**	1.6
Non-audit fees	**0.3**	0.3
Bad debts written off	**0.8**	1.9
Impairment/(Writeback of impairment) of trade debtors	**1.0**	(1.3)
Writedown of inventories	**7.4**	5.8
Exchange loss, net	**31.6**	26.9
Currency hedging loss	**62.1**	36.6
Fuel hedging (gain)/loss recognised in "Fuel costs"	**(99.2)**	376.3
Ineffectiveness of fuel hedging contracts recognised in "Fuel costs"	**–**	(36.4)
Net gain on financial assets mandatorily measured at FVTPL	**(6.3)**	(1.6)

7 Finance Charges (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Notes payable	**83.9**	38.4
Bank loans	**3.5**	6.6
Finance lease commitments	**0.2**	–
Other receivables measured at amortised cost	**0.1**	–
Commitment fees	**2.1**	1.1
	89.8	46.1

8 Interest Income (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Interest income from fixed deposits and investments	**60.9**	73.8
Amortised interest income from other receivables	**–**	0.1
	60.9	73.9

9 Other Non-Operating Items (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Impairment of aircraft	**(7.9)**	(21.2)
Impairment of intangible assets	**–**	(98.2)
Impairment of long term investments	**(0.1)**	–
Surplus on disposal of asset held for sale	**–**	141.6
Surplus/(Loss) on disposal of other property, plant and equipment	**8.5**	(0.2)
Surplus on partial disposal of associated companies	**–**	2.4
Surplus on disposal of an associated company	**14.3**	–
Loss on disposal of a long term investment	**–**	(6.1)
Net gain on financial assets mandatorily measured at FVTPL	**4.7**	1.5
Writeback of provision for expected credit losses on investments and guarantees	**1.1**	1.8
Provision of competition-related fines and settlement	**–**	(131.9)
Surplus on dilution of interest in an associated company	**0.9**	9.7
Restructuring costs	**(3.1)**	–
Writeback/(Provision) for onerous aircraft leases	**0.2**	(2.6)
	18.6	(103.2)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

10 Taxation (in $ million)

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 2017 are:

	The Group	
	FY2017/18	**FY2016/17**
Current taxation		
Provision for the year	**75.4**	36.5
Over provision in respect of prior years	**(26.4)**	(15.9)
	49.0	20.6
Deferred taxation		
Movement in temporary differences	**102.6**	56.0
Under provision in respect of prior years	**12.6**	0.1
	115.2	56.1
	164.2	76.7

Deferred taxation related to other comprehensive income:

	The Group	
	FY2017/18	**FY2016/17**
Financial assets measured at FVOCI	**(0.9)**	0.9
Cash flow hedges	**109.7**	70.1
Actuarial gain/(loss) on revaluation of defined benefit plans	**2.1**	(1.0)
	110.9	70.0

The Group has tax losses and deductible temporary differences (of which no deferred tax asset has been recognised) of approximately $58.7 million (2017: $41.8 million) and $0.7 million (2017: $2.4 million) respectively that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset.

10 Taxation (in $ million) (continued)

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

	The Group	
	FY2017/18	FY2016/17
Profit before taxation	**1,101.0**	518.6
Less: Share of (profits)/losses of associated and joint venture companies	**(31.7)**	42.1
	1,069.3	560.7
Taxation at statutory corporate tax rate of 17.0%	**181.8**	95.3
Adjustments		
Income not subject to tax	**(37.7)**	(36.5)
Expenses not deductible for tax purposes	**22.7**	33.4
Higher effective tax rates of other countries	**8.6**	7.3
Over provision in respect of prior years, net	**(13.8)**	(15.8)
Income subject to concessionary tax rate	**(1.8)**	(1.9)
Tax benefit not recognised	**3.9**	2.4
Previously unrecognised tax benefits	**–**	(6.7)
Others	**0.5**	(0.8)
Taxation	**164.2**	76.7

11 Earnings Per Share

	The Group			
	FY2017/18		FY2016/17	
	Basic	Diluted	Basic	Diluted
Profit attributable to owners of the Company (in $ million)	**892.9**	**892.9**	360.4	360.4
Adjustment for dilutive potential ordinary shares of subsidiary companies (in $ million)	**–**	**(0.3)**	–	(0.5)
Adjusted net profit attributable to owners of the Company (in $ million)	**892.9**	**892.6**	360.4	359.9
Weighted average number of ordinary shares in issue (in million)	**1,182.2**	**1,182.2**	1,182.6	1,182.6
Adjustment for dilutive potential ordinary shares (in million)	**–**	**3.9**	–	4.4
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	**1,182.2**	**1,186.1**	1,182.6	1,187.0
Earnings per share (cents)	**75.5**	**75.3**	30.5	30.3

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

11 Earnings Per Share (continued)

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

For purposes of calculating diluted earnings per share, the profit attributable to owners of the Company is adjusted to take into account effects of dilutive potential ordinary shares of subsidiary companies and the weighted average number of ordinary shares of the Company in issue is adjusted to take into account effects of dilutive options and share-based incentive plans of the Company.

7.9 million (FY2016/17: 17.0 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous year presented.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

12 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	FY2017/18	**FY2016/17**
The following tax exempt (one-tier) dividends were declared and paid by the Group and Company to the owners of the Company:		
Final dividend of 11.0 cents per share in respect of FY2016/17 (FY2016/17: 35.0 cents per share in respect of FY2015/16)	**130.1**	415.0
Interim dividend of 10.0 cents per share in respect of FY2017/18 (FY2016/17: 9.0 cents per share in respect of FY2016/17)	**118.2**	106.3
	248.3	521.3

The Directors propose that a final tax exempt (one-tier) dividend of 30.0 cents per share amounting to $354.8 million be paid for the financial year ended 31 March 2018.

During the financial year, total dividends of $50.1 million (FY2016/17: $37.6 million) were paid to non-controlling interests.

13 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2018	**2017**	**2018**	**2017**
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April and 31 March	**1,199,851,018**	1,199,851,018	**1,856.1**	1,856.1
Special share				
Balance at 1 April and 31 March	**1**	1	#	#

\# *The value is $0.50*

13 Share Capital (in $ million) (continued)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have no par value, carry one vote per share without restriction. All shares rank equally with regards to the Group's residual assets.

The Company's ability to operate its existing route network and flight frequency is derived solely from and dependent entirely on the Air Service Agreements ("ASAs") concluded between the Government of Singapore and the governments of other countries. ASAs are therefore critical to the Company's operations. In almost all the ASAs, it is a condition that the Company must at all times be "effectively controlled" and "substantially owned" by Singapore nationals for the tenure of the respective ASAs.

In order to comply with the above requirement, one non-tradeable Special Share was issued to the Ministry of Finance. The Special Share enjoys all the rights attached to ordinary shares. In addition, pursuant to Article 3A of the Articles of Association, no resolution may be passed on certain matters without prior written approval of the Special Member.

The Company can also issue non-tradeable redeemable cumulative preference shares, which carry full voting rights ("ASA shares"). When issued, the ASA shares will be paid at $0.01 each and will carry equal voting rights as those of ordinary shares. These shares will be issued only when the Directors determine that the Company's operating rights under any of the ASAs are threatened by reason of the nationality of the majority shareholders.

During the financial year, the Company did not issue any shares (FY2016/17: nil) upon exercise of options granted under the ESOP, or vesting of share-based incentive plans.

14 Treasury Shares (in $ million)

	The Group and the Company	
	31 March	
	2018	**2017**
Balance at 1 April	**(194.7)**	(381.5)
Purchase of treasury shares	**–**	(134.3)
Treasury shares reissued pursuant to the VGO of Tiger Airways:		
- For cash on exercise of options	**–**	301.2
- Transferred from share-based compensation reserve	**–**	11.4
- Gain on reissuance of treasury shares	**–**	(25.8)
	–	286.8
Treasury shares reissued pursuant to equity compensation plans:		
- For cash on exercise of employee share options	**–**	21.6
- Transferred from share-based compensation reserve	**11.2**	16.0
- Gain on reissuance of treasury shares	**–**	(3.3)
	11.2	34.3
Balance at 31 March	**(183.5)**	(194.7)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

14 Treasury Shares (in $ million) (continued)

During the financial year, the Company did not purchase any treasury shares. In FY2016/17, the Company purchased 12,665,700 of its ordinary shares by way of on-market purchases at share prices ranging from $10.38 to $11.06. The total amount paid to purchase the shares was $134.3 million and this was presented as a component within equity attributable to owners of the Company.

The Company did not reissue any treasury shares pursuant to its employee share option plans during the year. In FY2016/17, the Company issued 2,310,011 treasury shares at a weighted average exercise price of $9.34 each. In addition, 925,425 (FY2016/17: 646,084) shares, 54,470 (FY2016/17: 105,420) shares and 78,930 (FY2016/17: 166,167) shares were reissued pursuant to the RSP, PSP, and DSA respectively. No shares were reissued pursuant to the time-based RSP (FY2016/17: 5,426). The number of treasury shares as at 31 March 2018 was 17,318,177 (2017: 18,377,002).

15 Other Reserves (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Capital reserve	**(139.4)**	(147.6)	**26.7**	25.7
Foreign currency translation reserve	**(175.4)**	(123.7)	**–**	–
Share-based compensation reserve	**79.5**	88.5	**74.6**	76.7
Fair value reserve	**313.5**	(234.4)	**206.7**	(189.6)
General reserve	**12,500.4**	11,838.8	**11,491.4**	10,939.4
	12,578.6	11,421.6	**11,799.4**	10,852.2

(a) Capital reserve

Capital reserve mainly arose from the loss on the acquisition of non-controlling interests in a subsidiary company, revaluation of land and buildings owned by Ritz-Carlton Millenia Properties Private Limited, an associated company, the share of other changes in equity of Virgin Australia Holdings Limited ("VAH"), an associated company, and the gains or losses on the reissuance of treasury shares.

(b) 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 currencies are different from that of the Group's presentation currency.

(c) Share-based compensation reserve

Share-based compensation reserve consists of equity-settled share options and awards granted to employees, that is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and awards.

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of financial assets measured at FVOCI and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges.

15 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

Breakdown of the fair value reserves as follows:

	The Group		The Company	
	31 March		31 March	
	2018	2017	2018	2017
Derivative financial instruments designated as hedging instruments	**313.5**	(234.4)	**206.7**	(189.6)

Fair value changes of financial assets measured at FVOCI:

	The Group		The Company	
	31 March		31 March	
	2018	2017	2018	2017
Gain on fair value changes	**–**	8.0	**–**	5.0
Recognised in the profit and loss account on disposal of financial assets measured at FVOCI	**–**	(108.3)	**–**	–
	–	(100.3)	**–**	5.0

Fair value changes of derivative financial instruments designated as hedging instruments in cash flow hedges:

	The Group		The Company	
	31 March		31 March	
	2018	2017	2018	2017
Gain on fair value changes	**489.2**	29.2	**355.5**	24.3
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	**74.7**	(2.8)	**65.7**	(2.8)
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in "Fuel costs"	**(82.4)**	312.3	**(60.1)**	246.5
Foreign currency contracts recognised in "Other operating expenses"	**51.4**	30.5	**35.0**	28.8
Cross currency swap contracts recognised in "Lease rentals"	**0.2**	(0.1)	**0.2**	(0.1)
Interest rate swap contracts recognised in "Lease rentals"	**–**	0.3	**–**	0.3
	533.1	369.4	**396.3**	297.0

(e) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Movements in the Group's and the Company's general reserves are set out in the Statement of Changes in Equity respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

16 Deferred Account (in $ million)

	The Group 31 March 2018	The Group 31 March 2017	The Company 31 March 2018	The Company 31 March 2017
Deferred (loss)/gain on sale and leaseback transactions				
- operating leases	**(16.0)**	(4.1)	**(9.1)**	(7.3)
- finance leases	**–**	0.4	**–**	–
	(16.0)	(3.7)	**(9.1)**	(7.3)
Deferred credit	**141.3**	251.3	**127.8**	240.3
	125.3	247.6	**118.7**	233.0
Presented as:				
- Current assets	**(9.9)**	(11.8)	**(7.3)**	(9.1)
- Non-current assets	**(52.9)**	(61.1)	**(43.5)**	(49.1)
- Current liabilities	**64.8**	86.0	**60.3**	76.3
- Non-current liabilities	**123.3**	234.5	**109.2**	214.9
	125.3	247.6	**118.7**	233.0

17 Deferred Taxation (in $ million)

	The Group Statement of financial position 31 March 2018	The Group Statement of financial position 31 March 2017	The Group Profit and loss FY2017/18	The Group Profit and loss FY2016/17	The Company Statement of financial position 31 March 2018	The Company Statement of financial position 31 March 2017
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	**2,102.9**	1,958.9	**144.0**	49.0	**1,657.2**	1,547.5
Revaluation to fair value						
- fuel hedging contracts	**108.6**	10.8	**–**	–	**82.4**	8.9
- currency hedging contracts	**2.7**	7.2	**–**	–	**2.5**	6.5
- cross currency swap contracts	**18.4**	1.2	**–**	–	**18.3**	1.2
- financial assets measured at FVOCI	**–**	0.9	**–**	–	**–**	–
Fair value adjustments on acquisition of a subsidiary company	**–**	–	**–**	(16.8)	**–**	–
Other temporary differences	**19.0**	46.2	**(28.5)**	24.1	**13.4**	13.8
Gross deferred tax liabilities	**2,251.6**	2,025.2	**115.5**	56.3	**1,773.8**	1,577.9

17 Deferred Taxation (in $ million) (continued)

	The Group				The Company	
	Statement of financial position		Profit and loss		Statement of financial position	
	31 March				31 March	
	2018	2017	FY2017/18	FY2016/17	2018	2017
Deferred tax assets						
Unabsorbed capital allowances and tax losses	**(1.5)**	(10.5)	**9.0**	(10.3)	**–**	–
Revaluation to fair value						
- fuel hedging contracts	**(8.8)**	(55.5)	**–**	–	**(8.7)**	(42.9)
- currency hedging contracts	**(33.8)**	(10.2)	**–**	–	**(31.7)**	(9.3)
- cross currency swap contracts	**(20.2)**	(1.0)	**–**	–	**(20.2)**	(1.0)
- interest rate cap contracts	**–**	(0.1)	**–**	–	**–**	(0.1)
Actuarial loss on revaluation of defined benefit plans	**(0.4)**	(2.5)	**–**	–	**0.6**	(1.5)
Other temporary differences	**(64.2)**	(54.9)	**(9.3)**	10.1	**(26.6)**	(41.0)
Gross deferred tax assets	**(128.9)**	(134.7)	**(0.3)**	(0.2)	**(86.6)**	(95.8)
Net deferred tax liabilities	**2,122.7**	1,890.5			**1,687.2**	1,482.1
Deferred tax charged to profit and loss			**115.2**	56.1		
Deferred tax charged to equity	**110.9**	70.0			**81.4**	58.2

At the end of the reporting period, deferred tax liability of $0.7 million (2017: $0.7 million) has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiary companies.

For the other subsidiary companies of the Group, no deferred tax liability has been recognised as the Group has determined that undistributed earnings of these subsidiary companies will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to $9.9 million (2017: $8.5 million). The deferred tax liability is estimated to be $3.0 million (2017: $2.6 million).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

18 Borrowings and Long-Term Liabilities (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Current Liabilities				
Borrowings				
Loans	**20.6**	18.3	**–**	–
Finance lease commitments	**–**	23.7	**–**	–
	20.6	42.0	**–**	–
Non-current Liabilities				
Borrowings				
Notes payable	**3,030.1**	1,430.0	**3,030.1**	1,430.0
Loans	**76.6**	95.8	**–**	–
	3,106.7	1,525.8	**3,030.1**	1,430.0
Long-Term Liabilities				
Maintenance reserve	**15.4**	9.8	**15.4**	9.8
Deposit received from a lessee	**8.8**	9.5	**–**	–
Derivative liabilities	**68.9**	249.6	**68.9**	249.6
	93.1	268.9	**84.3**	259.4
	3,199.8	1,794.7	**3,114.4**	1,689.4

Notes payable

Notes payable at 31 March 2018 comprised unsecured notes issued by the Company. The details are set out below.

Series	Year of issuance	Principal amount	Fixed interest rate per annum	Date repayable
001	2010	500.0	3.22%	9 July 2020
002	2014	200.0	3.145%	8 April 2021
003	2014	300.0	3.75%	8 April 2024
004	2016	630.0*	3.13%	17 November 2026
005	2017	700.0	3.035%	11 April 2025
006	2017	700.0	3.13%	23 August 2027

* Comprised $430 million in aggregate principal amount issued on 17 November 2016 and $200 million in aggregate principal amount issued on 17 October 2017 that was consolidated into Series 004.

18 Borrowings and Long-Term Liabilities (in $ million) (continued)

Loans

A short-term loan of $1.4 million (2017: $0.6 million) is a revolving credit facility denominated in USD taken by a subsidiary company. The loan is unsecured and bears a fixed interest ranging from 2.75% to 3.15% (FY2016/17: 2.50% to 2.75%) per annum. The current revolving credit facility is repayable within 12 months after the reporting date.

A short-term loan of $3.2 million (2017: $3.5 million) denominated in USD taken by a subsidiary company is unsecured and bears an average floating rate of 3.17% (FY2016/17: 2.09%) per annum, re-priced quarterly.

A short term loan of $1.3 million (2017: nil) was taken by a subsidiary company. The loan is unsecured and bears a fixed interest of 2.16% per annum.

The other short-term loans of $14.7 million (2017: $14.2 million) are European Export Credit Agency ("ECA") aircraft financing loans denominated in SGD taken by a subsidiary company. These are in the form of credit support, where a bank or other financial institution lends money to the borrower with the loan guaranteed by the ECA. The secured bank loans are secured via assignment of the aircraft purchase agreement, assignment of engine warranty and credit agreement as well as mortgage of the aircraft. The interest rates range from 2.92% to 4.11% (FY2016/17: 2.82% to 4.11%) per annum and the loans are repayable within 12 months after the reporting date.

A long-term loan of $17.3 million (2017: $21.8 million) denominated in USD taken by a subsidiary company is unsecured and bears an average floating rate of 3.17% (FY2016/17: 2.09%) per annum, re-priced quarterly. This loan is repayable in 2022.

The other long-term loans of $59.3 million (2017: $74.0 million) are ECA aircraft financing loans denominated in SGD taken by a subsidiary company. The interest rates range from 2.92% to 4.11% per annum (FY2016/17: 2.82% to 4.11%) and the loans are repayable by 2024.

As part of the ECA financing arrangements with banks, special purpose entities ("SPEs") (note 22) were incorporated. As at 31 March 2018, there were ECA financing arrangements with banks to finance four aircraft (2017: four aircraft). Pursuant to the ECA financing, the legal ownership of the aircraft is vested in the SPEs. The subsidiary companies leased the aircraft using finance lease arrangements with Falcon Aircraft Limited and Winnie Aircraft Limited. The subsidiary companies have purchase options to acquire legal ownership of the aircraft from the SPEs at the end of the lease term at a bargain purchase option price.

Finance lease commitments

During the financial year, SIA Cargo purchased one B747-400 freighter through the exercise of a purchase option in a finance lease. The finance lease matured during the year and bore a fixed interest of 5.81% (FY2016/17: 5.81%) per annum.

Future minimum lease payments under these finance leases are as follows:

	The Group 31 March			
	2018		2017	
	Minimum Lease Payments	Present Value of Payments	Minimum Lease Payments	Present Value of Payments
Minimum lease payments not later than one year	–	–	24.5	23.7
Amounts representing interest	–	–	(0.8)	–
Present value of minimum lease payments	–	–	23.7	23.7

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

19 Provisions (in $ million)

Included are provisions for return costs for leased aircraft, onerous leases, lease end liability, warranty claims and upgrade costs. It is expected that the return costs will be incurred by the end of the lease terms.

