EMBARKING ON A TRANSFORMATIONAL JOURNEY

ANNUAL REPORT
FY2017/18

Mission Statement

Singapore Airlines is a global company dedicated to providing air transportation services of the highest quality and to maximising returns for the benefit of its shareholders and employees.

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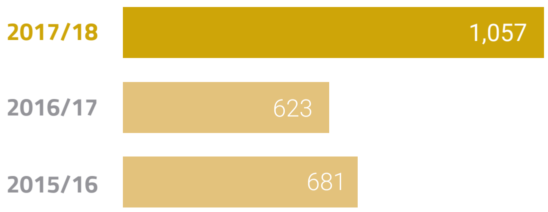
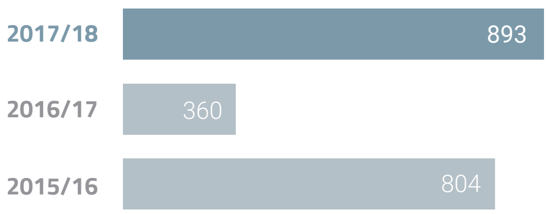
3-YEAR FINANCIAL HIGHLIGHTS

TOTAL GROUP REVENUE
($ million)

GROUP OPERATING PROFIT
($ million)



GROUP NET PROFIT
($ million)



NET ASSET VALUE PER SHARE:

$12.05

Net asset value per share is computed by dividing equity attributable to owners of the parent by the number of ordinary shares in issue excluding treasury shares.

TOTAL DIVIDEND PER SHARE:

40 cents

The final dividend of 30 cents per share will be paid on 15 August 2018 to shareholders as at 2 August 2018. Including the interim dividend of 10 cents per share paid on 5 December 2017, the total dividend for the 2017/18 financial year will be 40 cents per share.

EARNINGS PER SHARE:

75.5 cents

Earnings per share is computed by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares in issue excluding treasury shares.

SIA GROUP PORTFOLIO

During the year in review, the Singapore Airlines Group continued to expand its global network, bringing greater convenience to customers and further reinforcing its position as a global leader in key markets.

SINGAPORE AIRLINES	SILKAIR	scoot
19,505,144 passengers carried in FY2017/18	**4,687,260** passengers carried in FY2017/18	**9,466,506** passengers carried in FY2017/18
107 aircraft in operating fleet	**32** aircraft in operating fleet	**40** aircraft in operating fleet
1 new destination introduced	**2** new destinations introduced	**6** new destinations introduced
62 destinations in **32** countries and territories	**52** destinations in **16** countries	**64** destinations in **17** countries and territories

TOTAL:

33,658,910 passengers carried in FY2017/18

179 passenger aircraft in operating fleet

136 destinations in

37 countries and territories

STATISTICAL HIGHLIGHTS

Financial Statistics[R1]

	2017/18	2016/17		% Change	
The Group					
Financial Results ($ million)					
Total revenue	**15,806.1**	14,868.5	+	6.3	
Total expenditure	**14,748.8**	14,245.7	+	3.5	
Operating profit	**1,057.3**	622.8	+	69.8	
Profit before taxation	**1,101.0**	518.6	+	112.3	
Profit attributable to owners of the Company	**892.9**	360.4	+	147.8	
Financial Position ($ million)					
Share capital	**1,856.1**	1,856.1		-	
Treasury shares	**(183.5)**	(194.7)	+	5.8	
Capital reserve	**(139.4)**	(147.6)	+	5.6	
Foreign currency translation reserve	**(175.4)**	(123.7)	-	41.8	
Share-based compensation reserve	**79.5**	88.5	-	10.2	
Fair value reserve	**313.5**	(234.4)		n.m.	
General reserve	**12,500.4**	11,838.8	+	5.6	
Equity attributable to owners of the Company	**14,251.2**	13,083.0	+	8.9	
Return on equity holders' funds (%)[R2]	**6.5**	2.8	+	3.7	points
Total assets	**27,549.2**	24,720.0	+	11.4	
Total debt	**3,127.3**	1,567.8	+	99.5	
Total debt : equity ratio (times)[R3]	**0.22**	0.12	+	0.10	times
Value added	**5,614.8**	4,843.1	+	15.9	
Per Share Data					
Earnings - basic (cents)[R4]	**75.5**	30.5	+	147.5	
Earnings - diluted (cents)[R5]	**75.3**	30.3	+	148.5	
Net asset value ($)[R6]	**12.05**	11.07	+	8.9	
Dividends					
Interim dividend (cents per share)	**10.0**	9.0	+	1.0	cent
Final dividend (cents per share)	**30.0**	11.0	+	19.0	cents
Dividend cover (times)[R7]	**1.9**	1.5	+	0.4	times
The Company					
Financial Results ($ million)					
Total revenue	**11,583.8**	11,094.2	+	4.4	
Total expenditure	**10,880.6**	10,707.8	+	1.6	
Operating profit	**703.2**	386.4	+	82.0	
Profit before taxation	**901.4**	579.3	+	55.6	
Profit after taxation	**789.3**	514.0	+	53.6	
Value added	**4,083.1**	3,550.7	+	15.0	

