SINGAPORE AIRLINES

# AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 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 FINANCIAL YEAR ENDED 31 MARCH 2017 (in $ million)**

| | The Group | | The Group | |
|---|---|---|---|---|
| | 4th Quarter 2016-17 | 4th Quarter 2015-16 | 2016-17 | 2015-16 |
| **REVENUE** | 3,720.0 | 3,719.6 | 14,868.5 | 15,238.7 |
| **EXPENDITURE** | | | | |
| Staff costs | 680.3 | 628.6 | 2,616.2 | 2,451.8 |
| Fuel costs | 967.2 | 924.0 | 3,747.5 | 4,527.0 |
| Depreciation | 387.0 | 390.9 | 1,552.1 | 1,543.0 |
| Impairment of property, plant and equipment | 3.9 | 1.6 | 3.9 | 10.6 |
| Amortisation of intangible assets | 10.9 | 9.1 | 39.8 | 32.7 |
| Aircraft maintenance and overhaul costs | 251.7 | 237.2 | 898.3 | 804.9 |
| Commission and incentives | 111.2 | 87.2 | 387.1 | 365.0 |
| Landing, parking and overflying charges | 196.0 | 191.1 | 809.3 | 765.8 |
| Handling charges | 305.2 | 280.7 | 1,197.1 | 1,138.9 |
| Rentals on leased aircraft | 226.3 | 244.0 | 895.9 | 924.7 |
| Material costs | 19.8 | 17.6 | 63.8 | 67.2 |
| Inflight meals | 136.2 | 134.7 | 543.7 | 547.2 |
| Advertising and sales costs | 91.1 | 86.7 | 304.3 | 289.8 |
| Insurance expenses | 12.6 | 10.8 | 44.7 | 44.1 |
| Company accommodation and utilities | 29.7 | 31.4 | 115.4 | 119.1 |
| Other passenger costs | 45.4 | 43.4 | 176.3 | 180.5 |
| Crew expenses | 40.3 | 37.8 | 156.8 | 148.5 |
| Other operating expenses | 177.6 | 209.6 | 693.5 | 596.7 |
| | 3,692.4 | 3,566.4 | 14,245.7 | 14,557.5 |
| **OPERATING PROFIT** | 27.6 | 153.2 | 622.8 | 681.2 |
| Finance charges | (12.7) | (12.1) | (46.1) | (50.3) |
| Interest income | 16.4 | 10.5 | 73.9 | 70.7 |
| (Loss)/Surplus on disposal of aircraft, spares and spare engines | (15.9) | 2.0 | (31.7) | 52.7 |
| Dividends from long-term investments | - | 1.6 | 5.5 | 115.3 |
| Dividends from asset held for sale | - | - | 39.5 | - |
| Other non-operating items | (148.7) | 93.6 | (103.2) | 91.1 |
| Share of profits of joint venture companies | 5.7 | 6.4 | 20.9 | 22.8 |
| Share of losses of associated companies | (4.5) | (12.0) | (63.0) | (11.1) |
| **(LOSS)/PROFIT BEFORE TAXATION** | (132.1) | 243.2 | 518.6 | 972.4 |
| **TAXATION** | 5.7 | (9.2) | (76.7) | (120.6) |
| **(LOSS)/PROFIT FOR THE PERIOD** | (126.4) | 234.0 | 441.9 | 851.8 |
| **(LOSS)/PROFIT ATTRIBUTABLE TO:** | | | | |
| **OWNERS OF THE PARENT** | (138.3) | 224.7 | 360.4 | 804.4 |
| **NON-CONTROLLING INTERESTS** | 11.9 | 9.3 | 81.5 | 47.4 |
| | (126.4) | 234.0 | 441.9 | 851.8 |
| **BASIC (LOSS)/EARNINGS PER SHARE (CENTS)** | (11.7) | 19.3 | 30.5 | 69.0 |
| **DILUTED (LOSS)/EARNINGS PER SHARE (CENTS)** | (11.7) | 19.2 | 30.3 | 68.7 |

**Notes:**

(i) Profit for the period is arrived at after charging/(crediting) the following:

| | The Group | | The Group | |
|---|---|---|---|---|
| | 4th Quarter 2016-17 | 4th Quarter 2015-16 | 2016-17 | 2015-16 |
| Compensation for changes in aircraft delivery slots | (7.5) | (7.4) | (36.8) | (136.7) |
| Interest income from short-term investments | (0.2) | (0.2) | (0.9) | (0.9) |
| Dividend income from short-term investments | (0.2) | (0.2) | (0.9) | (0.9) |
| Income from operating lease of aircraft | (8.9) | (11.5) | (45.1) | (46.9) |
| Amortisation of deferred gain on sale and operating leaseback transactions | (1.2) | (1.8) | (6.0) | (7.6) |
| Loss on disposal of short-term investments | 0.4 | 4.1 | 0.8 | 5.1 |
| Bad debts written off | - | 0.3 | 1.9 | 1.1 |
| Impairment/(Writeback of impairment) of trade debtors | 0.2 | (0.9) | (1.3) | (4.7) |
| Writedown of inventories | 2.6 | 6.0 | 5.8 | 26.6 |
| Exchange loss, net | 8.8 | 42.8 | 26.9 | 106.2 |
| Currency hedging loss/(gain) | 4.2 | (13.5) | 36.6 | (106.9) |
| Fuel hedging loss recognised in "Fuel costs" | 10.4 | 298.6 | 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 fair value through profit or loss ("FVTPL") | (2.2) | - | (1.6) | - |
| Ineffectiveness of cross currency swaps recognised in "Rentals on leased aircraft" | - | 0.1 | - | 0.1 |
| Over provision of tax in respect of prior years | (6.3) | (14.7) | (15.8) | (7.9) |