An analysis of the provisions is as follows:

The Group

	Return costs for leased aircraft	Onerous leases	Others	Total
Balance at 1 April 2016	1,002.5	41.9	51.2	1,095.6
Provision during the year	286.4	2.6	26.6	315.6
Provision written back during the year	(8.0)	–	(0.2)	(8.2)
Provision utilised during the year	(151.2)	(13.3)	(13.3)	(177.8)
Reclassification	7.5	–	–	7.5
Balance at 31 March 2017	1,137.2	31.2	64.3	1,232.7
Current	296.7	13.7	12.0	322.4
Non-current	840.5	17.5	52.3	910.3
	1,137.2	31.2	64.3	1,232.7
Balance at 1 April 2017	1,137.2	31.2	64.3	1,232.7
Provision during the year	270.5	0.5	23.9	294.9
Provision written back during the year	(11.5)	(0.7)	–	(12.2)
Provision utilised during the year	(295.4)	(14.5)	(14.9)	(324.8)
Balance at 31 March 2018	1,100.8	16.5	73.3	1,190.6
Current	348.4	6.8	13.9	369.1
Non-current	752.4	9.7	59.4	821.5
	1,100.8	16.5	73.3	1,190.6

19 Provisions (in $ million) (continued)

The Company

	Return costs for leased aircraft	Others	Total
Balance at 1 April 2016	779.6	48.1	827.7
Provision during the year	246.6	25.6	272.2
Provision written back during the year	(0.9)	–	(0.9)
Provision utilised during the year	(139.0)	(13.2)	(152.2)
Balance at 31 March 2017	886.3	60.5	946.8
Current	288.3	10.5	298.8
Non-current	598.0	50.0	648.0
	886.3	60.5	946.8
Balance at 1 April 2017	886.3	60.5	946.8
Provision during the year	222.5	23.5	246.0
Provision written back during the year	(0.2)	–	(0.2)
Provision utilised during the year	(275.5)	(14.6)	(290.1)
Balance at 31 March 2018	833.1	69.4	902.5
Current	313.6	12.2	325.8
Non-current	519.5	57.2	576.7
	833.1	69.4	902.5

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

20 Property, Plant and Equipment (in $ million)

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2016	20,072.5	577.8	264.0
Additions	91.7	21.2	33.0
Transfers	2,185.3	3.8	2.1
Disposals	(497.3)	(24.4)	(28.5)
Exchange differences	–	0.2	–
At 31 March 2017	21,852.2	578.6	270.6
Additions	97.1	94.1	20.7
Transfers	3,497.6	0.5	34.1
Disposals	(963.1)	(38.1)	(0.5)
Exchange differences	–	(0.3)	–
At 31 March 2018	24,483.8	634.8	324.9
Accumulated depreciation and impairment losses			
At 1 April 2016	9,966.3	323.7	113.6
Depreciation	1,408.6	26.1	23.9
Impairment losses	21.2	3.9	–
Transfers	(13.6)	(0.1)	13.6
Disposals	(359.4)	(7.6)	(21.4)
Exchange differences	–	0.2	–
At 31 March 2017	11,023.1	346.2	129.7
Depreciation	1,483.6	26.4	22.4
Impairment losses	34.3	3.8	–
Disposals	(811.4)	(19.3)	(0.5)
Exchange differences	–	(0.3)	–
At 31 March 2018	11,729.6	356.8	151.6
Net book value			
At 31 March 2017	10,829.1	232.4	140.9
At 31 March 2018	12,754.2	278.0	173.3

	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
	15.7	147.4	611.0	738.6	288.8	3,167.9	25,883.7
	–	–	1.3	45.4	10.7	3,826.6	4,029.9
	–	–	18.9	18.9	13.9	(2,242.9)	–
	–	–	–	(44.9)	(16.6)	–	(611.7)
	–	–	1.5	0.5	0.1	–	2.3
	15.7	147.4	632.7	758.5	296.9	4,751.6	29,304.2
	–	–	0.8	68.5	21.6	4,943.2	5,246.0
	–	–	0.3	–	8.4	(3,540.9)	–
	–	(11.5)	(0.1)	(37.6)	(13.0)	–	(1,063.9)
	–	–	(2.6)	(3.4)	(0.4)	(0.1)	(6.8)
	15.7	135.9	631.1	786.0	313.5	6,153.8	33,479.5
	–	126.3	453.2	504.4	252.7	–	11,740.2
	–	3.3	12.1	59.8	18.3	–	1,552.1
	–	–	–	–	–	–	25.1
	–	–	–	0.1	–	–	–
	–	–	–	(43.4)	(15.3)	–	(447.1)
	–	–	0.2	0.2	–	–	0.6
	–	129.6	465.5	521.1	255.7	–	12,870.9
	–	3.1	12.1	71.4	20.6	–	1,639.6
	–	–	–	–	–	–	38.1
	–	(10.6)	(0.1)	(36.5)	(12.5)	–	(890.9)
	–	–	(0.4)	(1.9)	(0.2)	–	(2.8)
	–	122.1	477.1	554.1	263.6	–	13,654.9
	15.7	17.8	167.2	237.4	41.2	4,751.6	16,433.3
	15.7	13.8	154.0	231.9	49.9	6,153.8	19,824.6

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

20 Property, Plant and Equipment (in $ million) (continued)

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2016	15,795.6	338.7	79.6
Additions	81.2	9.0	21.4
Transfers	1,657.3	(0.1)	2.1
Disposals	(273.5)	(20.7)	(28.5)
At 31 March 2017	17,260.6	326.9	74.6
Additions	94.9	86.9	20.7
Transfers	2,606.6	–	–
Disposals	(910.1)	(29.3)	–
At 31 March 2018	19,052.0	384.5	95.3
Accumulated depreciation and impairment losses			
At 1 April 2016	8,436.9	213.5	21.7
Depreciation	1,146.7	9.0	8.9
Impairment losses	–	3.9	–
Transfers	(13.6)	(0.1)	13.6
Disposals	(208.2)	(5.4)	(21.4)
At 31 March 2017	9,361.8	220.9	22.8
Depreciation	1,183.6	9.2	7.4
Impairment losses	26.4	0.2	–
Transfers	–	–	–
Disposals	(759.5)	(14.2)	–
At 31 March 2018	9,812.3	216.1	30.2
Net book value			
At 31 March 2017	7,898.8	106.0	51.8
At 31 March 2018	9,239.7	168.4	65.1

	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
	15.7	147.4	332.3	426.1	223.4	2,442.3	19,801.1
	–	–	–	17.4	8.2	2,983.3	3,120.5
	–	–	–	0.1	–	(1,659.4)	–
	–	–	–	(19.0)	(10.1)	–	(351.8)
	15.7	147.4	332.3	424.6	221.5	3,766.2	22,569.8
	–	–	–	43.4	18.9	3,988.8	4,253.6
	–	–	–	–	–	(2,606.6)	–
	–	(11.5)	–	(23.8)	(10.8)	–	(985.5)
	15.7	135.9	332.3	444.2	229.6	5,148.4	25,837.9
	–	126.3	314.4	244.0	203.1	–	9,559.9
	–	3.3	1.8	40.0	9.6	–	1,219.3
	–	–	–	–	–	–	3.9
	–	–	–	0.1	–	–	–
	–	–	–	(19.0)	(10.1)	–	(264.1)
	–	129.6	316.2	265.1	202.6	–	10,519.0
	–	3.1	1.8	48.6	10.9	–	1,264.6
	–	–	–	–	–	–	26.6
	–	–	–	–	–	–	–
	–	(10.6)	–	(22.8)	(10.6)	–	(817.7)
	–	122.1	318.0	290.9	202.9	–	10,992.5
	15.7	17.8	16.1	159.5	18.9	3,766.2	12,050.8
	15.7	13.8	14.3	153.3	26.7	5,148.4	14,845.4

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

20 Property, Plant and Equipment (in $ million) (continued)

Assets held under finance leases

	The Group 31 March	
	2018	2017
Net book value of property, plant and equipment acquired under finance leases:		
- aircraft	–	124.7
- plant and equipment	–	0.1
	–	124.8

Assets held as security

Tiger Airways Holdings Pte Ltd's ("TAH") aircraft with carrying amount of $120.2 million (2017: $133.6 million) are mortgaged to the banks under ECA financing (note 18).

SilkAir (Singapore) Private Limited's ("SilkAir") spare engines with carrying amounts of $13.2 million (2017: $25.9 million) are pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to SilkAir.

Impairment of aircraft

In the financial year ended 31 March 2018, an impairment loss of $7.9 million (FY2016/17: $21.2 million) was recognised on one Airbus 320 (FY2016/17: two Boeing 777-200) aircraft that was removed from the operating fleet. The recoverable amount was based on the estimated disposal value. This amount was recognised as a non-operating item (note 9). The estimated disposal value was classified as Level 1 under the fair value hierarchy.

In addition, an impairment loss of $26.4 million was recognised on one Boeing 777-200 damaged beyond economic repair. The damage costs are recoverable through insurance.

21 Intangible Assets (in $ million)

The Group

	Goodwill	Brand	Trademarks	Computer software and others	Deferred engine development cost	Advance and progress payments	Total
Cost							
At 1 April 2016	170.4	75.9	25.0	560.2	58.2	10.5	900.2
Additions	–	–	–	12.5	1.6	30.4	44.5
Disposals	–	–	–	(1.4)	(3.1)	–	(4.5)
Transfers	–	–	–	27.2	–	(27.2)	–
Exchange differences	–	–	–	–	2.1	–	2.1
At 31 March 2017	170.4	75.9	25.0	598.5	58.8	13.7	942.3
Additions	–	–	–	11.0	7.0	42.0	60.0
Disposals	–	–	–	(32.2)	–	–	(32.2)
Transfers	–	–	–	29.0	–	(29.0)	–
Exchange differences	–	–	–	(0.1)	(4.0)	–	(4.1)
At 31 March 2018	170.4	75.9	25.0	606.2	61.8	26.7	966.0
Accumulated amortisation and impairment losses							
At 1 April 2016	–	–	1.6	382.8	–	–	384.4
Amortisation	–	–	1.1	35.4	3.3	–	39.8
Impairment losses	–	75.9	22.3	–	–	–	98.2
Disposals	–	–	–	(0.7)	(2.9)	–	(3.6)
At 31 March 2017	–	75.9	25.0	417.5	0.4	–	518.8
Amortisation	–	–	–	41.1	3.3	–	44.4
Disposals	–	–	–	(32.1)	–	–	(32.1)
Exchange differences	–	–	–	–	(0.4)	–	(0.4)
At 31 March 2018	–	75.9	25.0	426.5	3.3	–	530.7
Net book value							
At 31 March 2017	170.4	–	–	181.0	58.4	13.7	423.5
At 31 March 2018	170.4	–	–	179.7	58.5	26.7	435.3

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

21 Intangible Assets (in $ million) (continued)

The Company

	Computer software and others	Advance and progress payments	Total
Cost			
At 1 April 2016	468.3	5.1	473.4
Additions	9.7	20.7	30.4
Transfers	17.5	(17.5)	–
At 31 March 2017	495.5	8.3	503.8
Additions	10.4	32.4	42.8
Disposals	(23.2)	–	(23.2)
Transfers	21.6	(21.6)	–
At 31 March 2018	504.3	19.1	523.4
Accumulated amortisation			
At 1 April 2016	306.4	–	306.4
Amortisation	27.9	–	27.9
At 31 March 2017	334.3	–	334.3
Amortisation	32.4	–	32.4
Disposals	(23.1)	–	(23.1)
At 31 March 2018	343.6	–	343.6
Net book value			
At 31 March 2017	161.2	8.3	169.5
At 31 March 2018	160.7	19.1	179.8

Impairment testing of goodwill, brand and trademarks

The goodwill acquired through the acquisition of TAH has an indefinite useful life and is included in the "Low-cost Airlines" CGU. The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a four-year period (2017: five-year period). The post-tax discount rate applied to cash flow projections is 7.0% (2017: 7.0%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the four-year period (2017: five-year period) is 4.5% (2017: 3.5%).

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:

Post-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Growth rate – The forecast long-term growth rate is based on published industry research and does not exceed the long-term average growth rate for the industry.

A reasonable change to the assumptions used by Management to determine the impairment required, particularly the discount rate and long-term growth rate, would not significantly affect the results.

In the prior financial year, there was a $75.9 million write-down for the brand and $22.3 million write-down for trademarks as the use of the Tiger brand was discontinued following the integration of Tiger Airways' and Scoot's operations under a single brand "Scoot".

22 Subsidiary Companies (in $ million)

	The Company 31 March	
	2018	**2017**
Investment in subsidiary companies	**3,380.9**	3,380.9
Accumulated impairment losses	**(52.7)**	(52.7)
	3,328.2	3,328.2
Long-term loans to a subsidiary company	**1,517.5**	1,289.5
Accumulated impairment loss	**(4.9)**	(7.6)
	4,840.8	4,610.1

During the financial year:

1. SIAEC incorporated a subsidiary, SIA Engineering Japan Corporation ("SEJC") on 19 May 2017. As at year end, the total capital contribution in SEJC was approximately $2.7 million. SIAEC holds 100% equity stake in SEJC.

2. In May 2017, with the completion of redemption and cancellation of all outstanding Perpetual Convertible Capital Securities, Tiger Airways Holdings Limited no longer has any outstanding securities nor any intention to issue any securities on the Mainboard of the Singapore Exchange. Hence, the Board has resolved for the conversion of Tiger Airways Holdings Limited from a public limited company to a private company, and to be known henceforth as Tiger Airways Holdings Pte. Ltd..

3. Scoot Pte. Ltd. and Tiger Airways Singapore Pte. Ltd. amalgamated on 25 July 2017, with Tiger Airways Singapore Pte. Ltd. continuing as the amalgamated company and being renamed Scoot Tigerair Pte. Ltd..

4. SIA (Mauritius) Ltd, a company incorporated in the Republic of Mauritius, has been placed under members' voluntary liquidation pursuant to the laws of the Republic of Mauritius on 20 October 2017.

5. SIAEC invested approximately $6.5 million in NexGen Network (2) Holding Pte. Ltd..

6. SIAEC invested approximately $3.1 million in Heavy Maintenance Singapore Services Pte. Ltd..

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
SIA Engineering Company Limited*	Engineering services	Singapore	**77.8**	77.7
Aircraft Maintenance Services Australia Pty. Ltd.(1)**	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	**77.8**	77.7
NexGen Network (1) Holding Pte. Ltd.(1)*	Investment holding	Singapore	**77.8**	77.7
NexGen Network (2) Holding Pte. Ltd.(1)*	Investment holding	Singapore	**77.8**	77.7
SIA Engineering (USA), Inc.(1)@	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	**77.8**	77.7
SIAEC Global Private Limited(1)*	Investment holding	Singapore	**77.8**	77.7
SIA Engineering Japan Corporation(1)@@	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Japan	**77.8**	–
Singapore Jamco Services Private Limited(1)*	Maintenance, repair and overhaul of aircraft and cabin components/systems	Singapore	**62.2**	62.1
SIA Engineering (Philippines) Corporation(1)**	Provide airframe maintenance and component overhaul services	Philippines	**50.6**	50.5
Heavy Maintenance Singapore Services Pte. Ltd.(1)*	Provide airframe maintenance and component overhaul services	Singapore	**50.6**	50.5
Aerospace Component Engineering Services Pte. Limited(1) (2)*	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	**39.7**	39.6

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
Aviation Partnership (Philippines) Corporation(1) (2)**	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	**39.7**	39.6
Singapore Airlines Cargo Pte Ltd*	Air cargo transportation	Singapore	**100.0**	100.0
Cargo Community Network Pte Ltd(3)*	Providing and marketing of cargo community systems	Singapore	**51.0**	51.0
Cargo Community (Shanghai) Co. Ltd.(4)****+	Marketing and support of portal services for the air cargo industry	People's Republic of China	**51.0**	51.0
SilkAir (Singapore) Private Limited*	Air transportation	Singapore	**100.0**	100.0
Tradewinds Tours & Travel Private Limited(5)*	Tour wholesaling	Singapore	**100.0**	100.0
Budget Aviation Holdings Pte. Ltd.*	Investment holding	Singapore	**100.0**	100.0
Tiger Airways Holdings Pte. Ltd.(6)*	Investment holding	Singapore	**100.0**	100.0
Scoot Tigerair Pte. Ltd. (Previously known as Tiger Airways Singapore Pte. Ltd.)(7)*	Air transportation	Singapore	**100.0**	100.0
Roar Aviation Pte. Ltd.(7)*	Investment holding	Singapore	**100.0**	100.0
Roar Aviation II Pte. Ltd.(7)@@	Investment holding	Singapore	**100.0**	100.0
Roar Aviation III Pte. Ltd.(7)@@	Investment holding	Singapore	**100.0**	100.0
Simple Holidays Pte. Ltd.(7)*	Reservation service activities	Singapore	**100.0**	100.0
Singapore Aviation and General Insurance Company (Pte) Limited*	Aviation insurance	Singapore	**100.0**	100.0
Singapore Flying College Pte Ltd*	Training of pilots	Singapore	**100.0**	100.0
Sing-Bi Funds Private Limited*	Investment holding	Singapore	**100.0**	100.0

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	Percentage of equity held by the Group 2017
Singapore Airport Duty-Free Emporium (Private) Limited*	Inactive	Singapore	**76.0**	76.0
SIA (Mauritius) Ltd#	Inactive	Mauritius	**100.0**	100.0

(1) *Held by SIA Engineering Company*

(2) *The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company*

(3) *Held by Singapore Airlines Cargo Pte Ltd*

(4) *Held by Cargo Community Network Pte Ltd*

(5) *Held by SilkAir (Singapore) Private Limited*

(6) *Held by Budget Aviation Holdings Pte. Ltd.*

(7) *Held by Tiger Airways Holdings Pte. Ltd.*

* *Audited by KPMG LLP, Singapore*

** *Audited by member firms of KPMG International in the respective countries*

*** *Audited by Shanghai HDDY Certified Public Accountants Co., Ltd*

@ *Not required to be audited under the law in country of incorporation*

@@ *Not required to be audited in the current financial year*

\+ *Financial year end 31 December*

\# *In members' voluntary liquidation*

<u>Special purpose entities</u>

Details of the operating SPEs controlled and consolidated by the Group at the end of financial year are as follows:

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

The SPEs are held by Tiger Airways Holdings Pte. Ltd. and are audited by Ernst & Young LLP, Mauritius.

Although the Group does not hold shares in these companies, they are considered subsidiary companies 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 the sole purpose of financing of the Group's aircraft (note 18).

22 Subsidiary Companies (in $ million) (continued)

(b) Interest in subsidiary company with material non-controlling interests ("NCI")

The Group has the following subsidiary company that has NCI that are material to the Group:

	SIA Engineering Company Group of Companies	
	2018	**2017**
Proportion of ownership interest held by NCI	**22.2%**	22.3%
Profit allocated to NCI during the reporting period	**42.1**	79.6
Accumulated NCI at the end of reporting period	**363.3**	381.2
Dividends paid to NCI	**50.1**	36.2

(c) Summarised financial information about subsidiary company with material NCI

Summarised financial information before intercompany eliminations of the subsidiary company with material non-controlling interests are as follows:

Summarised balance sheet

	SIA Engineering Company Group of Companies 31 March	
	2018	**2017**
Current		
Assets	**905.5**	979.4
Liabilities	**(247.6)**	(279.4)
Net current assets	**657.9**	700.0
Non-current		
Assets	**913.1**	939.0
Liabilities	**(43.8)**	(51.0)
Net non-current assets	**869.3**	888.0
Net assets	**1,527.2**	1,588.0

(d) Summarised statement of comprehensive income

	SIA Engineering Company Group of Companies	
	FY2017/18	**FY2016/17**
Revenue	**1,094.9**	1,104.1
Profit before tax	**206.4**	355.1
Taxation	**(21.1)**	(17.9)
Profit after tax	**185.3**	337.2
Other comprehensive income	**(35.6)**	(123.7)
Total comprehensive income	**149.7**	213.5

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

22 Subsidiary Companies (in $ million) (continued)

(e) Other summarised information

	SIA Engineering Company Group of Companies	
	FY2017/18	FY2016/17
Net cash flow from operations	**54.3**	131.8
Acquisition of significant property, plant and equipment	**(31.6)**	(38.2)

(f) Changes in ownership interests in a subsidiary company

Acquisition of non-controlling interests without a change in control

FY2016/17

In the prior year, the Group acquired the remaining 4.5% interests in TAH via the following:

- 4.4% for cash consideration of $49.3 million and option to subscribe for the Company's shares; and
- 0.1% for cash consideration of $1.9 million ($1.07 per Perpetual Convertible Capital Securities ("PCCS")) held by the non-controlling interests.

Financial effects

The following summarises the effect of the changes in the Group's ownership interests in TAH on the equity attributable to owners of the Company.

	31 March 2017
Consideration paid for acquisition of non-controlling interests	51.2
Decrease in equity attributable to non-controlling interests	(12.9)
Decrease in equity attributable to owners of the Company	38.3

23 Associated Companies (in $ million)

	The Group 31 March		The Company 31 March	
	2018	2017	2018	2017
Investment in associated companies	**1,060.7**	1,068.8	**827.9**	766.2
Accumulated impairment losses	**(11.9)**	(11.9)	**(9.4)**	(9.4)
	1,048.8	1,056.9	**818.5**	756.8

During the financial year:

1. The Company injected $61.7 million in TATA SIA Airlines Limited ("TATA-SIA"). There was no change in the Group's 49% equity stake in TATA-SIA after the capital injection.

2. SIAEC, together with Moog Inc, incorporated an entity, Moog Aircraft Service Asia Pte. Ltd. ("MASA"). SIAEC holds a 49% equity stake and Moog Inc holds the remaining 51%. SIAEC assessed the classification of the investment and recorded it as an associated company. As at year end, the total capital contribution in MASA was approximately $4.6 million.

23 Associated Companies (in $ million) (continued)

3. SIAEC divested its 19% shareholding in Asian Compressor Technology Services Co Ltd to MB Aerospace Newton Abbot Limited. The gain on sale of the investment at the Group level was approximately $14.3 million.

4. Ritz-Carlton, Millenia Singapore Properties Private Limited recorded a revaluation gain of $59.3 million from its annual revaluation exercise of its land and building. The Group's share of the revaluation gain of $11.9 million as at 31 March 2018 is included under the share of post-acquisition capital reserve.

5. On 5 March 2018, Hong Kong Airlines Ltd ("HKA") completed the subscription for new shares in Pan Asia Pacific Services Limited ("PAPAS") for a cash consideration of approximately HK$21.7 million (S$3.6 million). After HKA's subscription for new shares in PAPAS, SIAEC's relative interest in PAPAS is 40%. A gain on dilution of $0.9 million was recognised in profit or loss.

6. SIAEC invested approximately $27.5 million in Boeing Asia Pacific Aviation Services Pte. Ltd..

7. In September 2017, Jeju Air subscribed for new shares in Air Black Box Asia Pacific Pte. Ltd. ("Air Black Box"). Due to the new investment by Jeju Air, the Group's shareholdings in Air Black Box was reduced to 13%.