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

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

R3 Total debt : equity ratio is total debt divided by equity attributable to owners of the Company as at 31 March.

R4 Earnings per share (basic) is computed by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares in issue excluding treasury shares.

R5 Earnings per share (diluted) is computed by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares in issue excluding treasury shares, adjusted for the dilutive effect of outstanding share awards granted to employees.

R6 Net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue excluding treasury shares at 31 March.

R7 Dividend cover is profit attributable to owners of the Company divided by total dividends.

Operating Statistics

	2017/18	2016/17		% Change	
Singapore Airlines					
Passengers carried (thousand)	**19,505**	18,990	+	2.7	
Revenue passenger-km (million)	**95,855.0**	92,913.8	+	3.2	
Available seat-km (million)	**118,126.7**	117,662.3	+	0.4	
Passenger load factor (%)	**81.1**	79.0	+	2.1	points
Passenger yield (cents/pkm)	**10.2**	10.3	-	1.0	
Revenue per available seat-km (cents/ask)	**8.3**	8.2	+	1.2	
Passenger unit cost (cents/ask)	**8.4**	8.3	+	1.2	
Passenger breakeven load factor (%)	**82.4**	80.6	+	1.8	points
SilkAir					
Passengers carried (thousand)	**4,687**	4,106	+	14.2	
Revenue passenger-km (million)	**8,343.5**	7,138.0	+	16.9	
Available seat-km (million)	**11,365.9**	10,086.3	+	12.7	
Passenger load factor (%)	**73.4**	70.8	+	2.6	points
Passenger yield (cents/pkm)	**11.5**	13.0	-	11.5	
Revenue per available seat-km (cents/ask)	**8.4**	9.2	-	8.7	
Passenger unit cost (cents/ask)	**8.4**	8.6	-	2.3	
Passenger breakeven load factor (%)	**73.0**	66.2	+	6.8	points
Scoot					
Passengers carried (thousand)	**9,467**	8,503	+	11.3	
Revenue passenger-km (million)	**25,599.8**	22,083.8	+	15.9	
Available seat-km (million)	**29,888.4**	26,792.8	+	11.6	
Passenger load factor (%)	**85.7**	82.4	+	3.3	points
Revenue per revenue seat-km (cents/pkm)	**5.8**	5.9	-	1.7	
Revenue per available seat-km (cents/ask)	**5.0**	4.8	+	4.2	
Cost per available seat-km (cents/ask)	**4.9**	4.8	+	2.1	
Breakeven load factor (%)	**84.5**	81.4	+	3.1	points
SIA Cargo					
Cargo and mail carried (million kg)	**1,301.2**	1,248.1	+	4.3	
Cargo load (million tonne-km)	**7,260.3**	6,895.8	+	5.3	
Gross capacity (million tonne-km)	**11,126.7**	10,912.3	+	2.0	
Cargo load factor (%)	**65.3**	63.2	+	2.1	points
Cargo yield (cents/ltk)	**28.2**	25.9	+	8.9	
Cargo unit cost (cents/ctk)	**17.4**	16.8	+	3.6	
Cargo breakeven load factor (%)	**61.7**	64.9	-	3.2	points
Group Airlines (Passenger)					
Passengers carried (thousand)	**33,659**	31,599	+	6.5	
Revenue passenger-km (million)	**129,798.3**	122,135.6	+	6.3	
Available seat-km (million)	**159,381.0**	154,541.4	+	3.1	
Passenger load factor (%)	**81.4**	79.0	+	2.4	points
Employee Productivity (Average) - The Company					
Average number of employees	**14,765**	14,423	+	2.4	
Seat capacity per employee (seat-km)	**8,000,451**	8,157,963	-	1.9	
Passenger load per employee (tonne-km)[R1]	**602,123**	598,451	+	0.6	
Revenue per employee ($)	**784,545**	769,202	+	2.0	
Value added per employee ($)	**276,539**	246,183	+	12.3	
Employee Productivity (Average) - The Group					
Average number of employees	**25,901**	25,194	+	2.8	
Revenue per employee ($)	**610,251**	590,160	+	3.4	
Value added per employee ($)	**216,779**	192,232	+	12.8	

[R1] Passenger load includes excess baggage carried.