(ii) The other non-operating items comprise the following:

| | The Group | | The Group | |
|---|---|---|---|---|
| | 4th Quarter 2016-17 | 4th Quarter 2015-16 | 2016-17 | 2015-16 |
| Impairment of aircraft | (0.4) | (2.8) | (21.2) | (11.7) |
| Impairment of intangible assets | (19.2) | - | (98.2) | - |
| Surplus on disposal of asset held for sale | - | - | 141.6 | - |
| (Loss)/Surplus on disposal of other property, plant and equipment | - | (0.5) | (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) | - | (9.0) |
| Loss on disposal of a long term investment | - | - | (6.1) | - |
| Net gain on financial assets mandatorily measured at FVTPL | 3.9 | - | 1.5 | - |
| Writeback of provision for expected credit losses on investments and guarantees | 1.5 | - | 1.8 | - |
| (Provision)/Refund of competition-related fines and settlement | (131.9) | 116.5 | (131.9) | 116.5 |
| Surplus on dilution of interest in an associated company | - | 1.9 | 9.7 | 1.9 |
| Loss on planned disposal of aircraft | - | (38.0) | - | (38.0) |
| (Provision)/Writeback of provision for onerous aircraft leases, net | (2.6) | 25.5 | (2.6) | 25.5 |
| | (148.7) | 93.6 | (103.2) | 91.1 |

**STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (in $ million)**

| | The Group | | The Group | |
|---|---|---|---|---|
| | 4th Quarter 2016-17 | 4th Quarter 2015-16 | 2016-17 | 2015-16 |
| **(LOSS)/PROFIT FOR THE PERIOD** | (126.4) | 234.0 | 441.9 | 851.8 |
| **OTHER COMPREHENSIVE INCOME:** | | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | | |
| Currency translation differences | (13.4) | (11.1) | 27.5 | (21.9) |
| Net fair value changes on cash flow hedges | (615.7) | 113.9 | 369.5 | 124.3 |
| Loss on dilution of interest in an associated company due to share options exercised | - | (2.2) | - | (1.9) |
| Share of other comprehensive income of associated and joint venture companies | 6.4 | (0.9) | 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") | (0.5) | (4.2) | (133.2) | 140.7 |
| Actuarial loss on revaluation of defined benefit plans | (5.1) | (2.5) | (5.1) | (1.3) |
| **OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX** | (628.3) | 93.0 | 288.3 | 232.9 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | (754.7) | 327.0 | 730.2 | 1,084.7 |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:** | | | | |
| **OWNERS OF THE PARENT** | (761.9) | 319.3 | 676.3 | 1,004.6 |
| **NON-CONTROLLING INTERESTS** | 7.2 | 7.7 | 53.9 | 80.1 |
| | (754.7) | 327.0 | 730.2 | 1,084.7 |

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

**STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2017 (in $ million)**

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

**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 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| $37.9M | $4.1M | $203.1M | $8.8M |

Amount repayable after one year

| As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| $74.0M | $1,451.8M | $111.1M | $1,024.5M |

Details of any collateral

The secured borrowings pertained to secured bank loans ($88.2 million) and finance leases of aircraft ($23.7 million). 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.

**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 FINANCIAL YEAR ENDED 31 MARCH 2017 (in $ million)**

| | The Group | |
|---|---|---|
| | 2016-17 | 2015-16 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 518.6 | 972.4 |
| | | |
| Adjustments for: | | |
| Depreciation | 1,552.1 | 1,543.0 |
| Impairment of property, plant and equipment | 3.9 | 10.6 |
| Amortisation of intangible assets | 39.8 | 32.7 |
| Writeback of impairment of trade debtors | (1.3) | (4.7) |
| Writedown of inventories | 5.8 | 26.6 |
| Income from short-term investments | (1.8) | (1.8) |
| Provisions | 304.8 | 218.5 |
| Share-based compensation expense | 15.2 | 12.4 |
| Exchange differences | (47.1) | 16.3 |
| Amortisation of deferred gain on sale and operating leaseback transactions | (6.0) | (7.6) |
| Finance charges | 46.1 | 50.3 |
| 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 | (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 | 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 |

**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (in $ million)**

| | The Group | |
|---|---|---|
| | 2016-17 | 2015-16 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Capital expenditure | (3,944.7) | (2,909.0) |
| Purchase of intangible assets | (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 assets 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 associated companies | 4.0 | 4.9 |
| **NET CASH USED IN INVESTING ACTIVITIES** | (2,943.5) | (2,699.7) |
| | | |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Dividends paid | (521.3) | (315.4) |
| Dividends paid by subsidiary companies to non-controlling interests | (37.6) | (43.6) |
| Proceeds from exercise of share options pursuant to the Voluntary Conditional General Offer ("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 subsidiary companies | 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 | (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 | 2,386.9 | 3,002.7 |
| Cash and bank balances | 993.6 | 969.7 |
| **CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR** | 3,380.5 | 3,972.4 |