The associated companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
TATA SIA Airlines Limited[(b)]	Domestic and international full service scheduled passenger airlines services	India	**49.0**	49.0
Airbus Asia Training Centre Pte. Ltd.[+++(c)]	Flight training services	Singapore	**45.0**	45.0
Ritz-Carlton, Millenia Singapore Properties Private Limited[+++^]	Hotel ownership and management	Singapore	**20.0**	20.0
Virgin Australia Holdings Limited[+**]	Air transportation	Australia	**20.0**	20.0
Boeing Asia Pacific Aviation Services Pte. Ltd.[(1)+++(a)]	Provide engineering, material management and fleet support solutions	Singapore	**38.1**	38.0
Eagle Services Asia Private Limited[(1)+++^]	Repair and overhaul of aircraft engines	Singapore	**38.1**	38.0
Fuel Accessory Service Technologies Pte Ltd[(1)++^]	Repair and overhaul of engine fuel components and accessories	Singapore	**38.1**	38.0
Moog Aircraft Services Asia Pte. Ltd.[(1)#]	Repair and overhaul services for flight control systems	Singapore	**38.1**	–
PT JAS Aero-Engineering Services[(1)+++(f)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	**38.1**	38.0

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

23 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
Southern Airports Aircraft Maintenance Services Company Limited[(1)+++(b)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	**38.1**	38.0
Component Aerospace Singapore Pte. Ltd.[(1)++^]	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	**36.1**	36.0
JAMCO Aero Design & Engineering Private Limited[(1)(i)]	Providing turnkey solutions for aircraft interior modifications	Singapore	**35.0**	34.9
Panasonic Avionics Services Singapore Pte. Ltd.[(1)*]	Provide line maintenance and repair services of in-flight entertainment systems	Singapore	**33.1**	33.0
Goodrich Aerostructures Service Center-Asia Pte Ltd[(1)+++^]	Repair and overhaul of aircraft nacelles, thrust reservers and pylons	Singapore	**31.1**	31.1
Pan Asia Pacific Aviation Services Ltd[(1)(e)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	**31.1**	36.6
Safran Electronics & Defense Services Asia Pte. Ltd.[(1)+++(c)]	Provide avionics maintenance, repair and overhaul services	Singapore	**31.1**	31.1
Safran Landing Systems Services Singapore Pte. Ltd.[(1)+++(g)]	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	**31.1**	31.1
Asian Surface Technologies Pte Ltd[(1)+++(d)]	Repair and overhaul of aircraft engine fan blades	Singapore	**30.5**	30.4
International Aerospace Tubes-Asia Pte. Ltd.[(1)+++^]	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	**25.9**	25.9
Asian Compressor Technology Services Co Ltd[(1)+++^@]	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	**–**	19.0
Turbine Coating Services Pte Ltd[(1)++^@]	Repair and overhaul of aircraft engine turbine airfoils	Singapore	**19.1**	19.0

23 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
Jamco Singapore Private Limited[(1)(i)@]	Manufacturing and sales of aircraft cabin equipment	Singapore	**15.6**	15.5
Air Black Box Asia Pacific Pte. Ltd.[(2)+++(h)@@]	Provision of support services to air transportation	Singapore	**13.0**	15.0

[(1)] *Held by SIA Engineering Company*

[(2)] *Held by Scoot Tigerair Pte. Ltd.*

* *Audited by KPMG LLP, Singapore*

** *Audited by member firms of KPMG International*

^ *Audited by PricewaterhouseCoopers LLP, Singapore*

^^ *Audited by member firms of PricewaterhouseCoopers*

[(a)] *Audited by Deloitte & Touche, Singapore*

[(b)] *Audited by member firms of Deloitte & Touche*

[(c)] *Audited by Ernst & Young LLP, Singapore*

[(d)] *Audited by RSM Chio Lim, Singapore*

[(e)] *Audited by BDO Limited, Hong Kong*

[(f)] *Audited by RSM AAJ, Indonesia*

[(g)] *Audited by Mazars LLP, Singapore*

[(h)] *Audited by Wong, Lee & Associates LLP*

[(i)] *Audited by Grant Thorton LLP, Singapore*

[#] *Not required to be audited in the current financial year*

[+] *Financial year end 30 June*

[++] *Financial year end 30 November*

[+++] *Financial year end 31 December*

[@] *The Group has significant influence in these entities through its holdings in SIAEC*

[@@] *The Group has significant influence by virtue of the board representation*

The carrying amounts of the investment in associated companies are as follows:

	The Group 31 March 2018	2017
Virgin Australia Holdings Limited	**432.3**	490.1
Eagle Services Asia Private Limited ("ESA")	**175.3**	164.8
Other associated companies	**441.2**	402.0
	1,048.8	1,056.9

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

23 Associated Companies (in $ million) (continued)

The activities of the associated companies are strategic to the Group's activities.

The Group has two (2017: two) associated companies that are material and a number of associated companies that are individually immaterial to the Group. All are equity accounted. The following summarises the financial information of each of the Group's material associated companies based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisitions and differences in the Group's accounting policies.

Summarised statement of financial position

	VAH 31 March		ESA 31 March	
	2018	**2017**	**2018**	**2017**
Current assets	**1,711.5**	1,912.3	**367.4**	296.9
Non-current assets	**4,687.6**	4,813.1	**80.3**	52.4
Total assets	**6,399.1**	6,725.4	**447.7**	349.3
Current liabilities	**(2,310.0)**	(2,205.0)	**(86.4)**	(10.1)
Non-current liabilities	**(2,418.3)**	(2,692.8)	**(3.6)**	(2.9)
Total liabilities	**(4,728.3)**	(4,897.8)	**(90.0)**	(13.0)
Net assets	**1,670.8**	1,827.6	**357.7**	336.3

Summarised statement of comprehensive income

	VAH		ESA	
	FY2017/18	**FY2016/17**	**FY2017/18**	**FY2016/17**
(Loss)/Profit after tax	**(218.7)**	(373.7)	**59.2**	46.6
Other comprehensive income	**50.9**	69.5	**–**	–
Total comprehensive income	**(167.8)**	(304.2)	**59.2**	46.6

A reconciliation of the summarised financial information to the carrying amounts of VAH and ESA is as follows:

	The Group 31 March	
	2018	**2017**
VAH		
Group's share of net assets	**333.9**	369.8
Goodwill on acquisition	**117.1**	117.1
Other adjustments	**(18.7)**	3.2
	432.3	490.1
ESA		
Group's share of net assets	**175.3**	164.8

23 Associated Companies (in $ million) (continued)

Dividends of approximately $8.0 million (FY2016/17: $8.9 million) were received from ESA during the financial year.

The fair value of the Group's ownership interest in VAH, which is determined based on its quoted market price and the value of other contractual arrangements exceeds its carrying amount. The fair value is classified as Level 2 under the fair value hierarchy.

Aggregate information about the Group's share of the results of the associated companies that are not individually material is as follows:

Summarised statement of comprehensive income

	Immaterial associates	
	FY2017/18	FY2016/17
Profit/(Loss) after tax	**5.4**	(5.4)
Other comprehensive income	**12.0**	6.5
Total comprehensive income	**17.4**	1.1

24 Joint Venture Companies (in $ million)

	The Group 31 March	
	2018	2017
Investment in joint venture companies	**150.6**	160.2

The joint venture companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
Singapore Aero Engine Services Pte Ltd[1]	Repair and overhaul of aircraft engines	Singapore	**38.9**	38.8
NokScoot Airlines Co., Ltd.[2]	Air transportation	Thailand	**49.0**	49.0

(1) *Held by SIA Engineering Company, audited by KPMG LLP, Singapore, and financial year end of 31 December.*

(2) *Held by Scoot Tigerair Pte. Ltd., audited by Deloitte & Touche, Thailand, and financial year end of 31 December.*

The Group jointly controls all the joint venture companies with other partners under contractual agreements that require unanimous consent for all major decisions over the relevant activities; they are all equity accounted.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

24 Joint Venture Companies (in $ million) (continued)

The carrying amounts of the investments are as follows:

	The Group 31 March	
	2018	**2017**
Singapore Aero Engine Services Pte Ltd ("SAESL")	**151.9**	162.0
Other joint venture companies	**(1.3)**	(1.8)
	150.6	160.2

The activities of SAESL are strategic to the Group's activities.

Dividends of approximately $45.9 million (FY2016/17: $22.8 million) were received from SAESL during the financial year.

Summarised financial information in respect of SAESL, which is material to the Group, is as follows:

Summarised statement of financial position

	SAESL 31 March	
	2018	**2017**
Cash and short-term deposits	**45.6**	22.2
Other current assets	**642.1**	509.9
Total current assets	**687.7**	532.1
Non-current assets	**263.1**	282.7
Total assets	**950.8**	814.8
Current liabilities	**(437.8)**	(384.6)
Non-current liabilities	**(209.3)**	(106.2)
Total liabilities	**(647.1)**	(490.8)
Net assets	**303.7**	324.0

24 Joint Venture Companies (in $ million) (continued)

Summarised statement of comprehensive income

	SAESL	
	FY2017/18	**FY2016/17**
Revenue	**1,980.5**	1,578.5
Depreciation and amortisation	**(21.6)**	(21.3)
Interest income	**0.1**	0.1
Interest expense	**(4.8)**	(3.1)
Profit before tax	**85.8**	62.1
Taxation	**(5.2)**	(0.3)
Profit after tax	**80.6**	61.8
Other comprehensive income	**9.8**	1.7
Total comprehensive income	**90.4**	63.5

The summarised financial information presented is extracted from the financial statements of SAESL prepared in accordance with FRS.

Aggregate information about the Group's investment in the other joint venture companies that are not individually material is as follows:

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

	The Group 31 March	
	2018	**2017**
Assets and liabilities		
Current assets	**56.0**	54.7
Non-current assets	**0.9**	0.8
	56.9	55.5
Current liabilities	**(57.7)**	(57.0)
Non-current liabilities	**(0.5)**	(0.3)
	(1.3)	(1.8)

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

	The Group	
	FY2017/18	**FY2016/17**
Results		
Profit/(Loss) after tax and total comprehensive income	**0.7**	(10.0)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

25 Long-Term Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Quoted				
Non-equity investments	**76.3**	138.7	**76.3**	138.7
Unquoted				
Non-equity investments	**224.7**	221.9	**224.7**	221.9
Equity investments	**45.0**	45.1	**34.6**	34.7
	346.0	405.7	**335.6**	395.3

The Group's non-equity investments comprised investments in corporate bonds, certificates of deposits and investment funds.

The interest rates for quoted and unquoted non-equity investments range from 3.01% to 4.35% (FY2016/17: 2.37% to 3.80%) per annum and 1.00% (FY2016/17: 1.00% to 4.46%) per annum respectively.

26 Other Long-Term Assets (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Other receivables	**431.9**	435.7	**333.8**	354.3
Derivative assets	**290.8**	43.6	**290.8**	43.6
	722.7	479.3	**624.6**	397.9

The Group's other receivables are stated at amortised cost and are expected to be received over a period of two to 10 years.

27 Inventories (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Technical stocks and stores	**160.6**	160.1	**95.1**	94.6
Catering and general stocks	**18.7**	18.3	**12.9**	11.5
Total inventories at lower of cost and net realisable value	**179.3**	178.4	**108.0**	106.1

The cost of inventories recognised as an expense amounted to $126.8 million (FY2016/17: $109.9 million). In addition, the Group wrote down $7.4 million (FY2016/17: $5.8 million) of inventories, which is recognised as other operating expenses in the profit and loss account.

28 Trade Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Trade debtors	**1,271.4**	1,075.0	**831.9**	694.7
Accrued receivables	**103.2**	43.9	**–**	–
Amounts owing by associated companies	**8.0**	9.0	**0.5**	–
Amounts owing by joint venture companies	**19.6**	16.7	**4.3**	–
	1,402.2	1,144.6	**836.7**	694.7
Amounts owing by subsidiary companies	**–**	–	**140.1**	203.8
	1,402.2	1,144.6	**976.8**	898.5

Trade debtors are non-interest bearing. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless the Group writes off the amount ascertained to be uncollectible. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days ageing of debtor balances) are considered indicators that the trade debtor is impaired. Individual trade debtor is written off when Management deems the amount not to be collectible.

Accrued receivables pertain to services rendered which have not been billed.

Amounts owing by subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and are repayable on demand. The amounts are neither overdue nor impaired.

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

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Not past due and not impaired	**1,274.2**	1,013.3	**943.0**	868.4
Past due but not impaired	**124.0**	128.7	**29.8**	27.2
	1,398.2	1,142.0	**972.8**	895.6
Impaired trade debtors - collectively assessed	**7.0**	5.2	**4.5**	3.4
Less: Accumulated impairment losses	**(3.0)**	(2.6)	**(0.5)**	(0.5)
	4.0	2.6	**4.0**	2.9
Impaired trade debtors - individually assessed				
Customers in bankruptcy or other financial reorganisation	**–**	2.6	**–**	–
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	**1.2**	1.4	**1.2**	1.4
Less: Accumulated impairment losses	**(1.2)**	(4.0)	**(1.2)**	(1.4)
	–	–	**–**	–
Total trade debtors, net	**1,402.2**	1,144.6	**976.8**	898.5

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

28 Trade Debtors (in $ million) (continued)

Included in trade and other debtors are amounts owing by related parties of $36.5 million (2017: $8.4 million) and $13.1 million (2017: $2.7 million) for the Group and Company respectively.

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

	The Group 31 March		The Company 31 March	
	2018	2017	2018	2017
Balance at 1 April	**6.6**	11.0	**1.9**	2.0
Provided/(Written back) during the year	**1.0**	(1.3)	**(0.1)**	0.5
Written off during the year	**(3.4)**	(2.7)	**(0.1)**	(0.6)
Impact of FRS 109 transferred to reserves	**–**	(0.4)	**–**	–
Balance at 31 March	**4.2**	6.6	**1.7**	1.9
Bad debts written off directly to profit and loss account, net of debts recovered	**0.8**	0.4	**0.1**	0.5

As at 31 March 2018, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 22.5% (2017: 13.0%), AUD – 12.2% (2017: 9.8%), EUR – 9.9% (2017: 6.5%), GBP – 7.1% (2017: 4.7%) and JPY – 3.7% (2017: 2.4%).

29 Deposits and Other Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2018	2017	2018	2017
Deposits	**22.7**	50.3	**8.4**	8.2
Other debtors	**65.1**	77.1	**32.3**	47.6
	87.8	127.4	**40.7**	55.8

Included in the Group's deposits as at 31 March 2017 was an amount of $34.2 million placed with a financial institution for the purpose of payment due at the time of exercise of purchase option at the end of the 15th year of the lease period for the outstanding finance lease (note 18). This deposit was applied against the end of lease obligation during the year.

30 Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Quoted				
Equity investments	**39.8**	37.6	**–**	–
Non-equity investments	**118.0**	502.3	**88.7**	469.9
	157.8	539.9	**88.7**	469.9

The Group's non-equity investments comprised investments in government securities, corporate bonds, certificates of deposits and money market funds. These investments are held to manage the Group's liquidity needs.

The interest rates for quoted non-equity investments range from 0.43% to 5.50% (FY2016/17: 0.51% to 5.50%) per annum.

31 Cash and Bank Balances (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Fixed deposits	**1,809.1**	2,386.9	**1,783.7**	2,364.9
Cash and bank balances	**759.2**	993.6	**360.9**	368.3
	2,568.3	3,380.5	**2,144.6**	2,733.2

As at 31 March 2018, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 29.8% (2017: 39.4%), EUR – 0.8% (2017: 2.9%), AUD – 2.7% (2017: 3.4%) and CNY – 3.8% (2017: 4.8%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 1.30% to 2.65% (FY2016/17: 0.86% to 2.01%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 1.65% (FY2016/17: 1.36%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

32 Trade and Other Creditors (in $ million)

	The Group 31 March		The Company 31 March	
	2018	2017	2018	2017
Trade creditors	**2,762.2**	3,216.5	**1,825.2**	2,231.6
Accrued interest	**32.0**	17.6	**31.7**	17.0
Purchase option price payable to lessor	**–**	34.2	**–**	–
Amounts owing to associated companies	**23.0**	27.8	**2.0**	3.3
	2,817.2	3,296.1	**1,858.9**	2,251.9
Funds from subsidiary companies	**–**	–	**1,056.6**	1,174.6
Amounts owing to subsidiary companies	**–**	–	**233.8**	179.9
	–	–	**1,290.4**	1,354.5

Trade and other creditors are non-interest bearing. As at 31 March 2018, 19.5% (2017: 18.0%) of trade and other creditors were held in USD by the Group. Included in trade and other creditors are amounts owing to related parties of $188.2 million (2017: $169.2 million) and $112.3 million (2017: $127.2 million) for the Group and Company respectively.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which range from 0.60% to 1.60% (FY2016/17: 0.20% to 1.20%) per annum for SGD funds, and 1.58% to 2.28% (FY2016/17: 0.87% to 1.20%) per annum for USD funds.

As at 31 March 2018, 34.7% of the funds from subsidiary companies are denominated in USD (2017: USD 20.9%).

Amounts owing to related parties, subsidiary and associated companies are unsecured, trade-related, non-interest bearing and are repayable on demand.

33 Analysis of Capital Expenditure Cash Flow (in $ million)

	The Group	
	FY2017/18	FY2016/17
Purchase of property, plant and equipment	**5,246.0**	4,029.9
Property, plant and equipment acquired under credit terms	**(35.2)**	(14.9)
Property, plant and equipment settled by credit notes	**(1.3)**	(70.3)
Cash invested in capital expenditure	**5,209.5**	3,944.7
Purchase of intangible assets	**60.0**	44.5
Intangible assets acquired under credit terms	**(0.2)**	(0.9)
Cash invested in purchase of intangible assets	**59.8**	43.6

34 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated $24,629.9 million (2017: $21,021.9 million) for the Group and $19,756.4 million (2017: $15,293.5 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of associated companies' and joint venture companies' commitments for capital expenditure totalled $724.2 million (2017: $832.5 million) and $6.7 million (2017: $6.0 million) respectively.

(b) Operating lease commitments

As lessee

Aircraft

The Company has three B777-300ERs, 21 A330-300s and five A380-800s under operating leases at fixed rental rates. In three of the A380 lease agreements, lease rentals will be adjusted if the one-month LIBOR exceeds 6.50% per annum. The original lease terms range from eight to 12 years.

For flexibility in fleet planning, most leases include extension options. The extension options provide for lease renewals up to a maximum of five years. In addition, there are 15 early termination options that allow termination of the leases up to two years prior to original lease expiry. Sub-leasing is allowed under all the lease arrangements.

SilkAir has three A319-100s, eight A320-200s, and nine B737-800s under operating leases with fixed rental rates. The original lease terms for the three A319-100s range from 6.9 to 11.5 years, and SilkAir holds options to extend the leases for up to a maximum of three years. The original lease terms for the eight A320-200s range from 6.6 to 11.8 years and SilkAir holds options to extend the leases for one to five years. The original lease terms for the nine B737-800s range from 9.8 to 10.5 years, and SilkAir holds options to extend the leases for up to a maximum of four years. Sub-leasing is allowed under all the lease arrangements.

Budget Aviation Holdings ("BAH") Group has 29 A320-200s and two A319s under operating leases. The original lease terms on the aircraft are for 12 years. Sub-leasing is allowed under all the lease arrangements, subject to certain terms and conditions stated in the agreements.

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

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Not later than one year	**614.2**	775.5	**384.5**	549.3
Later than one year but not later than five years	**1,634.4**	2,228.3	**849.1**	1,348.9
Later than five years	**602.7**	859.5	**324.9**	383.6
	2,851.3	3,863.3	**1,558.5**	2,281.8

Engines

The Company has operating lease agreements for four GE90-115B engines and six Trent 800 engines with fixed rental rates. The basic lease term for each engine varies from five to six years with extension options.

BAH Group has three spare engines under operating leases. The original lease terms on the engines are for one to 14 years. Sub-leasing is allowed under all the lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

34 Capital and Other Commitments (in $ million) (continued)

(b) Operating lease commitments (continued)

As lessee (continued)

Engines (continued)

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

	The Group 31 March		The Company 31 March	
	2018	2017	2018	2017
Not later than one year	**16.1**	18.0	**13.6**	16.0
Later than one year but not later than five years	**3.2**	9.2	**–**	5.8
	19.3	27.2	**13.6**	21.8

Property and equipment

The Group has entered into operating lease agreements for office and computer equipment, leasehold land and buildings. These non-cancellable leases have lease terms of between one and 50 years.

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

	The Group 31 March		The Company 31 March	
	2018	2017	2018	2017
Not later than one year	**77.3**	74.0	**53.7**	53.9
Later than one year but not later than five years	**122.2**	109.2	**90.3**	79.6
Later than five years	**57.7**	61.2	**7.8**	12.1
	257.2	244.4	**151.8**	145.6

The minimum lease payments recognised in the profit and loss account amounted to $69.9 million (FY2016/17: $69.6 million) and $52.8 million (FY2016/17: $54.3 million) for the Group and the Company respectively.

As lessor

Aircraft

The Company leased four B777 aircraft for a lease term of five years each to NokScoot Airlines Co., Ltd. ("NokScoot"). The lease rental is fixed throughout the lease term and is non-cancellable.

BAH Group sub-leased two A320-200 aircraft to an external party. The sub-lease term for the aircraft is between eight and nine years. BAH Group also sub-leased one A320-200 aircraft to Tigerair Australia. The sub-lease term for the aircraft is eight years. VAH has provided a guarantee to BAH Group to cover obligations for the assets leased by Tigerair Australia.

34 Capital and Other Commitments (in $ million) (continued)

(b) Operating lease commitments (continued)

As lessor (continued)

Aircraft (continued)

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

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Not later than one year	**59.2**	47.3	**47.8**	33.9
Later than one year but not later than five years	**135.7**	108.7	**100.6**	68.7
Later than five years	**4.1**	13.7	**–**	–
	199.0	169.7	**148.4**	102.6

35 Contingent Liabilities (in $ million)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions

In 2006 and thereafter, SIA Cargo and the Company were among several airlines that received notice of investigations by competition authorities in the United States, European Union, Australia, Canada, New Zealand, South Africa, South Korea and Switzerland as to whether surcharges, rates or other competitive aspects of air cargo service were lawfully determined (the "air cargo issues").