Glossary

Singapore Airlines

Revenue passenger-km = Number of passengers carried x distance flown (in km)

Available seat-km = Number of available seats x distance flown (in km)

Passenger load factor = Revenue passenger-km expressed as a percentage of available seat-km

Passenger yield = Passenger revenue from scheduled services divided by revenue passenger-km

Revenue per available seat-km = Passenger revenue from scheduled services divided by available seat-km

Passenger unit cost = Operating expenditure (less bellyhold revenue from SIA Cargo) divided by available seat-km

Passenger breakeven load factor = Passenger unit cost expressed as a percentage of passenger yield. This is the theoretical load factor at which passenger revenue equates to the operating expenditure (less bellyhold revenue from SIA Cargo)

SilkAir

Revenue passenger-km = Number of passengers carried x distance flown (in km)

Available seat-km = Number of available seats x distance flown (in km)

Passenger load factor = Revenue passenger-km expressed as a percentage of available seat-km

Passenger yield = Passenger revenue from scheduled services divided by revenue passenger-km

Revenue per available seat-km = Passenger revenue from scheduled services divided by available seat-km

Passenger unit cost = Operating expenditure (less cargo and mail revenue) divided by available seat-km

Passenger breakeven load factor = Passenger unit cost expressed as a percentage of passenger yield. This is the theoretical load factor at which passenger revenue equates to the operating expenditure (less cargo and mail revenue)

Scoot

Revenue passenger-km = Number of passengers carried x distance flown (in km)

Available seat-km = Number of available seats x distance flown (in km)

Passenger load factor = Revenue passenger-km expressed as a percentage of available seat-km

Revenue per revenue seat-km = Passenger revenue from scheduled services divided by revenue passenger-km

Revenue per available seat-km = Passenger revenue from scheduled services divided by available seat-km

Cost per available seat-km = Operating expenditure divided by available seat-km

Breakeven load factor = Cost per available seat-km expressed as a percentage of revenue per revenue seat-km. This is the theoretical load factor at which passenger revenue equates to the operating expenditure

SIA Cargo

Cargo load = Cargo and mail load carried (in tonnes) x distance flown (in km)

Gross capacity = Cargo capacity production (in tonnes) x distance flown (in km)

Cargo load factor = Cargo and mail load (in tonne-km) expressed as a percentage of gross capacity (in tonne-km)

Cargo yield = Cargo and mail revenue from scheduled services divided by cargo load (in tonne-km)

Cargo unit cost = Operating expenditure (including bellyhold expenditure to Singapore Airlines) divided by gross capacity (in tonne-km)

Cargo breakeven load factor = Cargo unit cost expressed as a percentage of cargo yield. This is the theoretical load factor at which cargo revenue equates to the operating expenditure (including bellyhold expenditure to Singapore Airlines)

Group Airlines (Passenger)

Revenue passenger-km = Number of passengers carried x distance flown (in km)

Available seat-km = Number of available seats x distance flown (in km)

Passenger load factor = Revenue passenger-km expressed as a percentage of available seat-km

SIGNIFICANT EVENTS

2017

Q1 APR MAY JUN Q2 JUL AUG SEP

17 APR
Singapore Airlines signs a three-year tripartite partnership with Changi Airport Group and Singapore Tourism Board to promote inbound travel and strengthen Singapore's destination appeal.

19 MAY
Singapore Airlines announces plans to re-integrate wholly-owned subsidiary SIA Cargo as a Division within SIA to improve efficiency through greater synergy with the wider SIA Group.

26 MAY
Singapore Airlines becomes the first Asian carrier to offer TSA Precheck to customers.

30 MAY
Stockholm becomes the second Scandinavian city in Singapore Airlines' route network.

6 JUN
Singapore Airlines signs the United for Wildlife Transport Taskforce Buckingham Palace Declaration in support of efforts to prevent illegal trafficking and transportation of wildlife and their products.