**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 FINANCIAL YEAR ENDED 31 MARCH 2017 (in $ million)**

| | Attributable to Owners of the Parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 April 2016 | 1,856.1 | (381.5) | (129.2) | (151.3) | 123.7 | (498.6) | 11,935.5 | 12,754.7 | 378.2 | 13,132.9 |
| Effects of adopting FRS 109 | - | - | - | - | - | (28.4) | 47.2 | 18.8 | - | 18.8 |
| Comprehensive income | | | | | | | | | | |
| Currency translation differences | - | - | - | 22.3 | - | - | - | 22.3 | 5.2 | 27.5 |
| Net fair value changes on financial assets measured at FVOCI | - | - | - | - | - | (100.3) | - | (100.3) | (32.9) | (133.2) |
| Net fair value changes on cash flow hedges | - | - | - | - | - | 369.4 | - | 369.4 | 0.1 | 369.5 |
| Share of other comprehensive income of associated and joint venture companies | - | - | 6.5 | - | (0.5) | 23.6 | - | 29.6 | - | 29.6 |
| Actuarial loss on revaluation of defined benefit plans | - | - | - | - | - | - | (5.1) | (5.1) | - | (5.1) |
| Other comprehensive income for the financial year, net of tax | - | - | 6.5 | 22.3 | (0.5) | 292.7 | (5.1) | 315.9 | (27.6) | 288.3 |
| Profit for the financial year | - | - | - | - | - | - | 360.4 | 360.4 | 81.5 | 441.9 |
| Total comprehensive income for the financial year | - | - | 6.5 | 22.3 | (0.5) | 292.7 | 355.3 | 676.3 | 53.9 | 730.2 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | | |
| Share of other changes in equity of associated companies | - | - | (9.8) | - | - | - | - | (9.8) | - | (9.8) |
| Loss on dilution of interest in a subsidiary company due to share options exercised | - | - | - | - | (5.9) | - | (1.3) | (7.2) | (2.6) | (9.8) |
| Realisation of reserves from dilution of interest in an associated company | - | - | (8.5) | 5.3 | (0.5) | 0.8 | 9.0 | 6.1 | - | 6.1 |
| Issuance of share capital by a subsidiary company | - | - | - | - | - | - | - | - | 8.2 | 8.2 |
| Share-based compensation expense | - | - | - | - | 15.2 | - | - | 15.2 | - | 15.2 |
| Share options and share awards lapsed | - | - | 1.7 | - | (16.1) | - | 14.4 | - | - | - |
| Purchase of treasury shares | - | (134.3) | - | - | - | - | - | (134.3) | - | (134.3) |
| Treasury shares reissued pursuant to equity compensation plans | - | 34.3 | 3.3 | - | (16.0) | - | - | 21.6 | - | 21.6 |
| Treasury shares reissued pursuant to the VGO of Tiger Airways | - | 286.8 | 25.8 | - | (11.4) | - | - | 301.2 | - | 301.2 |
| Dividends | - | - | - | - | - | - | (521.3) | (521.3) | (37.6) | (558.9) |
| Total contributions by and distributions to owners | - | 186.8 | 12.5 | 5.3 | (34.7) | 0.8 | (499.2) | (328.5) | (32.0) | (360.5) |
| Changes in ownership interests in a subsidiary company | | | | | | | | | | |
| Acquisition of non-controlling interests without a change in control | - | - | (37.4) | - | - | (0.9) | - | (38.3) | (12.9) | (51.2) |
| Total changes in ownership interests in a subsidiary company | - | - | (37.4) | - | - | (0.9) | - | (38.3) | (12.9) | (51.2) |
| Total transactions with owners | - | 186.8 | (24.9) | 5.3 | (34.7) | (0.1) | (499.2) | (366.8) | (44.9) | (411.7) |
| Balance at 31 March 2017 | 1,856.1 | (194.7) | (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 2016 (in $ million)**

| The Group | Attributable to Owners of the Parent | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 April 2015 | 1,856.1 | (326.3) | 215.9 | (135.7) | 113.2 | (706.2) | 11,446.6 | 12,463.6 | 466.5 | 12,930.1 |
| Comprehensive income | | | | | | | | | | |
| Currency translation differences | - | - | - | (19.9) | - | - | - | (19.9) | (2.0) | (21.9) |
| Net fair value changes on available-for-sale assets | - | - | - | - | - | 109.0 | - | 109.0 | 31.7 | 140.7 |
| Net fair value changes on cash flow hedges | - | - | - | - | - | 121.3 | - | 121.3 | 3.0 | 124.3 |
| Loss on dilution of interest in an associated company due to share options exercised | - | - | - | - | - | - | (1.9) | (1.9) | - | (1.9) |
| Share of other comprehensive income of associated and joint venture companies | - | - | - | - | 0.3 | (10.8) | - | (10.5) | - | (10.5) |
| Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company | - | - | - | - | - | (0.8) | - | (0.8) | - | (0.8) |
| Realisation of foreign currency translation reserves on liquidation of an associated company | - | - | - | 4.3 | - | - | - | 4.3 | - | 4.3 |
| Actuarial loss on revaluation of defined benefit plans | - | - | - | - | - | - | (1.3) | (1.3) | - | (1.3) |
| Other comprehensive income for the financial year, net of tax | - | - | - | (15.6) | 0.3 | 218.7 | (3.2) | 200.2 | 32.7 | 232.9 |
| Profit for the financial year | - | - | - | - | - | - | 804.4 | 804.4 | 47.4 | 851.8 |
| Total comprehensive income for the financial year | - | - | - | (15.6) | 0.3 | 218.7 | 801.2 | 1,004.6 | 80.1 | 1,084.7 |
| 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) | - | - | - | - | (3.7) | - | (3.7) |
| Loss on dilution of interest in subsidiary companies due to share options exercised | - | - | - | - | (5.0) | - | (2.0) | (7.0) | 0.8 | (6.2) |
| Issuance of share capital by a subsidiary company | - | - | - | - | - | - | - | - | 1.5 | 1.5 |
| Share-based compensation expense | - | - | - | - | 12.4 | - | - | 12.4 | - | 12.4 |
| Share options lapsed | - | - | - | - | (5.1) | - | 5.1 | - | - | - |
| Purchase of treasury shares | - | (85.4) | - | - | - | - | - | (85.4) | - | (85.4) |
| Treasury shares reissued pursuant to equity compensation plans | - | 30.2 | 1.2 | - | (11.3) | - | - | 20.1 | - | 20.1 |
| Dividends | - | - | - | - | - | - | (315.4) | (315.4) | (43.6) | (359.0) |
| Total contributions by and distributions to owners | - | (55.2) | (2.5) | - | (9.0) | - | (312.3) | (379.0) | (41.3) | (420.3) |
| Changes in ownership interests in subsidiary companies | | | | | | | | | | |
| Disposal of a subsidiary company | - | - | - | - | - | - | - | - | (3.1) | (3.1) |
| Acquisition of non-controlling interests without a change in control | - | - | (342.6) | - | 19.2 | (11.1) | - | (334.5) | (124.0) | (458.5) |
| Total changes in ownership interests in subsidiary companies | - | - | (342.6) | - | 19.2 | (11.1) | - | (334.5) | (127.1) | (461.6) |
| Total transactions with owners | - | (55.2) | (345.1) | - | 10.2 | (11.1) | (312.3) | (713.5) | (168.4) | (881.9) |
| Balance at 31 March 2016 | 1,856.1 | (381.5) | (129.2) | (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 | 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 |
| Comprehensive income | | | | | | | |
| Net fair value changes on financial assets measured at FVOCI | - | - | - | - | 5.0 | - | 5.0 |
| Net fair value changes on cash flow hedges | - | - | - | - | 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 |
| Transactions with owners, recorded directly in equity<br>Contributions by and distributions to owners | | | | | | | |
| Share-based compensation expense | - | - | - | 12.0 | - | - | 12.0 |
| Share options and share awards lapsed | - | - | 1.7 | (15.9) | - | 14.2 | - |
| Purchase of treasury shares | - | (134.3) | - | - | - | - | (134.3) |
| Treasury shares reissued pursuant to equity compensation plans | - | 34.3 | 3.3 | (16.0) | - | - | 21.6 |
| Treasury shares reissued pursuant to the VGO of Tiger Airways | - | 286.8 | 25.8 | (11.4) | - | - | 301.2 |
| Dividends | - | - | - | - | - | (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 |