On 9 November 2010, the European Commission issued an adverse decision against 13 air cargo airlines, including SIA Cargo and the Company, in respect of fuel surcharges, security surcharges and commissions on surcharges. A fine of EUR74.8 million ($135.7 million) was imposed on SIA Cargo and the Company. SIA Cargo paid the fine in February 2011 in accordance with European Union laws. This amount was reflected as an exceptional item in the Group's accounts in FY2010/11. SIA Cargo and the Company filed an appeal to the European General Court seeking annulment of the decision. In December 2015, the European General Court annulled the decision of the European Commission in its entirety vis-à-vis SIA Cargo and the Company. In February 2016, EUR76.4 million ($119.1 million) comprising the fine amount and returns thereon was refunded to SIA Cargo. This refund was recognised as a non-operating item in the Group's FY2015/16 accounts. In March 2017, the European Commission re-adopted a decision in respect of the same case against the air cargo airlines, imposing a fine of EUR74.8 million ($111.8 million) against SIA Cargo and the Company. This amount was recognised as a non-operating item (note 9) in the Group's accounts in FY2016/17. SIA Cargo and the Company have filed an appeal to the European General Court seeking annulment of the re-adopted decision.

In January 2014, the Swiss Competition Commission announced a fine against SIA Cargo and the Company of CHF1.7 million ($2.3 million) in respect of the air cargo issues. This amount was reflected as an exceptional item in the Group's accounts in FY2013/14. SIA Cargo and the Company have filed an appeal to the Swiss Federal Administrative Tribunal seeking annulment of the decision.

The proceedings by competition authorities in the United States, South Korea, South Africa, Australia and New Zealand were resolved in previous financial periods.

After the investigations commenced, civil damage lawsuits were filed in the United States, Canada, Australia, South Korea, England, the Netherlands, Norway and Germany by private parties against several airlines, including SIA Cargo and the Company. Other lawsuits have been threatened by customers of SIA Cargo or shippers that purportedly contracted with SIA Cargo's customers.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

35 Contingent Liabilities (in $ million) (continued)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions (continued)

The plaintiffs in the South Korea proceedings withdrew their complaint in July 2011 and the proceedings were accordingly dismissed without prejudice. In January 2014, a shipper from South Korea which purportedly contracted with SIA Cargo's customers served a claim against SIA Cargo and other airlines. SIA Cargo is defending this proceeding.

In September 2016, one of SIA Cargo's customers filed a claim against SIA Cargo and the Company in the United States after opting out of SIA Cargo's and the Company's class action settlement.

In June 2017, without admitting any liability, SIA Cargo and the Company entered into a settlement of the above civil damages claim in the United States. At the same time, SIA Cargo and the Company settled the civil damages lawsuit filed in Germany, which was related to the opt-out claim in the United States.

Without admitting any liability, SIA Cargo and the Company have settled with class action plaintiffs in the United States class action, Australia and Canada to resolve all liabilities of SIA Cargo and the Company as concerns the civil damage or class action lawsuits filed in the relevant jurisdictions.

In addition, without admitting any liability, in 2012, 2013 and 2015, SIA Cargo reached settlements with certain customers to resolve all pending and potential future civil damage claims regarding the air cargo issues for those customers. The settlements in 2012, 2013, 2015 and 2017 have been reflected in the Group's financial statements in the previous financial years. The individual terms of all such settlements are required to be kept confidential.

Apart from the class actions in Canada, the United States and Australia, the opt-out claim in the United States and the lawsuit in Germany, the filed cases remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

Apart from the items recorded as non-operating items noted above, it is premature to make a provision in the financial statements for the other pending investigations, court proceedings, civil suits, or threatened claims as their respective outcomes are uncertain.

(b) Passengers: Civil Class Actions

The Company and several other airlines have been named in a civil class action lawsuit in Canada alleging an unlawful agreement to fix surcharges and fares on transpacific flights. The case is currently in the procedural stage and has not been tried thus far on its substantive legal merits. As the lawsuit has neither been tried nor alleged damages quantified, it is premature to make a provision in the financial statements.

In August 2014, without admitting any liability, the Company entered into a settlement agreement with the class action plaintiffs in the United States for USD9.2 million ($11.4 million) with respect to the passenger civil class action lawsuits filed in the United States. In accordance with the agreement, the Company paid the above amount into an escrow account pending court approval. Final approval of the settlement was granted by the court in June 2015. Subsequently, one of the class members filed an appeal against the court judgement approving the settlement. The class member's appeal was denied by the Court of Appeals and in December 2017, the United States Supreme Court denied the class member's petition for further review. The Company's settlement with the class action plaintiffs in the United States has thus become final.

(c) Guarantee to a Joint Venture Company

As at 31 March 2018, the Company had provided a guarantee of THB600.0 million ($25.2 million) in respect of a revolving credit facility granted by a lender to NokScoot.

36 Financial Instruments (in $ million)

Classification and fair values of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in note 2 describe how the classes of financial instruments are measured, and how revenue and expenses, including fair value gains and losses, are recognised. The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as per the following tables.

Financial assets and financial liabilities that are classified as measured at amortised cost with carrying amounts being a reasonable approximation of their fair values are not presented in these tables. These financial assets include trade debtors, deposits and other debtors, amounts owing by subsidiary companies and cash and bank balances. These financial liabilities include deposits received from lessee, trade and other creditors, amounts owing to subsidiary companies and loans.

	Carrying amount				Fair value		
31 March 2018 The Group	**Amortised Cost**	**FVTPL**	**FVOCI**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	76.3	–	–	76.3	76.8	–	–
Unquoted							
Non-equity investments*	–	224.7	–	224.7	–	224.7	–
Equity investments	–	43.7	1.3	45.0	–	–	45.0
Other long-term receivables	431.9	–	–	431.9	–	–	429.5
Derivative assets*	–	642.2	–	642.2	–	642.2	–
Investments							
Quoted							
Equity investments*	–	39.8	–	39.8	39.8	–	–
Non-equity investments*	–	29.3	–	29.3	29.3	–	–
Non-equity investments	88.7	–	–	88.7	88.7	–	–
	596.9	979.7	1.3	1,577.9	234.6	866.9	474.5
Financial liabilities							
Derivative liabilities*	–	230.8	–	230.8	–	230.8	–
Notes payable	3,030.1	–	–	3,030.1	3,025.9	–	–
	3,030.1	230.8	–	3,260.9	3,025.9	230.8	–

* Mandatorily measured at FVTPL

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2018 The Company	Carrying amount Amortised Cost	FVTPL	FVOCI	Total	Fair value Level 1	Level 2	Level 3
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	76.3	–	–	76.3	76.8	–	–
Unquoted							
Non-equity investments*	–	224.7	–	224.7	–	224.7	–
Equity investments	–	33.4	1.2	34.6	–	–	34.6
Other long-term receivables	333.8	–	–	333.8	–	–	333.8
Derivative assets*	–	642.0	–	642.0	–	642.0	–
Investments							
Quoted							
Non-equity investments	88.7	–	–	88.7	88.7	–	–
	498.8	900.1	1.2	1,400.1	165.5	866.7	368.4
Financial liabilities							
Derivative liabilities*	–	230.8	–	230.8	–	230.8	–
Notes payable	3,030.1	–	–	3,030.1	3,025.9	–	–
	3,030.1	230.8	–	3,260.9	3,025.9	230.8	–

* Mandatorily measured at FVTPL

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2017 The Group	Carrying amount Amortised Cost	FVTPL	FVOCI	Total	Fair value Level 1	Level 2	Level 3
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	138.7	–	–	138.7	140.6	–	–
Unquoted							
Non-equity investments*	–	221.9	–	221.9	–	221.9	–
Equity investments	–	43.7	1.4	45.1	–	–	45.1
Other long-term receivables	435.7	–	–	435.7	–	–	432.8
Derivative assets*	–	128.6	–	128.6	–	128.6	–
Investments							
Quoted							
Equity investments*	–	37.6	–	37.6	37.6	–	–
Non-equity investments*	469.9	–	–	469.9	466.3	–	–
Non-equity investments	–	32.4	–	32.4	32.4	–	–
	1,044.3	464.2	1.4	1,509.9	676.9	350.5	477.9
Financial liabilities							
Derivative liabilities*	–	369.3	–	369.3	–	369.3	–
Notes payable	1,430.0	–	–	1,430.0	1,469.2	–	–
	1,430.0	369.3	–	1,799.3	1,469.2	369.3	–

* Mandatorily measured at FVTPL

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2017 The Company	Carrying amount Amortised Cost	FVTPL	FVOCI	Total	Fair value Level 1	Level 2	Level 3
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	138.7	–	–	138.7	140.6	–	–
Unquoted							
Non-equity investments*	–	221.9	–	221.9	–	221.9	–
Equity investments	–	33.4	1.3	34.7	–	–	34.7
Other long-term receivables	354.3	–	–	354.3	–	–	354.3
Derivative assets*	–	125.7	–	125.7	–	125.7	–
Investments							
Quoted							
Non-equity investments	469.9	–	–	469.9	466.3	–	–
	962.9	381.0	1.3	1,345.2	606.9	347.6	389.0
Financial liabilities							
Derivative liabilities*	–	369.3	–	369.3	–	369.3	–
Notes payable	1,430.0	–	–	1,430.0	1,469.2	–	–
	1,430.0	369.3	–	1,799.3	1,469.2	369.3	–

* Mandatorily measured at FVTPL

Financial instruments carried at fair value

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 – Unobservable inputs for the asset or liability

There has been no transfer between Level 1 and Level 2 during the financial year.

36 Financial Instruments (in $ million) (continued)

Financial instruments carried at fair value (continued)

Determination of fair value

The fair values of the financial instruments are determined as follows:

- Jet fuel swap contracts – mark-to-market valuations.
- InterContinental Exchange ("ICE") Brent swap and Brent-MOPS crack swap contracts – by reference to available market information and the marked-to-market values of these swap contracts. As the Group hedges with ICE Brent and Brent-MOPS crack contracts, the ICE Brent futures contract price and its differential relative to MOPS price are used as the mark-to-market prices.
- Forward currency contracts – by reference to current forward prices for contracts with similar maturity profiles.
- Cross currency swap contracts – by reference to market prices for existing cash flow profiles pre-agreed with counterparties at trade inception.
- Quoted investments – by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques that are commonly used by market participants.
- Other long-term receivables – by discounting expected future cash flows at market incremental lending rate for similar types of lending at the end of the reporting period.
- Notes payable – by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group also enters into netting arrangements with International Air Transport Association ("IATA").

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

36 Financial Instruments (in $ million) (continued)

Master netting or similar agreements (continued)

The Group	Effects of offsetting in the statements of financial position			Related amounts not offset	
	Gross amounts	Gross amounts set-off in the statements of financial position	Net amounts presented in the statements of financial position	Amounts subject to master netting arrangements	Net amount
31 March 2018					
Derivative assets	642.2	–	642.2	(140.1)	502.1
Trade debtors	1,423.6	(21.4)	1,402.2	–	1,402.2
	2,065.8	(21.4)	2,044.4	(140.1)	1,904.3
Derivative liabilities	230.8	–	230.8	(140.1)	90.7
Trade and other creditors	2,838.6	(21.4)	2,817.2	–	2,817.2
	3,069.4	(21.4)	3,048.0	(140.1)	2,907.9
31 March 2017					
Derivative assets	128.6	–	128.6	(107.5)	21.1
Trade debtors	1,155.5	(10.9)	1,144.6	–	1,144.6
	1,284.1	(10.9)	1,273.2	(107.5)	1,165.7
Derivative liabilities	369.3	–	369.3	(107.5)	261.8
Trade and other creditors	3,307.0	(10.9)	3,296.1	–	3,296.1
	3,676.3	(10.9)	3,665.4	(107.5)	3,557.9

36 Financial Instruments (in $ million) (continued)

Master netting or similar agreements (continued)

The Company	Effects of offsetting in the statements of financial position			Related amounts not offset	
	Gross amounts	Gross amounts set-off in the statements of financial position	Net amounts presented in the statements of financial position	Amounts subject to master netting arrangements	Net amount
31 March 2018					
Derivative assets	642.0	–	642.0	(140.1)	501.9
Trade debtors	858.1	(21.4)	836.7	–	836.7
Amounts owing by subsidiary companies	330.4	(190.3)	140.1	–	140.1
	1,830.5	(211.7)	1,618.8	(140.1)	1,478.7
Derivative liabilities	230.8	–	230.8	(140.1)	90.7
Trade and other creditors	1,880.3	(21.4)	1,858.9	–	1,858.9
Amounts owing to subsidiary companies	1,480.7	(190.3)	1,290.4	–	1,290.4
	3,591.8	(211.7)	3,380.1	(140.1)	3,240.0
31 March 2017					
Derivative assets	125.7	–	125.7	(107.5)	18.2
Trade debtors	705.6	(10.9)	694.7	–	694.7
Amounts owing by subsidiary companies	363.8	(160.0)	203.8	–	203.8
	1,195.1	(170.9)	1,024.2	(107.5)	916.7
Derivative liabilities	369.3	–	369.3	(107.5)	261.8
Trade and other creditors	2,262.8	(10.9)	2,251.9	–	2,251.9
Amounts owing to subsidiary companies	1,514.5	(160.0)	1,354.5	–	1,354.5
	4,146.6	(170.9)	3,975.7	(107.5)	3,868.2

37 Financial Risk Management Objectives and Policies (in $ million)

The Group operates globally and generates revenue in various currencies. The Group's airline operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of its investments. The Group's overall risk management approach is to moderate the effects of such volatility on its financial performance through the use of derivatives to hedge specific exposures.

As derivatives are used for the purpose of risk management, they do not expose the Group to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenues or expenses being hedged. Moreover, counterparty credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore, the possibility of a material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

Financial risk management policies are periodically reviewed and approved by the Board Executive Committee ("BEC").

Derivative financial instruments for cash flow hedges included in the statements of financial position are as follows:

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Derivative assets				
Current				
Currency hedging contracts	**13.5**	38.4	**13.3**	38.3
Fuel hedging contracts	**337.9**	45.1	**337.9**	43.8
Cross currency swap contracts	**–**	1.5	**–**	–
	351.4	85.0	**351.2**	82.1
Non-current				
Currency hedging contracts	**0.5**	9.8	**0.5**	9.8
Fuel hedging contracts	**286.3**	26.7	**286.3**	26.7
Cross currency swap contracts	**4.0**	7.1	**4.0**	7.1
	290.8	43.6	**290.8**	43.6
	642.2	128.6	**642.0**	125.7
Derivative liabilities				
Current				
Currency hedging contracts	**161.8**	52.8	**161.8**	52.8
Fuel hedging contracts	**0.1**	66.9	**0.1**	66.9
	161.9	119.7	**161.9**	119.7
Non-current				
Currency hedging contracts	**42.3**	15.1	**42.3**	15.1
Fuel hedging contracts	**11.8**	228.6	**11.8**	228.6
Cross currency swap contracts	**14.8**	5.9	**14.8**	5.9
	68.9	249.6	**68.9**	249.6
	230.8	369.3	**230.8**	369.3

(a) 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, as defined by the BEC, aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps, options and collars with approved counterparties and within approved credit limits to hedge approved range of anticipated jet fuel purchases over a specified time frame.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(a) Jet fuel price risk (continued)

Cash flow hedges

The Group manages this fuel price risk by using swap, option and collar contracts and hedging up to 20 quarters forward using jet fuel swap, option and collar contracts, ICE Brent swap contracts and Brent-MOPS crack swap contracts.

The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain before tax of $597.2 million (2017: loss before tax of $241.0 million), with a related deferred tax of $101.5 million (2017: deferred tax credit of $40.9 million), was included in the fair value reserve in respect of these contracts.

The table below sets out the movements for fuel hedges:

	The Group		The Company	
	FY2017/18	FY2016/17	FY2017/18	FY2016/17
Change in fair value of hedging instrument	**935.3**	(236.5)	**936.6**	(239.2)
Change in fair value of hedged item	**(935.3)**	236.5	**(936.6)**	239.2
Hedge ineffectiveness recognised in profit or loss	**–**	–	**–**	–

For the financial year ended 31 March 2017, ineffectiveness of $36.4 million related to hedge designations made under FRS 39 were de-designated on 30 September 2016.

As at 31 March 2018, the Group had entered into longer dated Brent hedges with maturities extending to the financial year 2022-23 that cover up to 46% of the Group's projected annual fuel consumption, at average prices ranging from USD55 to USD58 per barrel.

Jet fuel price sensitivity analysis

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one USD per barrel of jet fuel affects the Group's and the Company's annual fuel costs by $53.2 million and $40.7 million (FY2016/17: $55.7 million and $43.1 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are still outstanding as at the end of the reporting period and assumes that all jet fuel, Brent and crack hedges are highly effective. Under these assumptions, with an increase or decrease in jet fuel prices, each by one USD per barrel, the before tax effects on equity are set out in the table below.

Sensitivity analysis on outstanding fuel hedging contracts:

	The Group 31 March		The Company 31 March	
	2018	2017	2018	2017
	Effect on equity		Effect on equity	
Increase in one USD per barrel	**110.7**	125.2	**83.0**	94.7
Decrease in one USD per barrel	**(110.7)**	(125.2)	**(83.0)**	(94.7)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For the financial year ended 31 March 2018, these accounted for 56.8% of total revenue (FY2016/17: 49.9%) and 53.0% of total operating expenses (FY2016/17: 53.6%). The Group's largest exposures are from United States Dollar, Euro, UK Sterling Pound, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan and Korean Won. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for USD or SGD. The Group also uses foreign currency forward and option 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 either USD or SGD depending on forecast requirements, with settlement dates up to 24 months. The Company also uses cross currency swap contracts to hedge a portion of its fixed future foreign exchange exposure in USD. The cross currency swap contracts provide for the Company to exchange surplus currency, specifically JPY and EUR into USD predetermined costs. The Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements. The Group also uses short-term deposits in foreign currencies to hedge a portion of the forecast USD capital expenditure in the next 12 months.

Cash flow hedges

a) Net operating and other exposures

The Group and Company held cash flow hedges to manage net operating exposures to foreign currencies. As at 31 March 2018, the carrying amounts of these hedges consisted of $17.4 million (2017: $34.7 million) derivative assets and $60.8 million (2017: $45.3 million) derivative liabilities for the Group, and $17.2 million (2017: $33.1 million) derivative assets and $60.8 million (2017: $45.3 million) derivative liabilities for the Company. During the financial year, the amount reclassified from the cash flow hedge reserve to profit or loss (classified under 'Other operating expenses') is $62.1 million (2017: $36.6 million) for the Group and $42.2 million (2017: $34.7 million) for the Company, and no ineffectiveness has been recognised in the profit or loss for the Group or Company.

The Company held currency swaps for the principal amounts outstanding on foreign currency denominated bonds until December 2017. In the prior year, the hedge was assessed to be highly effective on a prospective basis and a net fair value gain of $0.6 million was included in the fair value reserve with respect to these contracts.

The Company also holds cross currency swap contracts to hedge expected future lease commitments in USD and foreign currency risk of expected future JPY and EUR surpluses until August 2021. As at 31 March 2018, the hedges were assessed to be effective and a net fair value loss of $10.8 million (2017: gain of $1.2 million), with a related deferred tax credit of $1.8 million (2017: deferred tax of $0.2 million), is included in the fair value reserve with respect to these contracts.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk (continued)

Cash flow hedges (continued)

b) Capital expenditure exposures

The Group and the Company designate cash flow hedges to manage the exposure to USD-denominated capital expenditure commitments. As at 31 March 2018, the total nominal amount of these cash flow hedges over the next two years was USD3,042.6 million (2017: USD2,592.3 million) with a hedged rate range of SGD/USD 1.29 – 1.45 (2017: SGD/USD 1.29 – 1.45) for the Group and USD2,784.3 million (2017: USD2,260.4 million) with a hedged rate range of SGD/USD 1.29 – 1.45 (2017: SGD/USD 1.29 – 1.45) for the Company.

As at 31 March 2018, the Company held USD154.1 million (2017: USD756.2 million) in short-term deposits to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 12 months. A fair value loss of $2.9 million (2017: loss of $11.4 million) was included in the fair value reserve in respect of these contracts.

During the financial year, the Company also entered into new foreign currency forward contracts to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 24 months. As at 31 March 2018, a fair value loss of $123.9 million (2017: loss of $6.1 million) was included in the fair value reserve in respect of these contracts.

The table below sets out the derivative positions and movements for these cash flow hedges:

	The Group and the Company 31 March	
	2018	**2017**
Fixed deposits	**202.2**	1,056.6
Derivative assets	**0.6**	22.1
Derivative liabilities	**(158.1)**	(28.5)

	The Group and the Company	
	FY2017/18	**FY2016/17**
Change in fair value of hedging instrument	**(232.6)**	(17.8)
Change in fair value of hedged item	**232.6**	17.8
Hedge ineffectiveness recognised in profit or loss	**–**	–

For the financial year ended 31 March 2018 and 31 March 2017, there was no realised foreign currency hedging gain/(loss) reclassified to profit or loss for the Group or Company as it had been capitalised in the carrying value of non-financial assets.

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

The following table details the sensitivity of a 1% strengthening of SGD against the respective foreign currencies. The sensitivity analysis includes only outstanding foreign currency hedging contracts and significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis:

	The Group 31 March			
	2018		2017	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	**3.0**	**(1.9)**	2.3	(1.5)
EUR	**1.3**	**(0.8)**	1.4	–
GBP	**1.4**	**(0.8)**	1.7	(0.5)
JPY	**1.8**	**(0.2)**	2.4	(0.3)
USD	**(61.4)**	**(3.9)**	(51.8)	0.8

	The Company 31 March			
	2018		2017	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	**2.6**	**(1.7)**	1.8	(1.3)
EUR	**0.9**	**(0.3)**	0.9	(0.1)
GBP	**1.1**	**(0.6)**	1.4	(0.4)
JPY	**1.7**	**(0.1)**	2.3	(0.2)
USD	**(55.1)**	**(0.3)**	(43.3)	3.6

[R1] *Sensitivity analysis on outstanding foreign currency hedging contracts and fuel hedging contracts denominated in foreign currency*

[R2] *Sensitivity analysis on significant outstanding foreign currency denominated monetary items*

If the relevant foreign currency strengthens by 1% against SGD, equity and profit before taxation would change by the same amounts in the opposite direction.