4 JUL
Singapore Airlines launches HighFlyer programme, a corporate travel programme for Small and Medium-sized Enterprises that rewards both corporates and employees when they fly with SIA and SilkAir.

8 AUG
Singapore Airlines unveils its new in-flight safety video that features various landmarks in Singapore.

10 AUG
Singapore Airlines signs a Memorandum of Understanding with CAE to establish a flight training centre in Singapore for Boeing pilot training.

2018

Q3 — OCT — NOV — DEC

Q4 — JAN — FEB — MAR

1 OCT
Singapore Airlines and Lufthansa Group launch their joint venture co-operation that allows customers to choose from a wider range of travel itineraries and fare products.

11 OCT
Singapore Airlines announces its commitment to enhance sustainability practices in its in-flight food and beverage offerings.

13 OCT
Singapore Airlines' 70th anniversary events raise $2.55 million for Community Chest.

24 OCT
Singapore Airlines formally signs a firm order with Boeing valued at US$13.8 billion for 20 777-9s and 19 787-10s for additional growth and fleet modernisation through the next decade.

2 NOV
Singapore Airlines unveils new cabin products which will be fitted to its Airbus A380-800 fleet following a four-year development programme. The research, design, development and installation of the new products on the A380s represents an investment of about US$850 million.

5 DEC
Singapore Airlines and SilkAir sign an agreement to codeshare on flights operated by Scoot to over 30 destinations.

14 DEC
Singapore Airlines' first A380-800 with new cabin products arrives in Singapore.

29 JAN
Singapore Airlines announces the launch of its Digital Innovation Blueprint through the unveiling of key bilateral partnerships with the Agency for Science, Technology and Research, Civil Aviation Authority of Singapore, Economic Development Board, and National University of Singapore. This is a part of SIA's ongoing transformation programme under which it is significantly boosting its digital capabilities.

26 MAR
Singapore Airlines takes delivery of the world's first Boeing 787-10.

28 MAR
Singapore Airlines unveils its new regional cabin products fitted to its 787-10 fleet.

OUR TRANSFORMATION JOURNEY

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

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

Customer Advocacy

Leveraging Customer Experience Design

SIA has reorganised its former Product and Services Division into Customer Experience Division and Customer Service and Operations Division, to drive a greater focus on both key thrusts of Development and Service Delivery.

Specific to Development, the organisation is adopting a customer-centric design operating model, leveraging data, research and human-centred design methodologies to reimagine the SIA customer experience.

To ensure that the Airline retains its position of leadership in premium product offerings, SIA unveiled new cabin products on its Airbus A380 and new Boeing 787-10 fleets during the year in review, complementing the two other pillars of its brand promise: service excellence and network connectivity.

New Cabin Products

To enhance premium travel for customers, Singapore Airlines debuted its highly anticipated new cabin products for its Airbus A380 fleet in November 2017. Riding on the theme of "Space made personal, experience the difference", the new Singapore Airlines A380 is configured with four cabin classes – Suites, Business Class, Premium Economy Class and Economy Class. Customers will enjoy an unrivalled sense of exclusivity and luxury with six Singapore Airlines Suites and 78 Business Class seats on the upper deck, as well as 44 Premium Economy Class seats and 343 Economy Class seats on the main deck.

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

KrisWorld In-flight Entertainment System

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

Digital Enabler

An important enabler to the delivery of SIA's brand promise to its customers will be the enhancement of its digital capabilities.

Digital Innovation Blueprint

Singapore Airlines announced the launch of its Digital Innovation Blueprint in January 2018 through the unveiling of bilateral partnerships with the Agency for Science, Technology and Research, Civil Aviation Authority of Singapore, Economic Development Board and National University of Singapore. A key focus of these partnerships will be on enhancing SIA's capabilities to increase effectiveness and efficiency through digital technology and open innovation, as well as to develop new business opportunities.

The Digital Innovation Blueprint is part of SIA's ongoing Transformation Programme under which it intends to establish itself as a leader in digital aviation and travel experience. The Airline has been progressively building an open innovation culture across the Group through staff involvement in digital projects, and supporting employees through digital training.

A Digital Innovation Lab is also being set up to enable staff to work with innovative companies including start-ups, established incubators and accelerators, to stimulate new ideas and facilitate collaboration in a creative environment.