**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (in $ million)**

| The Company | 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 | - | - | - | - | 2.3 | - | 2.3 |
| Net fair value changes on cash flow hedges | - | - | - | - | 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<br>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 | - | (85.4) | - | - | - | - | (85.4) |
| Treasury shares reissued pursuant to equity compensation plans | - | 30.2 | 1.2 | (11.3) | - | - | 20.1 |
| Dividends | - | - | - | - | - | (315.4) | (315.4) |
| Issue of share options pursuant to the VGO of Tiger Airways | - | - | - | 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 |

**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

During the financial year, the Company did not issue any shares upon exercise of options pursuant to share options exercised under the Employee Share Option Plan, as treasury shares were transferred to the employees.

| Group and Company | Number of Shares | Share Capital ($ million) |
|---|---|---|
| Issued and fully paid share capital | | |
| Ordinary Shares | | |
| Balance at 1 April 2016 | 1,199,851,018 | 1,856.1 |
| Shares issued pursuant to exercise of options during the period April 2016 to March 2017 | - | - |
| Balance at 31 March 2017 | 1,199,851,018 | 1,856.1 |

As at 31 March 2017, the number of ordinary shares in issue was 1,199,851,018 of which 18,377,002 were held by the Company as treasury shares (31 March 2016: 1,199,851,018 ordinary shares of which 36,070,359 were held as treasury shares). The share capital was $1,856.1 million. The treasury shares held represents 1.6% (31 March 2016: 3.1%) of the total number of issued shares (excluding treasury shares).

The Company has no subsidiary holdings as at 31 March 2017 and 31 March 2016.

Employee Share Option Plan

As at 31 March 2017, the number of share options of the Company outstanding was 16,723,550 (31 March 2016: 21,113,197). During the financial year, 2,310,011 (31 March 2016: 2,365,478) options 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. Treasury shares were transferred to the employees on exercise of these share options.

The movement of share options of the Company during the financial year is as follows:

| Date of Grant | Balance at 01.04.2016 | Cancelled | Exercised | Balance at 31.03.2017 | Exercise price* | Expiry date |
|---|---|---|---|---|---|---|
| 03.07.2006 | 3,799,229 | (1,489,218) | (2,310,011) | - | $9.34 | 02.07.2016 |
| 02.07.2007 | 9,026,612 | (323,760) | - | 8,702,852 | $15.46 | 01.07.2017 |
| 01.07.2008 | 8,287,356 | (266,658) | - | 8,020,698 | $12.07 | 30.06.2018 |
| | 21,113,197 | (2,079,636) | (2,310,011) | 16,723,550 | | |

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.50 per share on 31 July 2007, the Board Compensation & Industrial Relations Committee approved a reduction of $0.50 in the exercise prices of the share options outstanding on 2 August 2007. The said Committee approved another $1.71 reduction in the exercise prices of the share options outstanding on 28 August 2009 following approval by the Company's shareholders of the dividend *in specie* of SATS shares on 31 July 2009. The Committee approved another reduction of $0.80 in the exercise prices of the share options outstanding on 18 August 2011, following approval by the Company's shareholders of the declaration of a special dividend of $0.80 per share on 29 July 2011. Following approval by the Company's shareholders of the declaration of a special dividend of $0.25 per share on 30 July 2014, the Committee approved another reduction of $0.25 in the exercise prices of the share options outstanding on 14 August 2014. The exercise prices reflected here are the exercise prices after such adjustments.

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 March 2017, the number of outstanding shares granted under the Company's RSP and PSP were 1,959,403 (31 March 2016: 1,692,528) and 729,168 respectively (31 March 2016: 716,693).

The details of the shares awarded under RSP and PSP are as follows:

| | Number of Restricted Shares | | | | | |
|---|---|---|---|---|---|---|
| Date of Grant | Balance at 01.04.2016 | Granted | Adjustment# | Cancelled | Vested | Balance at 31.03.2017 |
| **RSP** | | | | | | |
| 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 |
| | 1,692,528 | 794,854 | 131,617 | (13,512) | (646,084) | 1,959,403 |

\# Adjustment at the end of performance period upon meeting stated performance targets and adjustments for number of days in service for retirees.

| | Number of Performance Shares | | | | |
|---|---|---|---|---|---|
| Date of Grant | Balance at 01.04.2016 | Granted | Adjustment# | Vested | Balance at 31.03.2017 |
| **PSP** | | | | | |
| 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 |
| | 716,693 | 240,900 | (123,005) | (105,420) | 729,168 |

# Adjustment at the end of performance period upon meeting stated performance targets and adjustment for number of days in service for retirees.