(c) Interest rate risk

The Group's earnings are also affected by changes in interest rates due to the impact such changes have on interest income and expense from short-term deposits and other interest-bearing financial assets and liabilities. The Group enters into interest rate swap contracts and interest rate cap contracts to manage interest rate costs on its financial assets and liabilities, with the prior approval of the BEC or Boards of subsidiary companies.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(c) Interest rate risk (continued)

Cash flow hedges

In FY2013/14, the Company entered into interest rate swap contracts to protect a portion of the future operating lease rent payments from exposure to fluctuations in interest rates. These contracts were settled in FY2014/15. The balance in the fair value reserve was recognised in the profit and loss account over the lease term of the respective aircraft and had been fully recognised in the prior year. In the prior year, a net fair value loss before tax of $0.3 million with a related deferred tax credit of $0.1 million was included in the fair value reserve in respect of these contracts.

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the end of the reporting period.

Under these assumptions, an increase or decrease in market interest rates of 10 basis points for all currencies in which the Group has derivative financial instruments and variable rate assets and liabilities at 31 March 2018 will have the effects as set out in the table below.

Sensitivity analysis:

	The Group 31 March			
	2018		2017	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in 10 basis points in market interest rates	**–**	**2.5**	–	3.3
Decrease in 10 basis points in market interest rates	**–**	**(2.5)**	–	(3.3)

	The Company 31 March			
	2018		2017	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in 10 basis points in market interest rates	**–**	**1.1**	–	1.6
Decrease in 10 basis points in market interest rates	**–**	**(1.1)**	–	(1.6)

[R1] *Sensitivity analysis on derivative financial instruments. There are no outstanding interest rate derivative financial instruments outstanding as at 31 March 2018.*

[R2] *Sensitivity analysis on variable rate assets and liabilities.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(d) Market rate risk

At 31 March 2018, the Group and the Company own investments of $503.8 million (2017: $945.6 million) and $424.3 million (2017: $865.2 million) respectively, out of which $338.8 million (2017: $337.0 million) and $259.3 million (2017: $256.6 million) are subject to market risk, being the potential loss resulting from a decrease in market prices.

Market price sensitivity analysis

If prices for these investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity are set out in the table below.

Sensitivity analysis on investments:

	The Group 31 March			
	2018		2017	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	**–**	**3.4**	–	3.4
Decrease in 1% of quoted prices	**–**	**(3.4)**	–	(3.4)

	The Company 31 March			
	2018		2017	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	**–**	**2.6**	–	2.6
Decrease in 1% of quoted prices	**–**	**(2.6)**	–	(2.6)

(e) Liquidity risk

At 31 March 2018, the Group has at its disposal, cash and short-term deposits amounting to $2,568.3 million (2017: $3,380.5 million). In addition, the Group has available short-term credit facilities of about $1,649.3 million (2017: $475.0 million). The Group also has a Medium Term Note Programme under which it may issue notes up to $5,000.0 million (2017: $2,000.0 million) and as of 31 March 2018, $1,970.0 million (2017: $570.0 million) remained unutilised. Under this Programme, notes issued by the Company may have varying maturities as contracted with the relevant financial institutions.

The Group's holdings of cash and short-term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for the Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The Group's policies in this regard are in line with the funding policies of other major airlines.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(e) Liquidity risk (continued)

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

31 March 2018	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	96.5	96.5	588.4	277.3	74.1	2,577.4	3,710.2
Loans	23.2	22.6	22.7	22.5	12.7	1.0	104.7
Maintenance reserve	–	5.2	9.0	–	1.2	–	15.4
Deposit received from a lessee	–	–	–	–	–	8.8	8.8
Trade and other creditors	2,817.2	–	–	–	–	–	2,817.2
Derivative financial instruments:							
Currency hedging contracts	161.8	42.3	–	–	–	–	204.1
Fuel hedging contracts	0.1	–	0.7	11.0	0.1	–	11.9
Cross currency swap contracts	5.4	3.9	2.3	0.6	–	–	12.2
	3,104.2	170.5	623.1	311.4	88.1	2,587.2	6,884.5
The Company							
Notes payable	96.5	96.5	588.4	277.3	74.1	2,577.4	3,710.2
Maintenance reserve	–	5.2	9.0	–	1.2	–	15.4
Trade and other creditors	1,858.9	–	–	–	–	–	1,858.9
Amounts owing to subsidiary companies	1,290.4	–	–	–	–	–	1,290.4
Derivative financial instruments:							
Currency hedging contracts	161.8	42.3	–	–	–	–	204.1
Fuel hedging contracts	0.1	–	0.7	11.0	0.1	–	11.9
Cross currency swap contracts	5.4	3.9	2.3	0.6	–	–	12.2
	3,413.1	147.9	600.4	288.9	75.4	2,577.4	7,103.1

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(e) Liquidity risk (continued)

31 March 2017	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	47.1	47.1	47.1	539.0	227.9	825.4	1,733.6
Loans	21.5	20.9	22.8	23.0	22.8	13.7	124.7
Finance lease commitments	24.5	–	–	–	–	–	24.5
Maintenance reserve	–	–	3.7	6.1	–	–	9.8
Purchase option payable to lessor	35.1	–	–	–	–	–	35.1
Deposit received from a lessee	–	0.1	–	–	–	9.4	9.5
Trade and other creditors	3,261.9	–	–	–	–	–	3,261.9
Derivative financial instruments:							
Currency hedging contracts	52.8	15.1	–	–	–	–	67.9
Fuel hedging contracts	66.9	17.7	56.7	88.2	66.1	–	295.6
Cross currency swap contracts	2.4	1.5	0.9	0.4	0.1	–	5.3
	3,512.2	102.4	131.2	656.7	316.9	848.5	5,567.9
The Company							
Notes payable	47.1	47.1	47.1	539.0	227.9	825.4	1,733.6
Maintenance reserve	–	–	3.7	6.1	–	–	9.8
Trade and other creditors	2,251.9	–	–	–	–	–	2,251.9
Amounts owing to subsidiary companies	1,354.5	–	–	–	–	–	1,354.5
Derivative financial instruments:							
Currency hedging contracts	52.8	15.1	–	–	–	–	67.9
Fuel hedging contracts	66.9	17.7	56.6	88.2	66.1	–	295.5
Cross currency swap contracts	2.4	1.5	0.9	0.4	0.1	–	5.3
	3,775.6	81.4	108.3	633.7	294.1	825.4	5,718.5

(f) Credit risk

The Group has an independent Group Debts Review Committee to review the follow up actions on outstanding receivables monthly. On a day-to-day basis, the respective Finance divisions have the primary responsibility for measuring and managing specific risk exposures.

The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset in the statement of financial position.

There are no significant concentrations of credit risk other than from counterparties of cash and bank balances and derivative instruments, where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to broad diversification. In specific instances, the contract may require special collateral.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(f) Credit risk (continued)

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collateral requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

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

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2018	2017	2018	2017	2018	2017	2018	2017
Counterparty profiles								
By industry:								
Travel agencies	**535.6**	436.8	**9.4%**	7.1%	**273.0**	227.6	**5.9%**	4.5%
Airlines	**236.0**	151.5	**4.2%**	2.4%	**70.5**	21.8	**1.5%**	0.4%
Financial institutions	**3,442.0**	3,727.2	**60.8%**	60.3%	**3,004.1**	3,058.8	**65.5%**	60.6%
Others	**1,177.0**	1,590.9	**20.8%**	25.7%	**945.1**	1,339.2	**20.6%**	26.5%
	5,390.6	5,906.4	**95.2%**	95.5%	**4,292.7**	4,647.4	**93.5%**	92.0%
By region:								
East Asia	**2,815.1**	3,096.8	**49.7%**	50.1%	**2,151.9**	2,321.0	**46.9%**	45.9%
Europe	**1,669.3**	1,449.8	**29.5%**	23.4%	**1,379.8**	1,211.3	**30.0%**	24.0%
South West Pacific	**491.6**	1,011.1	**8.7%**	16.4%	**454.4**	961.4	**9.9%**	19.0%
Americas	**189.0**	260.0	**3.3%**	4.2%	**125.1**	104.2	**2.7%**	2.1%
West Asia and Africa	**225.6**	88.7	**4.0%**	1.4%	**181.5**	49.5	**4.0%**	1.0%
	5,390.6	5,906.4	**95.2%**	95.5%	**4,292.7**	4,647.4	**93.5%**	92.0%
By Moody's credit ratings:								
Investment grade (A to Aaa)	**3,836.5**	4,125.1	**67.8%**	66.7%	**3,425.1**	3,472.4	**74.6%**	68.8%
Investment grade (Baa)	**7.0**	19.1	**0.1%**	0.3%	**1.2**	–	**0.0%**	0.0%
Non-rated	**1,547.1**	1,762.2	**27.3%**	28.5%	**866.4**	1,175.0	**18.9%**	23.2%
	5,390.6	5,906.4	**95.2%**	95.5%	**4,292.7**	4,647.4	**93.5%**	92.0%

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

38 Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

					Non-cash changes		
	1 April 2017	Proceeds	Repayments	Interest payments	Interest Expense	Foreign exchange movement	31 March 2018
Notes payable	1,430.0	1,600.0	–	–	0.1	–	3,030.1
Loans	114.1	5.0	(20.3)	–	–	(1.6)	97.2
Finance lease commitments	23.7	–	(23.7)	–	–	–	–
Accrued interest	17.6	–	–	(75.7)	89.7	0.4	32.0

39 Capital Management (in $ million)

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

During the financial year ended 31 March 2018, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Notes payable	**3,030.1**	1,430.0	**3,030.1**	1,430.0
Finance lease commitments	**–**	23.7	**–**	–
Loans	**97.2**	114.1	**–**	–
Total debt	**3,127.3**	1,567.8	**3,030.1**	1,430.0
Share capital	**1,856.1**	1,856.1	**1,856.1**	1,856.1
Reserves	**12,395.1**	11,226.9	**11,615.9**	10,657.5
Total capital	**14,251.2**	13,083.0	**13,472.0**	12,513.6
Gearing ratio (times)	**0.22**	0.12	**0.22**	0.11

40 Related Party Transactions (in $ million)

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

Key Management Personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer and Executive Vice Presidents of the Company to be Key Management Personnel of the Company.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business during the financial year:

	The Group	
	FY2017/18	**FY2016/17**
Purchases of services from associated companies	**142.5**	118.5
Services rendered to associated companies	**(38.7)**	(59.3)
Purchases of services from joint venture companies	**4.9**	0.9
Services rendered to joint venture companies	**(60.9)**	(44.6)
Purchases of services from related parties	**1,331.7**	1,188.6
Services rendered to related parties	**(25.7)**	(13.9)
Professional fees paid to a firm of which a Director is a member	**0.4**	1.4

Key Management Personnel remuneration of the Group

	The Group	
	FY2017/18	**FY2016/17**
Directors		
Salary, bonuses, fee and other costs	**5.2**	5.3
CPF and other defined contributions	*****	*
Share-based compensation expense	**1.4**	1.6
	6.6	6.9
Key executives (excluding executive Directors)		
Salary, bonuses, fee and other costs	**3.0**	3.1
CPF and other defined contributions	*****	*
Share-based compensation expense	**1.3**	1.5
	4.3	4.6

* Amount less than $0.1 million

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

40 Related Party Transactions (in $ million) (continued)

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

Name of participant	Aggregate options granted since commencement of scheme up to end of financial year under review	Aggregate options exercised since commencement of scheme up to end of financial year under review	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	444,075	444,075	–
Mak Swee Wah	362,750	362,750	–
Ng Chin Hwee	214,025	214,025	–

Conditional awards granted to a Director and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

RSP/RSP 2014 Base Awards

Name of Participant	Balance as at 1 April 2017	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2018	Aggregate Base Awards granted since commencement of RSP/RSP 2014 to end of financial year under review
Goh Choon Phong	120,000	42,000	120,000	42,000	442,232
Mak Swee Wah	60,000	21,000	60,000	21,000	256,674
Ng Chin Hwee	60,000	21,000	60,000	21,000	240,756

RSP/RSP 2014 Final Awards (Pending Release) [R1]

Name of Participant	Balance as at 1 April 2017	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2018	Aggregate ordinary shares released to participant since commencement of RSP/RSP 2014 to end of financial year under review*
Goh Choon Phong	50,117	125,400	82,932	92,585	262,367
Mak Swee Wah	25,060	62,700	41,468	46,292	164,636
Ng Chin Hwee	25,060	62,700	41,468	46,292	145,705

40 Related Party Transactions (in $ million) (continued)

Deferred RSP/RSP 2014 Awards

Name of Participant	Balance as at 1 April 2017	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2018	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Goh Choon Phong	45,600	21,270	19,570	47,300	67,037
Mak Swee Wah	23,810	9,930	7,510	26,230	26,548
Ng Chin Hwee	26,260	9,930	11,270	24,920	30,638

PSP/PSP 2014 Base Awards [R2]

Name of Participant	Balance as at 1 April 2017	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2018	Aggregate Base Awards granted since commencement of PSP/PSP 2014 to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP/PSP 2014 to end of financial year under review*
Goh Choon Phong	249,546	57,750	84,546	222,750	568,978	124,902
Mak Swee Wah	99,818	23,100	33,818	89,100	272,278	97,253
Ng Chin Hwee	99,818	23,100	33,818	89,100	257,572	81,040

R1 *The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the two-year performance periods relating to the relevant awards.*

R2 *The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.*

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

* *During the financial year, 165,868, 41,750 and 38,060 treasury shares were issued to a Director and key executives of the Company pursuant to the RSP, DSA and PSP respectively.*

41 Subsequent Events

On 1 April 2018, SIA Cargo was successfully re-integrated to the Company. All assets and liabilities, other than cash balances, of SIA Cargo were transferred to the Company at their book values. The impact to the Company is a decrease of net assets of $940.4 million. There is no impact to the consolidated net assets of the Group.

On 6 April 2018, Scoot Tigerair Pte. Ltd. ("Scoot"), a subsidiary of the Company, raised $480 million via secured term loan from banks. The loan is secured on specific aircraft assets of Scoot and bears fixed interest of 2.924% per annum. The loan is repayable over 10 years.

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

SINGAPORE AIRLINES

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED AND NINE MONTHS ENDED 31 DECEMBER 2018

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2018 (in $ million)

	The Group		The Group	
	3rd Quarter 2018/19	3rd Quarter 2017/18 (Restated)	9 Months 2018/19	9 Months 2017/18 (Restated)
REVENUE	4,341.5	4,076.7	12,248.1	11,788.8
EXPENDITURE				
Staff costs	743.3	670.6	2,101.1	1,998.6
Fuel costs	1,252.0	1,024.7	3,487.5	2,880.8
Depreciation	336.8	289.9	968.4	853.8
Impairment of property, plant and equipment	-	-	-	0.2
Amortisation of intangible assets	17.4	11.5	48.9	32.5
Aircraft maintenance and overhaul costs	202.4	224.2	680.2	676.5
Commission and incentives	118.9	113.8	343.9	320.4
Landing, parking and overflying charges	229.1	217.3	666.8	641.6
Handling charges	333.4	336.4	993.9	988.8
Rentals on leased aircraft	162.7	196.7	513.4	613.3
Inflight meals	140.3	135.8	412.0	404.5
Advertising and sales costs	83.7	72.2	228.8	207.6
Company accommodation and utilities	22.9	23.1	68.6	69.8
Other passenger costs	48.1	43.4	138.2	131.6
Crew expenses	44.0	40.6	124.4	120.2
Other operating expenses	218.9	222.8	658.4	633.2
	3,953.9	3,623.0	11,434.5	10,573.4
OPERATING PROFIT	387.6	453.7	813.6	1,215.4
Finance charges	(31.4)	(25.4)	(88.0)	(67.6)
Interest income	11.3	15.2	33.9	50.2
(Loss)/Surplus on disposal of aircraft, spares and spare engines	(0.6)	6.0	(0.1)	11.1
Dividends from long-term investments	-	3.0	0.8	6.2
Other non-operating items	(7.9)	(0.4)	1.3	11.7
Share of (losses)/profits of joint venture companies	(4.5)	23.5	(2.7)	30.8
Share of profits/(losses) of associated companies	11.6	(2.3)	(104.2)	(20.7)
PROFIT BEFORE TAXATION	366.1	473.3	654.6	1,237.1
TAXATION	(73.3)	(70.4)	(147.1)	(184.5)
PROFIT FOR THE PERIOD	292.8	402.9	507.5	1,052.6
PROFIT ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	284.1	389.3	480.1	1,020.5
NON-CONTROLLING INTERESTS	8.7	13.6	27.4	32.1
	292.8	402.9	507.5	1,052.6
BASIC EARNINGS PER SHARE (CENTS)	24.0	32.9	40.6	86.3
DILUTED EARNINGS PER SHARE (CENTS)	23.9	32.8	40.4	86.0

Notes:

(i) Profit for the period is arrived at after charging/(crediting) the following:

	The Group		The Group	
	3rd Quarter 2018/19	3rd Quarter 2017/18	9 months 2018/19	9 months 2017/18
Compensation for changes in aircraft delivery slots	(1.2)	(3.2)	(3.8)	(82.2)
Interest income from short-term investments	(0.3)	(0.3)	(0.7)	(0.8)
Dividend income from short-term investments	-	(0.1)	(0.1)	(0.7)
Income from operating lease of aircraft	(14.8)	(12.6)	(45.8)	(43.9)
Amortisation of deferred loss/(gain) on sale and operating leaseback transactions	1.0	(1.8)	3.2	(3.3)
Loss/(Gain) on disposal of short-term investments	-	0.1	(0.8)	0.1
Bad debts written off	-	(0.4)	-	-
Impairment of trade debtors	2.9	0.1	3.6	2.6
Writedown of inventories	0.8	2.0	3.9	4.7
Exchange loss, net	13.5	18.8	67.3	28.3
Currency hedging (gain)/loss	(13.8)	21.6	(19.0)	39.5
Fuel hedging gain recognised in "Fuel costs"	(101.9)	(44.0)	(385.8)	(15.1)
Net loss/(gain) on financial assets mandatorily measured at fair value through profit or loss ("FVTPL")	1.1	(1.8)	0.3	(6.3)
Over provision of tax in respect of prior years	(1.5)	(9.9)	(9.5)	(34.2)

(ii) The other non-operating items comprise the following:

	The Group		The Group	
	3rd Quarter 2018/19	3rd Quarter 2017/18	9 Months 2018/19	9 Months 2017/18
Surplus on disposal of a subsidiary company	0.3	-	0.3	-
Surplus on disposal of other property, plant and equipment	1.0	0.6	7.9	8.3
Provision for onerous aircraft leases	(0.1)	(0.5)	(3.6)	(0.5)
Net (loss)/gain on financial assets mandatorily measured at FVTPL	(3.0)	0.1	2.3	4.6
Writeback of provision for expected credit losses on investments and guarantees	0.4	0.5	0.9	0.8
Competition-related settlements	(6.5)	-	(6.5)	-
Restructuring costs	-	(1.1)	-	(1.5)
	(7.9)	(0.4)	1.3	11.7

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2018 (in $ million)

	The Group		The Group	
	3rd Quarter 2018/19	3rd Quarter 2017/18 (Restated)	9 Months 2018/19	9 Months 2017/18 (Restated)
PROFIT FOR THE PERIOD	292.8	402.9	507.5	1,052.6
OTHER COMPREHENSIVE INCOME:				
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences	0.6	(14.2)	24.7	(37.9)
Net fair value changes on cash flow hedges	(1,948.6)	402.9	(644.4)	521.1
Share of other comprehensive income of associated and joint venture companies	(32.2)	1.1	(13.8)	(7.0)
Realisation of foreign currency translation reserves on disposal of a subsidiary company	(0.1)	-	(0.1)	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(1,980.3)	389.8	(633.6)	476.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(1,687.5)	792.7	(126.1)	1,528.8
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(1,696.9)	779.2	(159.1)	1,503.2
NON-CONTROLLING INTERESTS	9.4	13.5	33.0	25.6
	(1,687.5)	792.7	(126.1)	1,528.8

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 DECEMBER 2018 (in $ million)