In addition, the Board Compensation & Industrial Relations Committee approved a special time-based RSP in FY2010-11 to be granted to senior management. The details of the shares awarded under the special time-based RSP are as follows:

| | Number of Time-based Restricted Shares | | |
|---|---|---|---|
| Date of Grant | Balance at 01.04.2016 | Vested | Balance at 31.03.2017 |
| **RSP** | | | |
| 07.05.2010 | 5,426 | (5,426) | - |

Deferred Share Award ("DSA")

One-off grants of Deferred Share Award of fully paid ordinary shares were 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 Deferred Share Award are as follows:

| | Number of Deferred Share Award | | | | |
|---|---|---|---|---|---|
| Date of Grant | Balance at 01.04.2016 | Granted | 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 |
| | 302,817 | 65,740 | 11,610 | (166,167) | 214,000 |

^ Adjustment at the end of performance period for Accumulated Dividend Yield.

**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 March 2017, the number of ordinary shares in issue was 1,199,851,018 of which 18,377,002 were held by the Company as treasury shares (31 March 2016: 1,199,851,018 ordinary shares of which 36,070,359 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 financial year, the Company purchased 12,665,700 treasury shares (2015-16: 8,438,700).

The Company transferred 2,310,011 treasury shares to employees on exercise of share options, 923,097 treasury shares on vesting of share-based incentive plans and another 27,125,949 treasury shares on exercise of the share options granted pursuant to the VGO of Tiger Airways (2015-16: 2,365,478 on exercise of share options and 465,306 on vesting of share-based incentive plans). Treasury shares are presented as a component within equity attributable to owners of the parent.

| Group and Company | Number of Shares | Treasury Shares ($ million) |
|---|---|---|
| Balance at 1 April 2016 | 36,070,359 | (381.5) |
| Purchase of treasury shares | 12,665,700 | (134.3) |
| Treasury shares transferred on exercise of share options | (2,310,011) | 24.5 |
| Treasury shares transferred on vesting of share-based incentive plans | (923,097) | 9.8 |
| Treasury shares transferred on exercise of share options pursuant to the VGO of Tiger Airways | (27,125,949) | 286.8 |
| Balance at 31 March 2017 | 18,377,002 | (194.7) |

**1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company has no subsidiary holdings as at 31 March 2017 and 31 March 2016. There was no sales, transfers, cancellation and/or use of subsidiary holdings for the financial year ended 31 March 2017.

**2 Whether the figures have been audited, or reviewed, and in accordance with which auditing standard or practice.**

The financial statements have been audited in accordance with Singapore Standards on Auditing.

**3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).**

See attached auditor's report.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 March 2016. The adoption of the new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are mandatory for financial year beginning on or after 1 April 2016 has no significant impact on the Group.

During the period, with effect from 1 April 2016:

1. The Group revised certain assumptions 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.
2. The Group identified the embedded engine overhaul element within the engine as a separate component for depreciation over a shorter useful life of between 4 to 8 years. The effect of this revision is an increase in depreciation expense of approximately $5.1 million for the fourth quarter ended 31 March 2017 and approximately $25.9 million for the financial year ended 31 March 2017.

During the period with effect from 1 October 2016:
The Group has early adopted FRS 109 Financial Instruments with a date of initial application of 1 October 2016, as FRS 109 allows the adoption from the start of a quarterly reporting period. The impact of adopting this standard is an increase in reserves of $18.8 million and $12.3 million for the Group and Company respectively, mainly from changes in classification and measurement of financial assets.

*Hedge accounting*
FRS 109 permits hedge accounting of risk components of both non-financial and financial items, provided they are separately identifiable and reliably measurable. Crude oil derivatives, which were previously used as a proxy for jet fuel derivatives, are now designated as qualifying cash flow hedges of the crude oil component of highly probable future jet fuel purchases. This change has been applied prospectively from 1 October 2016 and better aligns the accounting of such derivatives with the Group's risk management strategy.

*Transition*
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 resulting from the adoption of FRS 109, are recognised in reserves as of 1 October 2016. 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.

**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.**

Refer to the above.

**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 | | | |
|---|---|---|---|---|
| | 4th Quarter 2016-17 | 4th Quarter 2015-16 | 2016-17 | 2015-16 |
| (Loss)/Earnings per share (cents) | | | | |
| - Basic | (11.7) | 19.3 | 30.5 | 69.0 |
| - Diluted | (11.7) | 19.2 | 30.3 | 68.7 |

**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 Mar 17 | As at 31 Mar 16 | As at 31 Mar 17 | As at 31 Mar 16 |
| Net asset value per ordinary share ($) | 11.07 | 10.96 | 10.59 | 10.32 |

**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

Financial Year 2016-17

The SIA Group reported an operating profit of $623 million in the 2016-17 financial year, $58 million or 8.5% lower compared to the same period last year. Full-year net profit fell by 55.2%, attributable in part to the net loss recorded in the fourth quarter.

Group revenue fell $370 million year-on-year to $14,869 million (-2.4%). Passenger flown revenue declined $382 million (-3.2%) despite traffic growth (+2.6%) as yields continued to come under intense pressure. Cargo revenue was also down $87 million on the back of cargo yield erosion, notwithstanding higher freight carriage. Other revenue was lower with the absence of income earned upon the release to Airbus of seven aircraft delivery slots recorded in the last financial year. These were mitigated by a one-time credit upon a change in the timing of recognising revenue from unutilised tickets.

Group expenditure decreased $312 million to $14,246 million (-2.1%). Net fuel costs contracted by $780 million (-17.2%), largely due to an $827 million reduction in fuel hedging loss. Fuel costs before hedging increased $47 million, mainly due to higher fuel volume uplifted (+$102 million) and a stronger US Dollar against the Singapore Dollar (+$10 million), partially offset by a dip in average jet fuel price (-$65 million). Ex-fuel costs increased $468 million or 4.7%, partly attributable to double-digit capacity expansion by Budget Aviation Holdings, comprising Scoot and Tiger Airways, and SilkAir.

Financial Year 2016-17 Operating Results of Main Companies

The operating results of the main companies in the Group for the financial year were as follows:

| Operating Profit/(Loss) | FY2016-17 $ million | FY2015-16 $ million |
|---|---|---|
| Parent Airline Company | 386 | 485 |
| SilkAir | 101 | 91 |
| Budget Aviation Holdings | 67 | 42 |
| SIA Cargo | 3 | (50) |
| SIA Engineering | 72 | 104 |

Operating profit for the Parent Airline Company declined $99 million or 20.4% year-on-year. Total revenue fell $592 million, mainly due to a $551 million reduction (-5.5%) in passenger flown revenue and lower incidental revenue, partially compensated by the up-front recognition of revenue from unutilised tickets. Passenger flown revenue slipped on the back of a 3.8% contraction in passenger yield and a 1.4% decline in passenger carriage (measured in revenue passenger-kilometres). Passenger load factor was 79.0%, falling 0.6 percentage points, as capacity (measured in available seat-kilometres) reduction of 0.6% trailed the reduction in passenger carriage. Expenditure fell $493 million, primarily from fuel cost savings of $670 million, while non-fuel costs increased mainly from staff expenses, and aircraft maintenance and overhaul costs.

SilkAir's operating performance improved $10 million (+11.0%) compared with the last financial year. Total revenue grew $25 million, backed by a 9.5% increase in passenger carriage against a 10.6% capacity injection, partially diluted by a 7.4% decline in yield. Passenger load factor dipped 0.7 percentage points year-on-year to 70.8%. Expenditure increased $15 million, as a rise in non-fuel costs (+$44 million or +6.7%) from expansion was partially offset by a $29 million reduction in fuel costs.

Budget Aviation Holdings reported an operating profit of $67 million, a $25 million improvement compared to the same period last year. Total revenue increased $169 million (+13.9%), bolstered by 21.2% growth in passenger carriage alongside 23.3% capacity expansion, partly discounted by a 6.3% drop in yield. Passenger load factor was 1.5 percentage points lower at 82.4%. Expenditure rose by $144 million (+12.2%) with an enlarged operation, although unit cost was reduced by 9.4%.

SIA Cargo turned around from last year's loss to record an operating profit of $3 million (+$53 million). Freight carriage grew 5.9%, outpacing the 3.8% capacity growth, resulting in a 1.3 percentage-point increase in cargo load factor to 63.2%. Notwithstanding the higher carriage, total revenue declined $89 million as cargo yield slid 10.7%. Expenditure declined more significantly, by $142 million, mainly due to lower fuel costs.

SIA Engineering's operating profit of $72 million was $32 million lower compared to the same period last year. Revenue fell $9 million, mainly from fleet management programme revenue, partially compensated by higher line maintenance revenue. Expenditure increased $23 million, mainly due to higher staff costs, partly offset by lower subcontract costs.

Financial Year 2016-17 Net Profit

Group net profit for the 2016-17 financial year was $360 million, down $444 million (-55.2%) from one year ago.

Besides a weaker operating profit (-$58 million), the deterioration in net profit was largely attributable to SIA Cargo's provision for competition-related matters (-$132 million) and absence of a refund received last year (-$117 million). Other material negative contributions included lower dividends from long-term investments (-$110 million)[1], write-down of Tigerair-related brand and trademarks (-$98 million), loss on disposal of aircraft, spares and spare engines versus a surplus last year (-$84 million), and an increase in share of losses from associated companies (-$52 million). These were partially eased by the gain from SIA Engineering's divestment of Hong Kong Aero Engine Services Ltd (HAESL) and special dividends received from HAESL following the sale of its 20% stake in Singapore Aero Engine Service Ltd (+$178 million).

Fourth Quarter 2016-17

The SIA Group reported a net loss of $138 million in the January-March 2017 quarter, compared to a $225 million net profit in the same period one year ago. Operating profit fell $125 million year-on-year (-81.7%) to $28 million. In addition, SIA Cargo's provision for competition-related matters (-$132 million) and absence of refund of a fine last year (-$117 million) further added to the headwinds.

Group revenue in the fourth quarter was relatively flat at $3,720 million. Passenger flown revenue fell $17 million (-0.6%), despite traffic growth (+5.5%), as yields remained under intense pressure. This was compensated by higher engineering service revenue (+$18 million). Cargo revenue was marginally up by $4 million or 0.9%.

Group expenditure rose $125 million (+3.5%) year-on-year to $3,692 million. Fuel costs before hedging increased $331 million, due to a 50.7% surge in average fuel prices (+$319 million), stronger US Dollar against the Singapore Dollar (+$8 million) and higher fuel volume uplifted (+$4 million). This was partly offset by a $288 million reduction in fuel hedging losses. Ex-fuel costs increased $82 million or 3.1%, partly attributable to double-digit capacity expansion by Budget Aviation Holdings and SilkAir.

[1] This was primarily due to lower dividends received from Everest Investment Holdings Limited (formerly known as Abacus International Holdings Limited), which declared a special dividend arising from sale of its 65% investment in Abacus International Pte Ltd to Sabre Technology Enterprises II Ltd last year.