	The Group			The Company		
	31-Dec 2018	31-Mar 2018 (Restated)	01-Apr 2017 (Restated)	31-Dec 2018	31-Mar 2018 (Restated)	01-Apr 2017 (Restated)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital	1,856.1	1,856.1	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	(171.5)	(183.5)	(194.7)	(171.5)	(183.5)	(194.7)
Other reserves	10,579.2	11,187.7	9,622.7	9,477.2	10,558.6	9,288.3
	12,263.8	12,860.3	11,284.1	11,161.8	12,231.2	10,949.7
NON-CONTROLLING INTERESTS	389.6	368.1	387.2	-	-	-
TOTAL EQUITY	12,653.4	13,228.4	11,671.3	11,161.8	12,231.2	10,949.7
DEFERRED ACCOUNT	87.1	123.3	234.5	77.6	109.2	214.9
DEFERRED TAXATION	1,875.6	1,840.6	1,524.9	1,613.0	1,489.5	1,218.2
LONG-TERM LIABILITIES	5,160.0	3,199.8	1,794.7	4,688.4	3,114.4	1,689.4
PROVISIONS	763.2	821.5	910.3	439.1	576.7	648.0
DEFINED BENEFIT PLANS	101.0	113.2	131.2	100.4	104.8	122.3
	20,640.3	19,326.8	16,266.9	18,080.3	17,625.8	14,842.5
Represented by:-						
PROPERTY, PLANT AND EQUIPMENT	21,613.0	18,169.2	14,286.4	16,785.7	13,682.3	10,498.4
INTANGIBLE ASSETS	441.8	435.3	423.5	188.5	179.8	169.5
SUBSIDIARY COMPANIES	-	-	-	3,476.4	4,840.8	4,610.1
ASSOCIATED COMPANIES	1,093.6	1,048.8	1,056.9	755.2	551.5	489.8
JOINT VENTURE COMPANIES	153.6	150.6	160.2	28.0	-	-
LONG-TERM INVESTMENTS	338.9	346.0	405.7	328.5	335.6	395.3
OTHER LONG-TERM ASSETS	414.3	722.7	479.3	236.3	624.6	397.9
DEFERRED ACCOUNT	46.3	52.9	61.1	38.6	43.5	49.1
CURRENT ASSETS						
Deferred account	9.1	9.9	11.8	6.7	7.3	9.1
Derivative assets	100.4	351.4	85.0	100.4	351.2	82.1
Inventories	234.4	179.3	178.4	157.0	108.0	106.1
Trade debtors	1,324.0	1,400.9	1,143.3	1,000.2	836.7	694.7
Amounts owing by subsidiary companies	-	-	-	10.6	140.1	203.8
Deposits and other debtors	88.9	87.8	127.4	54.0	40.7	55.8
Prepayments	178.4	184.6	211.0	121.1	125.1	169.9
Other short-term assets	39.7	27.0	21.4	39.7	27.0	21.4
Investments	109.8	157.8	539.9	63.7	88.7	469.9
Cash and bank balances	1,324.6	2,568.3	3,380.5	1,098.8	2,144.6	2,733.2
	3,409.3	4,967.0	5,698.7	2,652.2	3,869.4	4,546.0
Less: **CURRENT LIABILITIES**						
Borrowings	149.6	20.6	42.0	79.0	-	-
Current tax payable	92.2	134.1	80.3	49.5	42.4	30.3
Trade and other creditors	2,881.6	2,817.0	3,295.9	2,118.6	1,858.9	2,251.9
Amounts owing to subsidiary companies	-	-	-	685.1	1,290.4	1,354.5
Sales in advance of carriage	2,380.8	2,442.1	1,650.8	2,134.7	2,205.9	1,474.3
Deferred revenue	603.8	556.1	707.8	603.8	556.1	707.8
Deferred account	42.6	64.8	86.0	38.6	60.3	76.3
Derivative liabilities	315.1	161.9	119.7	313.0	161.9	119.7
Provisions	404.8	369.1	322.4	386.8	325.8	298.8
	6,870.5	6,565.7	6,304.9	6,409.1	6,501.7	6,313.6
NET CURRENT LIABILITIES	(3,461.2)	(1,598.7)	(606.2)	(3,756.9)	(2,632.3)	(1,767.6)
	20,640.3	19,326.8	16,266.9	18,080.3	17,625.8	14,842.5

1(b) (ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 December 2018		As at 31 March 2018	
Secured	Unsecured	Secured	Unsecured
$142.0M	$7.6M	$14.7M	$5.9M

Amount repayable after one year

As at 31 December 2018		As at 31 March 2018	
Secured	Unsecured	Secured	Unsecured
$1,271.8M	$3,643.3M	$59.3M	$3,047.4M

Details of any collateral

The secured borrowings pertained to secured bank loans ($1,413.8 million). The secured bank loans are secured via assignment of certain aircraft purchase agreements, assignment of engine warranty and credit agreement as well as mortgage of these aircraft.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2018 (in $ million)

	The Group		The Group	
	3rd Quarter 2018/19	3rd Quarter 2017/18 (Restated)	9 Months 2018/19	9 Months 2017/18 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	366.1	473.3	654.6	1,237.1
Adjustments for:				
Depreciation	336.8	289.9	968.4	853.8
Impairment of property, plant and equipment	-	-	-	0.2
Amortisation of intangible assets	17.4	11.5	48.9	32.5
Impairment of trade debtors	2.9	0.1	3.6	2.6
Writedown of inventories	0.8	2.0	3.9	4.7
Income from short-term investments	(0.3)	(0.4)	(0.8)	(1.5)
Provisions	97.8	70.9	256.2	210.4
Share-based compensation expense	5.0	3.5	16.3	9.9
Exchange differences	6.2	6.6	(6.4)	16.7
Amortisation of deferred loss/(gain) on sale and operating leaseback transactions	1.0	(1.8)	3.2	(3.3)
Finance charges	31.4	25.4	88.0	67.6
Interest income	(11.3)	(15.2)	(33.9)	(50.2)
Loss/(Surplus) on disposal of aircraft, spares and spare engines	0.6	(6.0)	0.1	(11.1)
Dividends from long-term investments	-	(3.0)	(0.8)	(6.2)
Loss/(Gain) on disposal of short term investments	-	0.1	(0.8)	0.1
Net loss/(gain) on financial assets mandatorily measured at FVTPL	1.1	(1.8)	0.3	(6.3)
Other non-operating items	7.9	0.4	(1.3)	(11.7)
Share of losses/(profits) of joint venture companies	4.5	(23.5)	2.7	(30.8)
Share of (profits)/losses of associated companies	(11.6)	2.3	104.2	20.7
Operating cash flow before working capital changes	856.3	834.3	2,106.4	2,335.2
Decrease in trade and other creditors	(145.6)	(217.1)	(192.6)	(819.1)
(Decrease)/Increase in sales in advance of carriage	(256.3)	(142.2)	(61.3)	425.4
Increase/(Decrease) in trade debtors	31.3	(31.9)	(42.8)	(131.9)
Decrease/(Increase) in deposits and other debtors	29.2	35.4	(4.3)	57.8
Increase in prepayments	7.3	19.4	6.2	5.0
Increase in inventories	(30.2)	(0.1)	(59.1)	(5.3)
Increase/(Decrease) in deferred revenue	23.8	17.2	47.7	(63.6)
Cash generated from operations	515.8	515.0	1,800.2	1,803.5
Payment of fines and settlements	-	-	-	(139.0)
Income taxes (paid)/refunded	(8.8)	23.7	(21.3)	19.1
NET CASH PROVIDED BY OPERATING ACTIVITIES	507.0	538.7	1,778.9	1,683.6

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2018 (in $ million)

	The Group		The Group	
	3rd Quarter 2018/19	3rd Quarter 2017/18 (Restated)	9 Months 2018/19	9 Months 2017/18 (Restated)
CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure	(1,543.7)	(1,539.9)	(4,573.2)	(4,333.0)
Purchase of intangible assets	(31.2)	(16.3)	(81.0)	(44.5)
Proceeds from disposal of aircraft and other property, plant and equipment	22.5	15.3	159.0	81.9
Purchase of long-term investments	(5.0)	-	(5.0)	-
Proceeds from disposal of long-term investments	136.1	5.5	148.2	25.6
Purchase of short-term investments	(459.1)	(76.3)	(677.6)	(564.2)
Proceeds from disposal of short-term investments	420.3	108.2	735.4	860.1
Dividends received from associated and joint venture companies	41.5	26.3	85.7	73.1
Dividends received from investments	2.0	3.1	2.9	6.9
Interest received from investments and deposits	11.9	16.0	39.6	52.8
Proceeds from disposal of a subsidiary company, net of cash disposed	1.6	-	1.6	-
Investments in associated companies	(184.1)	(22.4)	(205.6)	(43.7)
Investment in joint venture companies	(28.5)	-	(37.9)	-
Proceeds from capital reduction of an associated company	-	3.3	-	3.3
NET CASH USED IN INVESTING ACTIVITIES	(1,615.7)	(1,477.2)	(4,407.9)	(3,881.7)
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid	(94.7)	(118.2)	(449.8)	(248.3)
Dividends paid by subsidiary companies to non-controlling interests	(8.0)	(10.5)	(33.6)	(49.0)
Issuance of share capital by subsidiary companies	17.4	-	19.5	-
Interest paid	(42.8)	(29.3)	(96.9)	(58.1)
Proceeds from issuance of bonds	600.0	203.0	600.0	1,603.0
Proceeds from borrowings	0.2	-	1,380.4	3.3
Repayment of borrowings	(16.5)	(4.8)	(37.8)	(13.5)
Repayment of long-term lease liabilities	-	(5.9)	-	(17.6)
Proceeds from exercise of share options	-	-	-	1.0
Payment of transaction costs related to borrowings	(0.9)	-	(6.5)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	454.7	34.3	1,375.3	1,220.8
NET CASH OUTFLOW	(654.0)	(904.2)	(1,253.7)	(977.3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,982.5	3,287.3	2,568.3	3,380.5
Effect of exchange rate changes	(3.9)	10.2	10.0	(9.9)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,324.6	2,393.3	1,324.6	2,393.3
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Fixed deposits	753.5	1,680.4	753.5	1,680.4
Cash and bank balances	571.1	712.9	571.1	712.9
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,324.6	2,393.3	1,324.6	2,393.3

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018 (in $ million)

	Attributable to Owners of the Company									
The Group	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
Balance at 1 October 2018	1,856.1	(171.5)	(142.4)	(35.6)	15.3	1,638.5	10,891.6	14,052.0	369.8	14,421.8
Comprehensive income										
Currency translation differences	-	-	-	(0.3)	-	-	-	(0.3)	0.9	0.6
Net fair value changes on cash flow hedges	-	-	-	-	-	(1,948.6)	-	(1,948.6)	-	(1,948.6)
Share of other comprehensive income of associated and joint venture companies	-	-	-	0.8	-	(32.8)	-	(32.0)	(0.2)	(32.2)
Realisation of foreign currency translation reserves on disposal of a subsidiary company	-	-	-	(0.1)	-	-	-	(0.1)	-	(0.1)
Other comprehensive income for the period, net of tax	-	-	-	0.4	-	(1,981.4)	-	(1,981.0)	0.7	(1,980.3)
Profit for the period	-	-	-	-	-	-	284.1	284.1	8.7	292.8
Total comprehensive income for the period	-	-	-	0.4	-	(1,981.4)	284.1	(1,696.9)	9.4	(1,687.5)
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Changes in ownership interest without loss of control	-	-	-	-	(0.2)	-	(1.4)	(1.6)	1.0	(0.6)
Share-based compensation expense	-	-	-	-	5.0	-	-	5.0	-	5.0
Issuance of share capital by subsidiary companies	-	-	-	-	-	-	-	-	17.4	17.4
Dividends	-	-	-	-	-	-	(94.7)	(94.7)	(8.0)	(102.7)
Total transactions with owners	-	-	-	-	4.8	-	(96.1)	(91.3)	10.4	(80.9)
Balance at 31 December 2018	1,856.1	(171.5)	(142.4)	(35.2)	20.1	(342.9)	11,079.6	12,263.8	389.6	12,653.4

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017 (in $ million)

The Group	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
	Attributable to Owners of the Company									
Balance at 1 October 2017	1,856.1	(183.5)	(149.9)	(141.1)	73.2	(124.2)	12,141.8	13,472.4	359.5	13,831.9
Effects of changes in accounting standards	-	-	-	123.7	-	-	(1,716.4)	(1,592.7)	-	(1,592.7)
As restated	1,856.1	(183.5)	(149.9)	(17.4)	73.2	(124.2)	10,425.4	11,879.7	359.5	12,239.2
Comprehensive income										
Currency translation differences	-	-	-	(14.1)	-	-	-	(14.1)	(0.1)	(14.2)
Net fair value changes on cash flow hedges	-	-	-	-	-	402.9	-	402.9	-	402.9
Share of other comprehensive income of associated and joint venture companies	-	-	-	-	-	1.1	-	1.1	-	1.1
Other comprehensive income for the period, net of tax	-	-	-	(14.1)	-	404.0	-	389.9	(0.1)	389.8
Profit for the period	-	-	-	-	-	-	389.3	389.3	13.6	402.9
Total comprehensive income for the period	-	-	-	(14.1)	-	404.0	389.3	779.2	13.5	792.7
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Changes in ownership interest without loss of control	-	-	-	-	(0.2)	-	(1.6)	(1.8)	(2.0)	(3.8)
Share-based compensation expense	-	-	-	-	3.5	-	-	3.5	-	3.5
Share awards lapsed	-	-	-	-	(0.1)	-	0.1	-	-	-
Dividends	-	-	-	-	-	-	(118.2)	(118.2)	(10.5)	(128.7)
Total transactions with owners	-	-	-	-	3.2	-	(119.7)	(116.5)	(12.5)	(129.0)
Balance at 31 December 2017	1,856.1	(183.5)	(149.9)	(31.5)	76.4	279.8	10,695.0	12,542.4	360.5	12,902.9

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018 (in $ million)

The Company	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 October 2018	1,856.1	(171.5)	(929.8)	13.0	1,285.3	10,455.3	12,508.4
Comprehensive income							
Net fair value changes on cash flow hedges	-	-	-	-	(1,562.1)	-	(1,562.1)
Other comprehensive income for the period, net of tax	-	-	-	-	(1,562.1)	-	(1,562.1)
Profit for the period	-	-	-	-	-	306.1	306.1
Total comprehensive income for the period	-	-	-	-	(1,562.1)	306.1	(1,256.0)
Transactions with owners, recorded directly in equity Contributions by and distributions to owners							
Share-based compensation expense	-	-	-	4.1	-	-	4.1
Dividends	-	-	-	-	-	(94.7)	(94.7)
Total transactions with owners	-	-	-	4.1	-	(94.7)	(90.6)
Balance at 31 December 2018	1,856.1	(171.5)	(929.8)	17.1	(276.8)	10,666.7	11,161.8

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017 (in $ million)

The Company	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 October 2017	1,856.1	(183.5)	26.7	69.4	(99.1)	11,298.6	12,968.2
Effects of changes in accounting standards	-	-	-	-	-	(1,400.0)	(1,400.0)
As restated	1,856.1	(183.5)	26.7	69.4	(99.1)	9,898.6	11,568.2
Comprehensive income							
Net fair value changes on cash flow hedges	-	-	-	-	302.7	-	302.7
Other comprehensive income for the period, net of tax	-	-	-	-	302.7	-	302.7
Profit for the period	-	-	-	-	-	258.4	258.4
Total comprehensive income for the period	-	-	-	-	302.7	258.4	561.1
Transactions with owners, recorded directly in equity Contributions by and distributions to owners							
Share-based compensation expense	-	-	-	2.7	-	-	2.7
Share awards lapsed	-	-	-	(0.1)	-	0.1	-
Dividends	-	-	-	-	-	(118.2)	(118.2)
Total transactions with owners	-	-	-	2.6	-	(118.1)	(115.5)
Balance at 31 December 2017	1,856.1	(183.5)	26.7	72.0	203.6	10,038.9	12,013.8

1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL AND SHARE PLANS IN THE COMPANY

Share Capital

Group and Company	Number of Shares	Share Capital ($ million)
Issued and fully paid share capital Ordinary Shares Balance at 1 October 2018 and 31 December 2018	1,199,851,018	1,856.1

As at 31 December 2018, the number of ordinary shares in issue was 1,199,851,018 of which 16,185,885 were held by the Company as treasury shares (31 December 2017: 1,199,851,018 ordinary shares of which 17,318,177 were held as treasury shares). The share capital was $1,856.1 million. The treasury shares held represents 1.4% (31 December 2017: 1.5%) of the total number of issued shares (excluding treasury shares).

There is no subsidiary holdings of the Company as at 31 December 2018 and 31 December 2017.

Employee Share Option Plan

As at 31 December 2018, there were no share options of the Company outstanding (31 December 2017: 7,822,765). During the financial year, no options (30 December 2017: Nil) were exercised under the Singapore Airlines Limited Employee Share Option Plan, which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees.

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

In addition to the Employee Share Option Plan, senior management staff are entitled to two share-based incentive plans, the RSP and PSP, which were first approved by the shareholders of the Company on 28 July 2005 and expired on 27 July 2015. On 30 July 2014, the shareholders of the Company approved the RSP 2014 and PSP 2014, which replaced the RSP and PSP respectively.

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

As at 31 December 2018, the number of outstanding shares granted under the Company's RSP and PSP were 2,070,455 (31 December 2017: 1,856,523) and 744,322 respectively (31 December 2017: 698,026).

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

		Number of Restricted Shares		
Date of Grant	Balance at 01.10.2018	Granted	Vested	Balance at 31.12.2018
RSP				
03.07.2015	173,333	-	-	173,333
18.07.2016	246,231	-	-	246,231
19.07.2017	751,626	-	-	751,626
19.07.2018	899,265	-	-	899,265
	2,070,455	-	-	2,070,455

	Number of Performance Shares		
Date of Grant	Balance at 01.10.2018	Granted	Balance at 31.12.2018
PSP			
18.07.2016	240,900	-	240,900
19.07.2017	217,426	-	217,426
19.07.2018	285,996	-	285,996
	744,322	-	744,322

Deferred Share Award (“DSA”)

Grants of DSA of fully paid ordinary shares are granted to senior management. At the end of a 3-year vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield. The details of the DSA are as follows:

		Number of Deferred Share Award		
Date of Grant	Balance at 01.10.2018	Granted	Vested	Balance at 31.12.2018
DSA				
01.09.2016	65,740	-	-	65,740
06.09.2017	94,070	-	-	94,070
11.09.2018	119,090	-	-	119,090
	278,900	-	-	278,900

Transformation Share Award (“TSA”)

Grants of TSA of fully paid ordinary shares are granted to senior management. At the end of the one-year performance period, a final award will be determined based on the initial award multiplied by an achievement factor (ranging from 0% to 200%). The final award will vest over three years, on the final date, an additional equity kicker equivalent to 20% of final awards will be settled with the participant. The details of the TSA are as follows:

	Number of Transformation Share Award			
Date of Grant	Balance at 01.10.2018	Granted	Vested	Balance at 31.12.2018
TSA				
19.07.2018	374,469	-	-	374,469

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2018, the number of ordinary shares in issue was 1,199,851,018 of which 16,185,885 were held by the Company as treasury shares (31 March 2018: 1,199,851,018 ordinary shares of which 17,318,177 were held as treasury shares).

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the period October to December 2018, the Company did not purchase any treasury shares (October to December 2017: Nil).

The Company did not transfer any treasury shares to employees on vesting of share-based incentive plans (October to December 2017: Nil).Treasury shares are presented as a component within equity attributable to owners of the company.

Group and Company	Number of Shares	Treasury Shares ($ million)
Balance at 1 October 2018 and 31 December 2018	16,185,885	(171.5)

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There is no subsidiary holdings of the Company as at 31 December 2018 and 31 December 2017. There were no sales, transfers, cancellations and/or use of subsidiary holdings for the period October to December 2018.

2 Whether the figures have been audited, or reviewed, and in accordance with which auditing standard or practice.

The financial statements have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

As required by the listing rules of the Singapore Exchange, the Group has applied Singapore Financial Reporting Standards (International) ("SFRS(I)") with effect from 1 April 2018. The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I), and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 March 2018, except the adoption of new/revised IFRS applicable for the financial period beginning 1 April 2018 as follows:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 15 Revenue from Contracts with Customers

(i) Application of IFRS 1 optional exemptions

IFRS 1 requires that the Group applies IFRS on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective 1 April 2018, restatement of comparatives may be required because IFRS 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. IFRS 1 provides mandatory exceptions and optional exemptions from retrospective application, which are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group has elected various optional exemptions in IFRS 1, including those set out below which impact the financial statements:

a) Fair value as deemed cost exemption for property, plant and equipment
The Group has elected to regard the fair values of certain aircraft and aircraft spares as their deemed cost at the date of transition to IFRS 1 on 1 April 2017.

b) Foreign currency translation reserve
The Group has elected to reset the foreign currency translation reserve for all foreign operations to zero as at the date of transition to IFRS 1 on 1 April 2017.

c) Fair value as deemed cost exemption for investments in associated companies
The Company has elected to regard the fair value of its investment in Virgin Australia Holdings Limited, an associated company, as its deemed cost in its separate financial statements at the date of transition to IFRS 1 on 1 April 2017.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted IFRS 15 using the retrospective approach with practical expedients.

The impact on adoption of IFRS 15 is that recognition of revenue associated with ancillary services has been deferred from transaction date to flight date. This is in line with recognition of revenue associated with the carriage of passengers.

(iii) Impact on the comparatives for the financial statements of this reporting quarter on adoption of IFRS 1 and IFRS 15

Consolidated Profit and Loss Account (in $ million)

	3rd Quarter 2017/18	9 Months 2017/18
Decrease in depreciation	124.3	372.6
Increase in taxation	(21.1)	(63.2)
Increase in profit attributable to owners of the company	103.2	309.4
Increase in basic earnings per share (cents)	8.7	26.1
Increase in diluted earnings per share (cents)	8.7	26.1

Statements of Financial Position (in $ million)

	The Group		The Company	
	31-Mar 2018	1-Apr 2017	31-Mar 2018	1-Apr 2017
Increase in foreign currency translation reserve	123.0	123.7	-	-
Decrease in general reserve	(1,513.9)	(1,922.6)	(1,240.8)	(1,563.9)
Decrease in deferred taxation	(282.1)	(365.6)	(197.7)	(263.9)
Decrease in property, plant and equipment	(1,655.4)	(2,146.9)	(1,163.1)	(1,552.4)
Decrease in associated companies	-	-	(267.0)	(267.0)
Decrease in trade debtors	(1.3)	(1.3)	-	-
Decrease in trade and other creditors	(0.2)	(0.2)	-	-
Increase in sales in advance of carriage	16.5	16.5	8.4	8.4

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to Item 4.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group			
	3rd Quarter 2018/19	3rd Quarter 2017/18 (Restated)	9 Months 2018/19	9 Months 2017/18 (Restated)
Earnings per share (cents)				
- Basic	24.0	32.9	40.6	86.3
- Diluted	23.9	32.8	40.4	86.0

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	As at 31 Dec 18	As at 31 Mar 18 (Restated)	As at 31 Dec 18	As at 31 Mar 18 (Restated)
Net asset value per ordinary share ($)	10.36	10.88	9.43	10.34

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

GROUP FINANCIAL PERFORMANCE

Third Quarter 2018/19

The SIA Group reported an operating profit of $388 million in the third quarter of the 2018/19 financial year, a decline of $66 million (-14.5%) from last year's restated profit of $454 million[1], notwithstanding a steep $227 million (+22.2%) increase in net fuel costs. A robust improvement in revenue (+$265 million or 6.5%) largely offset higher fuel and non-fuel expenditure.

Group revenue increased $265 million to $4,342 million on stronger flown revenue (+$248 million), largely driven by growth in passenger demand (+$245 million or 7.7%). Passenger traffic for the Group rose 8.0%, which outpaced the growth in capacity, resulting in a 0.9 percentage-point improvement in passenger load factor to 83.0%. Group RASK (measured in revenue per available seat-kilometres) increased 1.3% as transformation programme momentum continued. Cargo flown revenue was steady against last year (+$3 million or 0.5%), as stronger yields (+3.4%) offset the lower loads carried (-2.8%). Revenue contribution by engineering services rose $16 million (+14.2%), led by higher airframe maintenance activities.

Expenditure for the Group rose $331 million to $3,954 million (+9.1%), mainly due to higher net fuel cost (+$227 million or 22.2%). Fuel cost before hedging for the Group rose by $285 million, predominantly due to a US$16 per barrel (+21.1%) increase in average jet fuel price, partially alleviated by a larger hedging gain versus last year (+$58 million or 131.6%).

Group net profit declined $105 million (-27.0%) to $284 million, as the weaker operating profit was exacerbated by share of losses of the Group's joint ventures (-$28 million), in particular NokScoot, which saw its results being adversely impacted by the rise in fuel prices and intense competition.

Third Quarter Operating Results of Main Companies

The operating results of the main companies in the Group for the third quarter of the financial year were as follows. Higher fuel cost remains a challenge for the Group airlines.

Operating Profit	3rd Quarter FY2018/19 $ million	3rd Quarter FY2017/18 $ million
Parent Airline Company[2]	369	366
SilkAir	7	19
Scoot	1	43
SIA Engineering	16	19

[1] As required by the Singapore Exchange listing rules, the Group has adopted International Financial Reporting Standards ('IFRS") with effect from 1 April 2018. This has resulted in a reduction in book values for aircraft and aircraft spares. Prior year comparatives have been restated as required by the transition requirements. The consequential reduction in depreciation expense for the October-December 2017 quarter was $124 million. For comparison, the IFRS impact for the October-December 2018 quarter was $105 million.

[2] SIA Cargo is a division within the Parent Airline Company with effect from 1 April 2018. Prior year comparatives have been adjusted to account for its re-integration.

Operating profit for the Parent Airline Company rose $3 million to $369 million, a result of growth in revenue (+$217 million or 6.6%) outpacing the rise in expenditure (+$214 million or 7.3%). Passenger flown revenue improved $195 million (+7.7%), in line with a 7.3% gain in carriage (measured in revenue passenger-kilometres). With capacity expansion of 5.0% (measured in available seat-kilometres), passenger load factor increased to 83.4% (+1.8 percentage points), which is the highest passenger load factor ever achieved in the third quarter. Despite currency headwinds and unprecedented capacity growth in recent quarters, RASK increased 2.4%, marking the fifth consecutive quarterly improvement. Cargo flown revenue was stable year-on-year (+$3 million), as stronger yields (+3.4%) were partially offset by lower loads carried (-2.8%).

The rise in expenditure was led by higher net fuel cost (+$183 million or 21.6%), primarily due to higher fuel prices (+$196 million) and volume consumed (+$16 million) from the expansion in operations, partially mitigated by higher fuel hedging gains (+$45 million). Ex-fuel costs rose $31 million, as costs from the higher traffic and flight activities, including staff costs, were partly mitigated by lower other costs from the return of several leased aircraft.

SilkAir reported a $12 million contraction in operating profit to $7 million. Passenger flown revenue rose $5 million (+1.8%) on 3.8% growth in passenger carriage, with RASK improving by 1.2%. However, expenditure was up $13 million, mostly on higher net fuel cost (+$11 million). Passenger load factor rose 2.3 percentage points to 77.1% as higher traffic exceeded capacity growth (+0.7%).

Scoot recorded an operating profit of $1 million, a $42 million deterioration from last year's operating profit of $43 million. Passenger flown revenue increased $40 million (+10.1%), supported by passenger traffic growth of 12.1%. However, a higher net fuel bill (+$34 million) and costs of expansion (capacity growth was 17.0%) led to an $89 million increase (+24.0%) in expenditure. Passenger load factor fell 3.6 percentage points to 83.4%, partly contributing to a 5.8% reduction in RASK.

Operating profit for SIA Engineering narrowed to $16 million, $3 million lower from a year ago. The decline was mainly due to a contraction in revenue on lower airframe and fleet management activities, which was partly mitigated by a corresponding reduction in material costs incurred.

<u>April to December 2018</u>

The Group's operating profit for the nine months to December 2018 declined $402 million to $814 million (-33.1%). Excluding the fuel price increase of 32.6% and prior year's non-recurring revenue items of $175 million, operating profit for the Group would have been $1,307 million, $267 million higher year-on-year.

Revenue grew $634 million (+5.5%), after adjusting for last year's non-recurring revenue items. Expenditure for the nine months increased $861 million (+8.1%) on higher fuel costs and capacity growth. Ex-fuel costs were $254 million higher (+3.3%), well within the Group's capacity growth of 5.9%.

The operating results of the main companies in the Group for the period were as follows:

Operating Profit/(Loss)	9 months FY2018/19 $ million	9 months FY2017/18 $ million
Parent Airline Company	787	1,055
SilkAir	5	41
Scoot	(9)	48
SIA Engineering	37	58

Except for Scoot, all entities in the Group registered an operating profit for the period, albeit weaker against last year. Revenue growth for the Group airlines was mostly overshadowed by higher net fuel cost.

Operating profit for the Parent Airline Company fell $268 million (-25.4%) to $787 million. While improvement in flown revenue (+$475 million) during the nine-month period, principally on passenger traffic growth (+6.4%), was sufficient to offset the increase in net fuel costs (-$461 million), the absence of the prior year's non-recurring revenue (-$175 million) and increase in ex-fuel costs (-$101 million) arising from expansion in operations resulted in the decline.

SilkAir and Scoot reported weaker operating results, predominantly due to higher net fuel costs. Led by an 8.1% increase in traffic, passenger flown revenue for SilkAir grew $18 million (+2.5%). However, net fuel cost rose $31 million, exacerbated by higher ex-fuel costs from 4.5% capacity growth. In the same period, Scoot's operating expenditure increased $243 million, of which $115 million was net fuel cost, as capacity expanded 16.5%. This was ahead of revenue growth of $186 million contributed mostly by gains in passenger traffic (+16.8%).

Group net profit for the nine months declined to $480 million, $540 million or 52.9% lower year-on-year, largely due to higher net fuel costs and one-off items in the period. A summary of the effects of the one-off items is as follows:

	9 months FY2018/19 $ million	9 months FY2017/18 $ million
Reported Net Profit	480	1,020
Exclude Non-recurring Items:		
KrisFlyer Breakage and Aircraft Compensation	-	*(175)*
Share of VAH's Accounting Adjustments	*116*	-
Tax Impact	-	*30*
Adjusted Net Profit	596	875

BALANCE SHEET REVIEW
(December 2018 vs March 2018)

Equity attributable to owners of the company decreased by $596 million (4.6%) to $12,264 million as at 31 December 2018 largely due to the fair value movement on cash flow hedges (-$644 million) and dividends paid (-$450 million), partially offset by net profit for the period (+$480 million). The fair value movement on cash flow hedges of $644 million was mainly attributable to fair value loss on outstanding fuel hedges (-$834 million), partially offset by fair value gain on foreign exchange derivative contracts (+$219 million).

Total Group assets increased by $1,618 million (6.2%) to $27,511 million. The increase was mainly attributable to an increase in property, plant and equipment (+$3,444 million), partially offset by a reduction in cash and bank balances (-$1,244 million) and derivative assets (-$474 million). The reduction in cash balances arose primarily from capital expenditure (-$4,573 million) and dividends paid (-$450 million), partially funded by proceeds from borrowings (+$1,974 million) and cash flows from operations (+$1,779 million).

Total Group liabilities increased by $2,193 million (17.3%) to $14,857 million as at 31 December 2018, primarily arising from the increase in borrowings (+$1,937 million) and derivative liabilities (+$311 million), partially offset by a decrease in sales in advance of carriage (-$61 million) and current tax payable (-$42 million).

The Group's negative working capital arose largely from the collection of cash in advance of services provided. Excluding the liabilities under "sales in advance of carriage", the Group's working capital would be -$1,080 million as at 31 December 2018. Despite this, the Group is generating positive cash flow from operations.

9 Whether a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

OUTLOOK

Overall passenger bookings in the forward months are tracking capacity growth, however uncertainties surrounding US-China tariffs and their consequent effects on global trade flows, as well as Brexit, are clouding the overall demand outlook for both passenger and cargo. SIA will continue to be nimble and proactive in responding to pockets of weakness or opportunity by rebalancing supply across the network.

For the fourth quarter of the financial year, the Group has hedged 80% of its fuel requirements in MOPS at a weighted average price of USD74. Longer-dated Brent hedges with maturities extending to the financial year FY2023/24 cover up to 45% of the Group's projected annual fuel consumption, at average prices ranging from USD55 to USD63 per barrel[3].

Significant progress has been made under the SIA Group's three-year Transformation programme, enabled by the strong support of employees. Against a challenging operating environment, the Group's suite of services and products launched over the past year, including new non-stop services and cabin upgrades, helped enhance the customer experience and grow revenue, while realising operational and cost efficiencies.

The recent opening of KrisLab is also a significant step towards enhancing SIA's digital capabilities. Serving as a creative test bed for internal innovation and co-creation with external partners, the lab will enable the Group to fully embrace digitalisation and technology in all aspects of its business operations.

While the numerous industry accolades received over the past year are testament to the Group's efforts to strengthen its leadership position, the SIA Group will sustain its transformation momentum to bolster its competitive edge in the face of challenging operating conditions.

[3] Hedge profile as at 12 February 2019.

11 Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

None. The Company declares dividends (if any) at half year and full year results announcement.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared as the Company declares dividends (if any) at half year and full year results announcement.

13 Interested Person Transactions

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the third quarter of the Financial Year 2018/19 are as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	(S$)		(S$)
Certis CISCO Group			
- SNP Security	-		101,000
- Synergy FMI	-		907,403
KrisShop Pte Ltd	30,165,333	*	244,115
SATS Ltd Group			
- Air India SATS Airport Services Private Limited	-		1,839,285
- Asia Airfreight Terminal Co Ltd	-		1,084,019
- DFASS SATS Pte Ltd	27,500,000	**	637,210
- MacroAsia Catering Services Inc.	-		890,043
- Maldives Inflight Catering Private Limited	-		416,355
- Mumbai Cargo Service Centre Airport Private Limited	-		633,224
- PT Jas Aero-Engineering Services	-		1,109,920
- PT Jasa Angkasa Semesta Tbk	-		4,855,276
- SATS Aero Laundry Pte. Ltd.	-		4,109,552
- SATS HK Limited	-		835,842
- SATS Ltd.	292,466	^	199,405,999
- SATS Security Services Private Limited	-		5,825,652
- Taj Madras Flight Kitchen Private Limited	-		146,427
- Taj SATS Air Catering Limited	-		1,076,333
- TFK Corporation	-		1,732,840
Singapore Telecommunications Limited Group			
- Singapore Telecommunications Limited	-		5,374,782
- Optus Networks Pty Ltd	-		103,439
Starhub Ltd	-		919,214
Temasek Holdings (Private) Limited and Associates			
- Ascendas Hotel Investment Company Pty Ltd	-		660,621
- Fullerton Fund Management Company Ltd	5,214,000	^^	-
- SMRT Capital Pte Ltd	1,580,000	^^	-
Total Interested Person Transactions	64,751,799		232,908,551

* Singapore Airlines Ltd's ("SIA") and SATS Ltd's ("SATS") subscriptions of new ordinary shares in the capital of KrisShop Pte. Ltd. ("KrisShop") amounting to $24,897,685 and $5,267,648 respectively.

** KrisShop's estimated acquisition value of DFASS SATS Pte Ltd's business of providing services and merchandise to SIA, SilkAir (Singapore) Pte Ltd and Scoot Tigerair Pte. Ltd.

^ "Earn-out Payments" payable by KrisShop to SATS.

^^ Fullerton Fund Management Company Ltd and SMRT Capital Pte Ltd's subscriptions of Fixed Rate Notes issued by SIA under its $5 Billion Multicurrency Medium Term Note Programme. Pursuant to Rule 909(3) of the SGX Listing Manual, the values of the transactions are the interest payable on the borrowings.

14 Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7 under Rule 720(1) of the Listing Manual.

By Order of the Board

Brenton Wu
Company Secretary
14 February 2019

Singapore Company Registration No.: 197200078R

CONFIRMATION BY THE BOARD

We, Peter Seah Lim Huat and Goh Choon Phong, being two directors of Singapore Airlines Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the third quarter and nine months ended 31 December 2018 financial results to be false or misleading in any material respect.

On behalf of the Board,

PETER SEAH LIM HUAT
Chairman

GOH CHOON PHONG
Chief Executive Officer

14 February 2019

ANNEX A –
FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each series of Bonds, subject only to the deletion of non-applicable provisions or modifications, as appropriate, is set out below:

[Preliminary Pricing Supplement dated **[•]**

This Preliminary Pricing Supplement is a preliminary document in draft form and the information herein is not complete and is subject to further amendments and completion in the final Pricing Supplement to be announced or otherwise disseminated on SGXNET. Under no circumstances shall this Preliminary Pricing Supplement constitute an offer to sell or any solicitation of an offer to buy any securities in any jurisdiction. No offer or agreement to purchase or subscribe for any of the Bonds may be made on the basis of this Preliminary Pricing Supplement. This Preliminary Pricing Supplement does not contain or have attached to it any form of application that will facilitate the making by any person of an offer of the Bonds or the acceptance of such an offer by any person. The Bonds may not be offered until the final Pricing Supplement and the Product Highlights Sheet relating to the offer are announced or otherwise disseminated on SGXNET. A person to whom a copy of this Preliminary Pricing Supplement is issued must not circulate or transfer this copy to any other person. No reliance may be placed for any purpose whatsoever on the information contained in this Preliminary Pricing Supplement or on its completeness. By accepting this Preliminary Pricing Supplement, you agree to be bound by the restrictions set out herein.][1]

Pricing Supplement

[LOGO, if document is printed]

SINGAPORE AIRLINES LIMITED
(Incorporated with limited liability in Singapore)

S$2,000,000,000
Medium Term Bond Programme

SERIES NO:
TRANCHE NO:
[Brief Description and Amount of Bonds]
Issue Price : [ ] per cent

ISIN NO:

[Publicity Name(s) of Dealer(s)]

[Issuing and Paying Agent
Deutsche Bank AG, Singapore Branch]

The date of this Pricing Supplement is [ ].

This document constitutes the Pricing Supplement relating to the issue of Bonds described herein. Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Information Memorandum dated **[•]** (the "**Information Memorandum**"). Capitalised terms used herein shall have the meanings given to them in the Information Memorandum.

[This Pricing Supplement shall be supplemented by, and read together with, a supplement (the "**Issue Details Supplement**") substantially in the form set out in Schedule C hereto, to be issued on or

1 To be inserted in Preliminary Pricing Supplement for offers of Straight Bonds and Post-Seasoning Bonds only

before the Issue Date][2]. This Pricing Supplement [(as supplemented by the Issue Details Supplement)][3] contains the final terms of the Bonds and must be read in conjunction with the Information Memorandum.

[This offer to investors in Singapore under the Programme is made in reliance on an exemption granted by the Monetary Authority of Singapore (the "**MAS**") pursuant to the Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016 (the "**Exemption Regulations for Straight Debentures**"). It is not made in or accompanied by a prospectus that is registered by the MAS. This document constitutes the pricing supplement referred to in the Exemption Regulations for Straight Debentures. This Pricing Supplement together with the base document constitute the simplified disclosure document referred to in the Exemption Regulations for Straight Debentures.

The Issuer satisfies the requirements set out in Regulation 5(1) of the Exemption Regulations for Straight Debentures as follows:

(i) At the time of the offer, all or any of the shares in the Issuer are listed for quotation on the SGX-ST and traded on the SGX-ST, and for a continuous period of at least five years immediately before that time, all or any of those shares were so listed and traded;

(ii) The market capitalisation of the Issuer is not less than S$1 billion (or its equivalent in a foreign currency) for each of the 180 market days prior to the offer; and

(iii) Debentures issued in the period of five years immediately before the time of the offer by the Issuer satisfy both of the following: (A) the total value of all of those debentures that are or were listed for quotation on the SGX-ST, as at the date they were issued, was not less than S$1 billion (or its equivalent in a foreign currency) and (B) there has not been a default in the repayment of moneys under any of those debentures.][4]

[This Pricing Supplement relates to an offer of Bonds which are intended to be seasoned for trading by Retail Investors under the Seasoning Framework. The Bonds will initially be issued to Specified Investors only and cannot be sold to Non-Specified Investors before the end of the Seasoning Period. The Bonds may be seasoned for trading by Retail Investors on the Main Board of the SGX-ST after the Seasoning Period. If successfully seasoned, after the end of the Seasoning Period, new Bonds forming the same series as the initial issue of Bonds may be offered or sold to or made the subject of an invitation for subscription or purchase by, among others, Retail Investors, pursuant to one or more re-taps.][5]

[This Pricing Supplement relates to a re-tap of Series **[•]** Bonds (originally issued on ***[date]***). The Bonds were initially issued to Specified Investors only and have been seasoned and are eligible for trading by Retail Investors on the Main Board of the SGX-ST. The Bonds are being offered or sold to or made the subject of an invitation for subscription or purchase by [Retail Investors only/Retail Investors, Institutional Investors and Relevant Persons] pursuant to one or more re-taps.][6]

[As at the date of this document, the Issuer meets the criteria for exemption under the Exemption Regulations for Post-Seasoning Debentures.][7]

[**Notification under Section 309B(1)(c) of the SFA**: The Bonds are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

---

2 To be inserted only if relevant. An Issue Details Supplement will be issued only where (i) the Issuer wishes to allow flexibility in terms of the issuance size in the Pricing Supplement, and / or (ii) other administrative details (such as the ISIN) are not available at the time when the Pricing Supplement is issued. The final issuance size and such other details will be included in the Issue Details Supplement when they are made available any time on or before the Issue Date.

3 To be inserted only if relevant. See comment in footnote 2 above.

4 This legend is to be included for offers of Straight Bonds

5 This legend is to be included for initial offer of Bonds to Specified Investors which are intended to be seasoned

6 This legend is to be included for offers of Post-Seasoning Bonds

7 This legend is to be included for initial offer of Bonds to Specified Investors which are intended to be seasoned and for offers of Post-Seasoning Bonds

[**PRIIPS REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS** — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor in the EEA means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][8]

[**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** — Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")] [MiFID II] and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment and determining appropriate distribution channels.]

[While the Qualifying Debt Securities ("**QDS**") scheme under the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") is subsisting and the conditions for the relevant QDS tax concessions and exemptions are met (as set out in the Information Memorandum), holders of the Bonds should take note of the following:][9]

[Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Bonds by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, shall not apply if such person acquires such Bonds using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Bonds is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.][10]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.

Please note that only Bonds which fall within the definition of "seasoned debenture" in the Exemption Regulations for Post-Seasoning Debentures may be seasoned for trading by Retail Investors under the Seasoning Framework and that only Bonds which fall within the definition of "straight debenture" in the Exemption Regulations for Straight Debentures may be offered pursuant to the Exemption Regulations for Straight Debentures.]