Fourth Quarter Operating Results of Main Companies

The operating results of the main companies in the Group for the fourth quarter of the financial year were as follows:

| Operating Profit/(Loss) | 4th quarter FY2016-17 $ million | 4th quarter FY2015-16 $ million |
|---|---|---|
| Parent Airline Company | (41) | 98 |
| SilkAir | 27 | 32 |
| Budget Aviation Holdings | 22 | 47 |
| SIA Cargo | (5) | (40) |
| SIA Engineering | 24 | 27 |

The Parent Airline Company reported an operating loss of $41 million in the fourth quarter (-$139 million). Total revenue fell $76 million (-2.7%) mainly from passenger yield erosion of 4.7%, partially cushioned by 2.1% growth in passenger carriage. The weakness was further compounded by a $63 million increase in expenditure, mainly attributable to higher fuel and staff costs. Passenger load factor was 80.6%, 2.1 percentage points higher than last year, as passenger carriage increased on the back of a 0.6% dip in capacity.

SilkAir's operating profit was $5 million lower compared to the same quarter last year. Total revenue increased $13 million, backed by 11.8% growth in passenger carriage against 11.5% capacity injection, partially diluted by a 5.2% decline in yield. Passenger load factor was up 0.2 percentage points year-on-year to 71.8%. Expenditure increased $18 million (+8.4%) as a result of capacity expansion, surpassing the revenue growth.

Budget Aviation Holdings' operating profit of $22 million was $25 million lower than last year. Rapid expansion in capacity (+21.0%) led to a 19.3% boost in passenger carriage year-on-year in the fourth quarter, but the revenue increase (+$36 million or +10.4%) was moderated by softer yields (-7.6%). Expenditure rose $61 million (+20.3%), largely attributable to expansion of operations. Passenger load factor dipped 1.2 percentage points to 83.2%.

SIA Cargo considerably reduced its operating loss by $35 million year-on-year, benefitting from a $31 million reduction in operating expenditure (-6.1%). Freight carriage grew 2.5% against a 1.2% drop in capacity, resulting in a 2.3 percentage-point increase in cargo load factor to 63.6%. Total revenue was up marginally by $4 million (+0.9%) as higher freight carriage was offset by a 3.0% decline in yield.

SIA Engineering's operating profit fell $3 million compared to the same period last year. Revenue was largely flat, while expenditure increased from higher staff costs, partly offset by lower subcontract costs and foreign exchange losses.

## BALANCE SHEET REVIEW (March 2017 vs March 2016)

Equity attributable to owners of the parent increased by $328 million (2.6%) 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 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 financial assets measured at FVOCI (-$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 currency contracts. The decline in fair value of investments measured at FVOCI was mainly due to the realisation of the gain on HAESL, pursuant to SIAEC's completion of the divestment transaction.

Total Group assets increased by $873 million (3.7%) 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%) 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 negative working capital arose largely from the collection of cash in advance of services provided. Excluding the liability under "sales in advance of carriage", the Group's working capital would be $1,046 million as at 31 March 2017.

**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.**

**<u>OUTLOOK</u>**

Intense competition arising from excess capacity in major markets, alongside geopolitical and economic uncertainty, continue to exert pressure on yields.

While the industry benefitted from a lower fuel cost environment in the past financial year, the average Singapore Jet Kerosene (MOPS) price rose from its low of USD37.9 per barrel in January 2016 to USD61.9 per barrel in March 2017. It is expected to remain volatile in the near term.

As fuel remains a significant portion of the Group's expenditure, the Group continues to hedge its fuel requirements prudently. For the first quarter of the 2017-18 financial year, the Group has hedged 39.3% of its fuel requirement in MOPS at a weighted average price of USD65 per barrel. For the full financial year, the Group has hedged 20.6% of its fuel requirement in MOPS and 20.0% in Brent at weighted average prices of USD66 and USD53 per barrel, respectively. Longer-dated Brent hedges with maturities extending to 2022 cover between 40% and 45% of the Group's projected annual fuel consumption, at average prices ranging from USD53 to USD59 per barrel.

The addition of more modern, fuel-efficient aircraft with new-generation cabin products is enabling the Group to expand its network and enhance its competitiveness in both the full-service and low-cost market segments. With Scoot and Tiger Airways preparing to operate under the single Scoot brand, more synergies are expected within the budget segment, both operationally and strategically.

The many strategic initiatives implemented to address structural changes in the industry are now showing positive results. Building on this foundation, the next phase of the SIA Group's transformation has been launched. A dedicated Transformation Office is conducting a wide-ranging review, encompassing network and fleet, product and service, and organisational structure and processes, to better position the Group for long-term sustainable growth across its portfolio of full-service and budget airline operations. The review is aimed at identifying new revenue-generation opportunities and reshaping the business into one that continues to deliver high-quality products and services, though with a significantly improved cost base and higher levels of efficiency.

**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.

## 11 Dividend

### (a) Current Financial Period Reported on

**Any dividend declared for the current financial period reported on?**

Yes.

| Name of Dividend | Interim | Final |
|---|---|---|
| Dividend Type | Cash | Cash |
| Dividend Amount per Share | 9 cents per ordinary share | 11 cents per ordinary share |
| Tax Rate | Tax-exempt (one-tier) | Tax-exempt (one-tier) |

### (b) Corresponding Period of the Immediately Preceding Financial Year

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Yes.

| Name of Dividend | Interim | Final |
|---|---|---|
| Dividend Type | Cash | Cash |
| Dividend Amount per Share | 10 cents per ordinary share | 35 cents per ordinary share |
| Tax Rate | Tax-exempt (one-tier) | Tax-exempt (one-tier) |

### (c) Date payable

The final dividend, if so approved by the shareholders, will be paid on 16 August 2017.

### (d) Books closure date

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders to the final dividend being obtained at the Forty-Fifth Annual General Meeting to be held on 28 July 2017, the Transfer Books and the Register of Members of the Company will be closed on 4 August 2017 for the preparation of dividend warrants.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 3 August 2017 will be registered to determine shareholders' entitlements to the final dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 3 August 2017 will be entitled to the final dividend.

The final dividend, if so approved by shareholders, will be paid on 16 August 2017.

## 12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

**13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**SEGMENT INFORMATION BY BUSINESS SEGMENTS (in $ million)**

| | Singapore Airlines 2016-17 | SilkAir 2016-17 | Budget Aviation 2016-17 | SIAEC 2016-17 | SIA Cargo 2016-17 | Others 2016-17 | Total of segments 2016-17 | Elimination* 2016-17 | Consolidated 2016-17 |
|---|---|---|---|---|---|---|---|---|---|
| **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.

| | Singapore Airlines 2015-16 | SilkAir 2015-16 | Budget Aviation 2015-16 | SIAEC 2015-16 | SIA Cargo 2015-16 | Others 2015-16 | Total of segments 2015-16 | Elimination* 2015-16 | Consolidated 2015-16 |
|---|---|---|---|---|---|---|---|---|---|
| **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.

**ANALYSIS OF GROUP REVENUE BY AREA OF ORIGINAL SALE**
**- AIRLINE OPERATIONS (in $ million)**

| Revenue by Area of Original Sale | 2016-17 | 2015-16 |
|---|---|---|
| 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 |
| Total | 13,473.2 | 13,871.2 |

**14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Note 8.

**15 A breakdown of sales.**

Breakdown of Revenue and Results (in $ million)

| The Group | 2016-17 | 2015-16 | % Change |
|---|---|---|---|
| **First Half** | | | |
| Revenue reported for the first half-year | 7,304.7 | 7,578.1 | (3.6) |
| Profit after tax reported for the first half-year | 377.3 | 320.7 | 17.6 |
| **Second Half** | | | |
| Revenue reported for the second half-year | 7,563.8 | 7,660.6 | (1.3) |
| Profit after tax reported for the second half-year | 64.6 | 531.1 | (87.8) |

**16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

| Annual Dividend ($ million) | 2016-17 | 2015-16 |
|---|---|---|
| Ordinary Dividend | | |
| - Interim | 106.3 | 116.3 |
| - Final# | 130.0 | 415.0 |
| Total | 236.3 | 531.3 |

# 2016-17 Final ordinary dividend is estimated based on number of shares outstanding as at the end of the financial year.

## 17 Interested Person Transactions

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the Financial Year 2016-17 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$) |
| **CapitaLand Limited Group** | | |
| - Orchard Turn Retail Investment Pte Ltd | - | 4,137,790 |
| - PT Menara Aspen Persada | - | 152,957 |
| **PT Bank Danamon Indonesia TBK** | - | 590,078 |
| **SATS Ltd Group** | | |
| - Aerolog Express Pte Ltd | - | 608,654 |
| - Air India SATS Airport Services Private Limited | - | 7,363,582 |
| - Asia Airfreight Terminal Co Ltd | - | 7,397,024 |
| - DFASS SATS Pte Ltd | - | 8,570,412 |
| - MacroAsia Catering Services Inc. | - | 2,911,704 |
| - Maldives Inflight Catering Private Limited | - | 2,980,494 |
| - PT Jas Aero-Engineering Services | - | 347,388 |
| - PT Jasa Angkasa Semesta Tbk | - | 18,658,571 |
| - SATS Aero Laundry Pte. Ltd. | - | 14,872,765 |
| - SATS HK Limited | - | 5,651,022 |
| - SATS Ltd | - | 718,290,815 |
| - SATS Security Services Private Limited | - | 23,268,943 |
| - Taj Madras Flight Kitchen Private Limited | - | 765,486 |
| - Taj SATS Air Catering Ltd | - | 5,138,564 |
| - TFK Corporation | - | 6,638,068 |
| **Singapore GP Pte Ltd*** | 2,790,502 | - |
| **Singapore Technologies Engineering Limited Group** | | |
| - ST Aerospace Academy Pte Ltd | - | 140,953 |
| **Singapore Telecommunications Limited Group** | | |
| - Singapore Telecommunications Limited | - | 1,790,477 |
| - Optus Networks Pty Limited | - | 411,286 |
| **Temasek Holdings (Private) Limited and Associates** | | |
| - Ascendas Funds Management (S) Ltd | - | 1,598,530 |
| - Certis Cisco Aviation Security Pte Ltd | - | 2,646,874 |
| - MediaCorp Pte Ltd | - | 899,939 |
| - SingEx Venues International Pte Ltd | - | 139,985 |
| - Synergy FMI | - | 1,996,853 |
| **Starhub Ltd** | - | 198,227 |
| Total Interested Person Transactions | 2,790,502 | 838,167,441 |

**Agreement for the purchase of admission and hospitality tickets in exchange for hospitality passes, marketing support and SIA tickets.*

**18 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.

**19 Report of persons occupying managerial positions who are related to a director, chief executive officer or substantial shareholder**

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, Singapore Airlines Limited ("the Company") confirms that, to the best of our knowledge to date, there is no person occupying a managerial position in the Company, or in any of its principal subsidiaries, who is a relative of a Director or the Chief Executive Officer or a Substantial Shareholder of the Company.

By Order of the Board

Brenton Wu
Company Secretary
18 May 2017

*Singapore Company Registration No.: 197200078R*

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**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 21 to 125.

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.

KPMG

**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**

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.

KPMG

**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**

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.

**How the matter was addressed in 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.

KPMG

**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**

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

**How the matter was addressed in 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.

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## Accounting for aircraft related assets and carrying values (continued)

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| ▪ 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.<br><br>The assessment of these judgements is a key focus area of our audit. | |

### 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.

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**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**

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.

**How the matter was addressed in 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.

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### 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

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).

#### How the matter was addressed in our audit

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.

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### 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).<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>We obtained direct confirmation from the Group's external solicitors on the cases.<br><br>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.<br><br>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.

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**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.

- 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.

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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