Signed:______________________________
Duly Authorised Signatory

____
Duly Authorised Signatory

8 To be inserted unless the Pricing Supplement specifies "Prohibition of Sales to EEA Investors" as "Not Applicable"

9 Insert if and as applicable

10 Insert if and as applicable

The terms of the Bonds and additional provisions relating to their issue are as follows:

[Include whichever of the following apply]

1.	Series No.:	[ ]
2.	Tranche No.:	[ ]
3.	Relevant Currency:	[ ]
4.	Principal Amount of Series:	[ ]
5.	Principal Amount of Tranche:	[ ]
6.	Denomination Amount:	[ ]
7.	Calculation Amount (if different from Denomination Amount):	[ ]
8.	Issue Date:	[ ]
9.	Redemption Amount (including early redemption):	[Denomination Amount/ [others]]
10.	Interest Basis:	[Fixed Rate/Floating Rate/ Variable Rate/Zero Coupon]
11.	Interest Commencement Date:	[ ]
12.	Fixed Rate Bond	
	(a) Maturity Date:	[ ]
	(b) Day Count Fraction:	[ ]
	(c) Interest Payment Date(s):	[ ]
	(d) Initial Broken Amount:	[ ]
	(e) Final Broken Amount:	[ ]
	(f) Interest Rate:	[ ] per cent per annum
13.	Floating Rate Bonds	
	(a) Redemption Month:	[ ]
	(b) Interest Determination Date:	[ ]
	(c) Day Count Fraction:	[ ]
	(d) Interest Period:	[ ]
	(e) Benchmark:	[SIBOR, Swap Rate or other benchmark]
	(f) Primary Source:	[Specify relevant screen page or "Reference Banks"]
	(g) Reference Banks:	[Specify three]
	(h) Spread:	[ ] per cent per annum
	(i) Relevant Time:	[ ]
	(j) Relevant Financial Centre:	[ ]
14.	Variable Rate Bond	
	(a) Redemption Month:	[ ]
	(b) Interest Determination Date:	[ ]
	(c) Day Count Fraction:	[ ]
	(d) Interest Period:	[ ]
	(e) Benchmark:	[SIBOR, Swap Rate or other benchmark]
	(f) Primary Source:	[Specify relevant screen page or "Reference Banks"]
	(g) Reference Banks:	[Specify three]

	(h)	Spread:	[ ] per cent per annum
	(i)	Relevant Time:	[ ]
	(j)	Relevant Financial Centre:	[ ]
15.	Hybrid Bond		
	(a)	Fixed Rate Bond:	[ ]
	(b)	Floating Rate Bond:	[ ]
	(c)	Maturity Date:	[ ]
	(d)	Redemption Month:	[month and year]
	(e)	Interest Determination Date:	[ ]
	(g)	Day Count Fraction:	[ ]
	(h)	Interest Payment Date(s):	[ ]
	(i)	Initial Broken Amount:	[ ]
	(j)	Final Broken Amount:	[ ]
	(k)	Interest Rate:	[ ] per cent per annum
	(l)	Interest Period:	[ ]
	(m)	Benchmark:	[SIBOR, Swap Rate or other benchmark]
	(n)	Primary Source:	[Specify relevant screen page or "Reference Banks"]
	(o)	Reference Banks:	[Specify three]
	(p)	Spread:	[ ] per cent per annum
	(q)	Relevant Time:	[ ]
	(r)	Relevant Financial Centre:	[ ]
16.	Zero Coupon Bond		
	(a)	Maturity Date:	[ ]
	(b)	Reference Price:	[ ]
	(c)	Accrual Yield:	[ ] per cent per annum
	(d)	Day Count Fraction:	[ ]
	(e)	Any other formula/basis of determining amount payable:	[ ]
17.	Issuer's Redemption Option: Issuer's Redemption Option Period (Condition 7(d)):		[Yes/No] [Specify maximum and minimum number of days for notice period] [Specify Make Whole Reference Rate and amount of spread for purposes of determining the Optional Redemption Amount] [Specify Dates] [Unless otherwise specified hereon, the Optional Redemption Amount shall be equal to the greater of (i) the principal amount of the Bonds being redeemed and (ii) the amount determined by discounting the principal amount of the Bonds plus all required remaining scheduled interest payments due on such Bonds at a Make Whole Call Reference Rate (as defined in this Pricing Supplement) plus a spread specified in this Pricing Supplement.][11]

[11] This legend is to be included for Retail Issues

18.	Bondholder's Redemption Option: Bondholder's Redemption Option Period (Condition 7(e)):	[Yes/No] [Specify maximum and minimum number of days for notice period] [Specify Dates]
19.	Issuer's Purchase Option: Issuer's Purchase Option Period (Condition 7(b)):	[Yes/No] [Specify maximum and minimum number of days for notice period] [Specify Dates]
20.	Bondholders' VRN Purchase Option: Bondholders' VRN Purchase Option Period (Condition 7(c)(i)):	[Yes/No] [Specify maximum and minimum number of days for notice period] [Specify Dates]
21.	Bondholders' Purchase Option: Bondholders' Purchase Option Period (Condition 7(c)(ii)):	[Yes/No] [Specify maximum and minimum number of days for notice period] [Specify Dates]
22.	Redemption for Taxation Reasons:	Yes [on [insert other dates of redemption not on interest payment dates]]
23.	Bonds to be represented on issue by:	[Bearer/Registered] [Temporary Global Bond exchangeable for Definitive Bonds/Temporary Global Bond exchangeable for Permanent Global Bond/ Permanent Global Bond/ Global Certificate]
24.	Temporary Global Bond exchangeable for Definitive Bonds:	[Yes/No]
25.	Temporary Global Bond exchangeable for Permanent Global Bond:	[Yes/No]
26.	Listing:	[ ]
27.	ISINCode:	[ ]
28.	Common Code:	[ ]
29.	Clearing System:	[Depository]
30.	Delivery:	[Delivery free of payment]
31.	Method of issue of Bonds:	[Individual Dealer/ Syndicated Issue]
32.	The following Dealer(s) [is/are] subscribing for the Bonds:	[insert legal name(s) of Dealer(s)]
33.	The aggregate principal amount of Bonds issued has been translated in Singapore Dollars at the rate of [ ] producing a sum of (for Bonds not denominated in Singapore Dollars):	S$[ ]
34.	Calculation Agent:	[Specify/State "None"]
35.	Other terms:	[Not Applicable/See the information set out in Schedule A]

[**SIGNIFICANT CHANGES**

Save as disclosed in the Information Memorandum and this Pricing Supplement, no event has occurred from [●] to *[insert latest practicable date before the date of this pricing supplement]* which may have a material effect on the ability of the Issuer to meet its payment obligations under the Bonds being offered.

[*Disclose significant changes, if any*]][12]

[**STABILISING MANAGER**

In connection with the issue of the Bonds, one or more Dealers named as stabilising manager (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds.][13]

[**ADDITIONAL SELLING RESTRICTIONS**

Each of the Dealers in respect of the series of Bonds to be issued under the Programme has represented, acknowledged and agreed that it has complied with the selling restrictions set forth in the section entitled " Selling Restrictions" in the Information Memorandum and the additional selling restrictions set forth below in the offering of such Bonds:

[*specify applicable additional selling restrictions*]]

[12] To include for offers of Straight Bonds if there are any significant changes since the date of the Information Memorandum

[13] To include other than for Straight Bonds and Post-Seasoning Bonds

Schedule A — Other Terms

(Note: Items set out below may be applicable for offers of Straight Bonds or Post-Seasoning Bonds. If not applicable, state "Not Applicable" or delete item)

Offer	:	The Issuer will offer and issue [up to] [S]$[•] in aggregate principal amount of Bonds pursuant to the Public Offer and Placement (each as defined below), provided that: (1) the Issuer shall not be under any obligation to issue any Bonds if the Allocation Condition is not satisfied; "**Allocation Condition**" means that no Bond shall be issued unless [not less than 20% of the Bonds are issued to Institutional Investors and Relevant Persons (excluding any amount of Straight Bonds issued or to be issued to the Dealers for their own accounts).][14] / [The total of (i) the value of the Bonds to be issued to Retail Investors and (ii) the value, as at the date of issue, of Bonds previously issued to Retail Investors through re-taps (if any), does not exceed 50% of the total value, as at the date of issue, of the Bonds initially issued to Specified Investors only (excluding Bonds issued to the Dealers for their own accounts).][15] [(2) the Issuer shall not be under any obligation to issue any Bonds if the aggregate principal amount of the Bonds for which subscriptions have been received (whether pursuant to the Public Offer or the Placement) is less than [S]$**[•]** (the "**Right to Cancel**").] [(3) subject to the Allocation Condition, in the event of oversubscription in the Public Offer and/or the Placement, the Issuer may, at their discretion and in consultation with the Dealers, and prior to the Issue Date (i) increase the issue size of the Bonds under the Public Offer and/or the Placement and (ii) determine the final allocation of such oversubscription between the Public Offer and the Placement, such that the maximum issue size under the Public Offer and the Placement shall not exceed [S]$[•] in aggregate principal amount of the Bonds (the "**Upsize Option**").] [(4) subject to the Allocation Condition, the Issuer may, at its discretion and in consultation with the Dealers, re-allocate the aggregate principal amount of Bonds offered between the Public Offer and the Placement (the "**Re-allocation**"). The actual aggregate principal amount of the Bonds to be issued and the allocation between the Public Offer and the Placement (if any) will be finalised on or prior to the Issue Date [and set out in the Issue Details Supplement][16]. Unless indicated otherwise, all information in the Information Memorandum and this Pricing Supplement assumes that no Bonds have been re-allocated between the Public Offer and the Placement [and that the Upsize Option has not been exercised][17].]
Public Offer	:	The offering of [up to] [S]$**[•]** in aggregate principal amount of Bonds at the Issue Price to Retail Investors in Singapore through Electronic Applications[, subject to the Right to Cancel, the Re-allocation and the Upsize Option described in "Offer" above].

[14] Applicable only for offers made pursuant to the Exemption Regulations for Straight Debentures

[15] Applicable only for offers made pursuant to the Exemption Regulations for Post-Seasoning Debentures

[16] To be inserted only if relevant. See comment in footnote 2 above.

[17] To be inserted only if relevant. See comment in footnote 2 above.

Placement	:	The offering of [up to] [S]$**[•]** in aggregate principal amount of Bonds at the Issue Price to institutional and other investors[, subject to the Right to Cancel, the Re-allocation and the Upsize Option described in "Offer" above].
Application and Payment Procedures	:	Applications for Bonds offered through the Public Offer must be made by way of Electronic Applications. Applications for Bonds offered through the Placement may only be made directly through the Dealers who will determine, at their discretion, the manner and method for applications under the Placement. The Bonds will be issued in minimum denominations of [S]$1,000 and integral multiples of [S]$1,000 in excess thereof. An application for the Bonds is subject to a minimum of (1) [S]$[•] in aggregate principal amount of Bonds per application under the Public Offer, and (2) [S]$[•] in aggregate principal amount of Bonds per application under the Placement, or higher amounts in integral multiples of [S]$1,000 thereof. The Issuer and the Dealers reserve the right to reject or accept any application in whole or in part, or to scale down or ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on their decision will be entertained. This right applies to all applications for the Bonds. Applications for Bonds under the Public Offer may be made from **[•]** [a.m./p.m.] on ***[insert date]*** to **[•]** [a.m./p.m.] on ***[insert date]*** (or such other time(s) and date(s) as the Issuer may, at their absolute discretion, decide, with the approval of the SGX-ST (if required), and subject to any limitation under any applicable laws). See "Expected Timetable of Key Events" below for more details. Prospective investors applying for Bonds under the Public Offer must do so by way of Electronic Applications and follow the application procedures set out in "Terms and Conditions for Electronic Applications" in Schedule B of this Pricing Supplement. Prospective investors applying for the Bonds under the Placement must contact the Dealers directly.
Participating Banks	:	[DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited.]
Expenses charged to subscriber	:	The expenses incurred in connection with the offer of the Bonds will not be specifically charged to subscribers for the Bonds. For each ATM Electronic Application made through the ATMs of [DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited], a non-refundable administrative fee of [S$2, S$1 and S$2] respectively will be incurred at the point of application. For each Internet Electronic Application made through the internet banking websites of [DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited], a non-refundable administrative fee of [S$2, S$1 and S$2] respectively will be incurred at the point of application. For each mBanking Electronic Application made through the mobile banking interface of [DBS Bank Ltd.], a non-refundable administrative fee of [S$2] will be incurred at the point of application.

Eligibility under CPF Investment Scheme	:	[The Bonds are eligible for inclusion under the CPFIS-OA. Accordingly, prospective investors who are members of the CPF in Singapore CAN use up to 35% of their investible savings in their CPF Ordinary Account ("**CPF Funds**") to (a) apply for the Bonds under the Public Offer or (b) purchase the Bonds from the market thereafter. CPF Funds may not be used to apply for the Bonds under the Placement.] *[Include if the Bonds are CPFIS eligible]* [The Bonds are not eligible for inclusion under the CPFIS-OA. Accordingly, prospective investors who are members of the CPF in Singapore CANNOT use their investible savings in their CPF Ordinary Account to apply for the Bonds or to purchase the Bonds from the market thereafter.] *[Include if the Bonds are not CPFIS eligible]*
Eligibility under Supplementary Retirement Scheme	:	Prospective investors **CANNOT** use their SRS Funds to apply for the initial offer of the Bonds. Investors with SRS accounts should consult their stockbrokers and the relevant banks in which they hold their SRS accounts if they wish to purchase the Bonds from the market after the completion of the offer and the listing of the Bonds on the SGX-ST using SRS Funds.
Estimated proceeds from the offer	:	[The gross proceeds from the offer of the Bonds will be [S]$[●].] [In the event that the maximum issue size of [S]$[●] million in aggregate principal amount of Bonds is issued, the gross proceeds from the offer will be [S]$**[●]**.]
Use of proceeds	:	The net proceeds from the offer will be [to fund the Issuer's ordinary course of business / *[state other uses, if applicable]*].

EXPECTED TIMETABLE OF KEY EVENTS

Announcement on SGXNET of [the Information Memorandum,][18] the Pricing Supplement and the Product Highlights Sheet:	[*date*]
Opening date and time for applications for the Bonds under the Placement	After announcement on SGXNET of [the Information Memorandum,] the Pricing Supplement and the Product Highlights Sheet on [*date*]
Opening date and time for applications for the Bonds under the Public Offer:	[*date*] at [*time*]
Last date and time for applications for the Bonds under the Public Offer [and the Placement]:	[*date*] at [*time*]
Balloting of applications under the Public Offer, if necessary (in the event of an oversubscription of the Bonds under the Public Offer). Commence returning or refunding application moneys to unsuccessful or partially successful applicants:	[*date*]
Expected announcement on SGXNET of results of the Offer	[*date*]
Expected Issue Date:	[*date*]
Expected date and time of commencement of trading of the Bonds on the Main Board of the SGX-ST:	[*date*]

18 References to announcement of the Information Memorandum can be removed if the Information Memorandum has already been announced and does not need to be further announced at the time of issuance

[The Issuer expects to announce through SGXNET the initial allocations of Bonds under the Placement on or about [*date*]. Subsequent to the initial allocation of the Bonds, the Issuer may (but is not under any obligation to) allocate Bonds under the Placement from time to time prior to the close of the offering period of the Placement. The Issuer expects to announce through SGXNET any subsequent allocations (if any) of Bonds within **[●]** business days after such allocations. Prospective investors applying in Singapore for Bonds as part of the Placement must contact the Dealers directly.]

The above timetable is indicative only and is subject to change. As at the date of this Pricing Supplement, the Issuer does not expect the above timetable to be modified. However, the Issuer may, at their absolute discretion, with the approval of the SGX-ST (if required), and in consultation with the Dealers, extend, shorten or modify the above timetable as it may think fit subject to any limitation under any applicable laws. In particular, the Issuer will, in consultation with the Dealers, have the absolute discretion to close the Public Offer and/or the Placement early. The Issuer will publicly announce any changes to the above timetable through a SGXNET announcement to be posted on the SGX-ST's website at http://www.sgx.com.

Schedule B — Terms and Conditions for Electronic Applications

[To be inserted]

[Schedule C — Issue Details Supplement

The form of Issue Details Supplement that will be issued in respect of each series of Bonds where applicable, subject only to the deletion of non-applicable provisions or modifications, as appropriate, is set out below:

Issue Details Supplement dated **[•]**

Issue of [Aggregate Nominal Amount of Series] [Title of Bonds]
Under the S$2,000,000,000 Medium Term Bond Programme
Series Number [•]

Reference is made to the Pricing Supplement issued by the Issuer on [*date*] in respect of the Series Number **[•]** Bonds (the "**Pricing Supplement**").

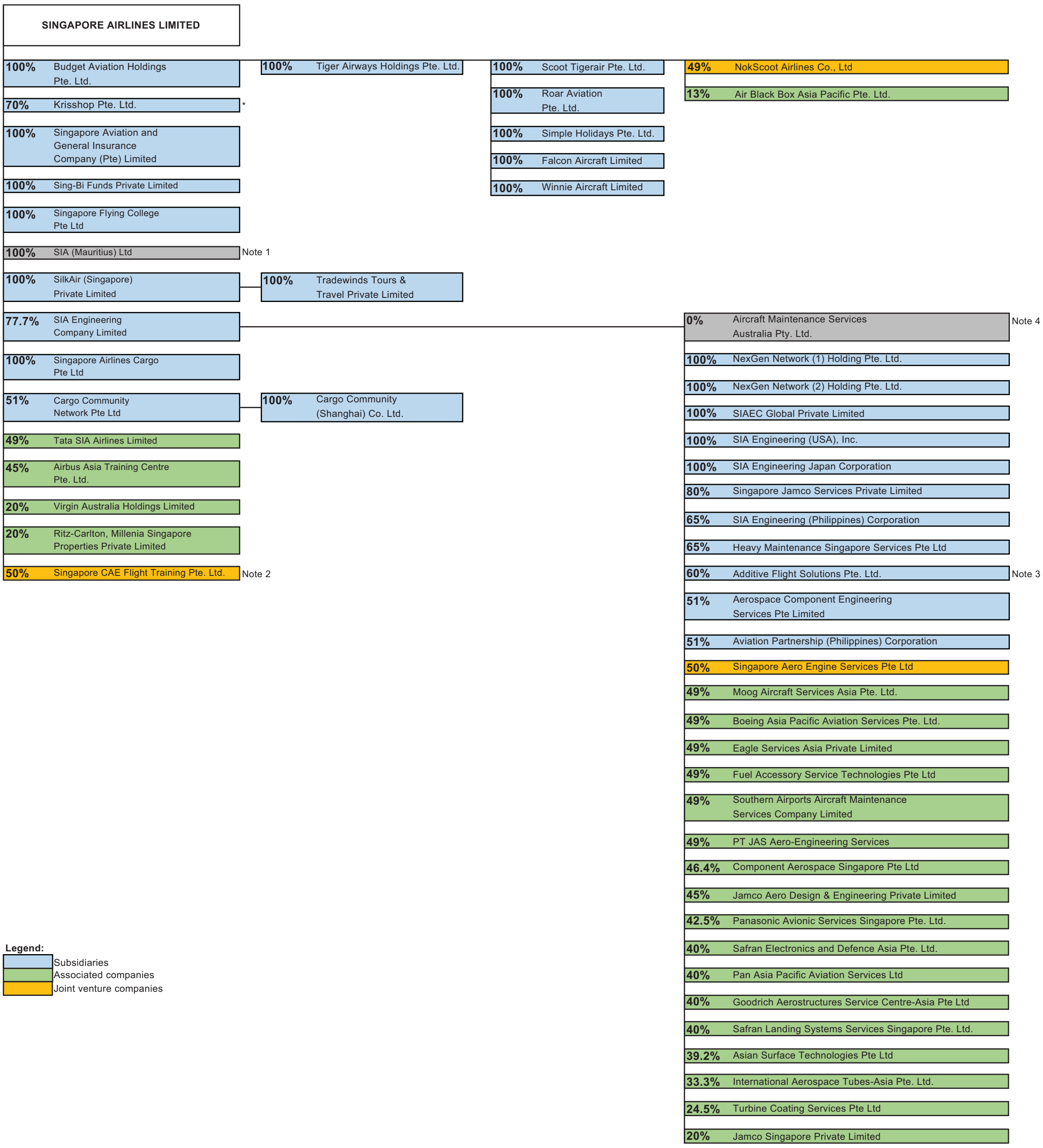
This document constitutes the Issue Details Supplement referred to in the Pricing Supplement. Capitalised terms used herein shall have the meanings given to them in the Information Memorandum and the Pricing Supplement.

The Pricing Supplement shall be supplemented on the Issue Date in respect of the Bonds by the terms set out below.

1	Aggregate Nominal Amount:	
	(i) Series:	[S]$[•]
	(ii) [Tranche:]	[S]$[•]
2	Offer	The Issuer [has exercised the Upsize Option and right of Re-allocation] and will offer and issue [S]$**[•]** in aggregate principal amount of Bonds pursuant to the Public Offer and Placement, to be allocated as follows: (a) [S]$**[•]** in aggregate principal amount of Bonds to the Public Offer; and (b) [S]$**[•]** in aggregate principal amount of Bonds to the Placement.
3	ISIN Code:	[•]
4	Other terms:	[•] / [Not Applicable]][19]

[19] To be inserted only if relevant. See comment in footnote 1 above.

ANNEX B –
CORPORATE STRUCTURE OF THE ISSUER
AS AT 31 DECEMBER 2018



Note 1 SIA (Mauritius) Ltd, a company incorporated in the Republic of Mauritius, has been placed under members' voluntary liquidation pursuant to the laws of the Republic of Mauritius on 20 October 2017.

Note 2 Singapore CAE Flight Training Pte. Ltd. is an equally-owned joint venture with CAE, which started operations in August 2018, for pilot training in Singapore.

Note 3 SIAEC and Stratasys Ltd. have incorporated a company, Additive Flight Solutions Pte. Ltd. SIAEC holds 60% equity stake in the company, with Stratasys holding the remaining 40%. The new subsidiary of SIAEC started operations in July 2018.

Note 4 In December 2018, SIAEC entered into an agreement with Heston Services Limited (Heston) for the divestment of 100% of the issued share capital of SIAEC's wholly-owned subsidiary, Aircraft Maintenance Services Australia Pty Ltd (AMSA). SIAEC has completed the divestment of AMSA and AMSA has ceased to be a subsidiary of SIAEC.

* Singapore Airlines (SIA), 3Sixty (formerly DFASS Group) and SATS finalised a shareholders' agreement sealing the establishment of a partnership to operate KrisShop and Scootalogue retail programmes in Singapore. The subsidiary, KrisShop Pte Ltd (formerly known as Singapore Airport Duty-Free Emporium), launched operations on 1 December 2018. The companies signed a share subscription agreement on 23 November 2018 under which SIA, 3Sixty and SATS will jointly invest approximately $35 million in KrisShop Pte Ltd. SIA holds 70 per cent of this entity, while 3Sixty (Singapore) and SATS Ltd each hold 15 per cent under the terms of the agreement.