Revenue Management System

Singapore Airlines has partnered with Amadeus to deploy a new state-of-the-art Revenue Management System. This Revenue Management System uses cutting-edge demand forecasting and segmentation algorithms to enable Singapore Airlines to better match demand and supply at the most relevant fares.

Singapore Airlines has also invested to enlarge and deepen the expertise of its revenue management professionals. Working in conjunction with commercial teams across the Airline, the new Revenue Management System delivered revenue per available seat kilometre (RASK) improvement year-on-year in line with design expectations.

Operational Excellence and Efficiency

On the operational front, Singapore Airlines is taking steps as part of its transformation efforts to improve its operational excellence and enhance organisational efficiencies.

Integrated Crew Operations & Planning

In October 2017, Integrated Crew Operations & Planning was formed by combining Flight Operations and Cabin Crew manpower and rostering units to harness synergies in technology for the planning of crew resource. In addition, analytics capabilities are being developed, which will bring about further efficiency improvements in crew manpower planning, and more optimal and equitable rosters for its flying crew.

Working Differently with Strategic Partners

SIA is working with its strategic partners in the Singapore hub to identify opportunities to jointly improve operational efficiencies and enhance the customer experience. For example, as the Group continues to expand, SIA is looking at providing seamless connections for customers transiting between the various SIA Group airlines in the Singapore hub. This holistic review will allow the Group to better tackle industry challenges in the competitive landscape.

Improving Fuel Efficiency

The Airline has embarked on initiatives to improve fuel efficiency, and recognises the importance of harnessing data and analytics to do so. For example, flight crew are practicing Reduced Engine Taxi In, a green operating procedure where one engine is shut down after landing to reduce fuel consumption. The Airline is also studying the introduction of Statistical Contingency Fuel, which uses statistical analysis of historical fuel data to optimise fuel planned for contingencies.

SIA has also entered a partnership with Rolls-Royce to harness its fuel management tool, which analyses data from on-board system monitoring, flight planning, operations control and engineering systems. With the use of data analytics, the Airline has been able to refine the amount of fuel uplifted on its flights and tailor the amount of water uplifted, which reduces aircraft weight, leading to fuel savings.

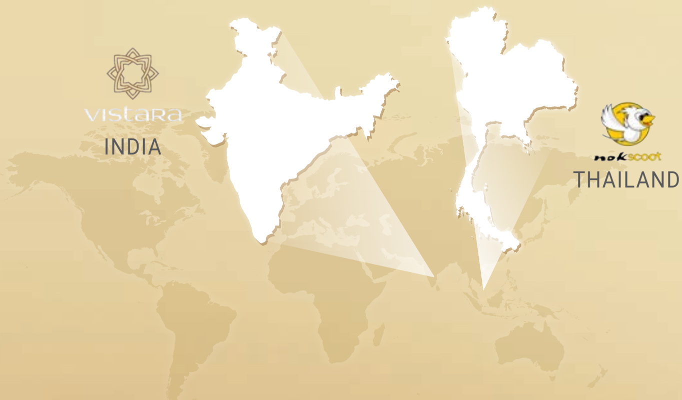
OUR STRATEGY FOR THE FUTURE

01 - PORTFOLIO

With investments in both full-service and low-cost airlines, the SIA Group remains committed to its portfolio strategy in order to enhance competitiveness. Through the integration of Scoot and Tigerair Singapore under the Scoot brand name in FY 2017/18, the Group also emphasised the need to stay agile and nimble to industry changes. By expanding our Group's fleet and network in support of our portfolio strategy, we have the right vehicles to serve the right markets.

02 - MULTI-HUB

The SIA Group's investment in airlines outside Singapore allows us to set up new hubs in growing markets to complement our strong Singapore hub. Through Vistara and NokScoot, the SIA Group has a presence in India and Thailand, respectively, providing us access to new markets and allowing us to tap into new traffic flows.



OUR STRATEGY FOR THE FUTURE

03 - NEW BUSINESS INITIATIVES

Singapore Airlines has sought new revenue and business initiatives beyond the traditional focus on ticket revenues. Such initiatives include pilot training joint ventures and development of new e-commerce channels.

TRAVEL RETAIL JOINT VENTURE WITH DFASS AND SATS

In March 2018, Singapore Airlines agreed to establish a joint venture with DFASS and SATS to engage in travel-related retail operations in Singapore. This joint venture will offer travellers in-flight duty-free and duty-paid goods and pre-order services with on-board and ground-based deliveries, initially under the existing KrisShop and Scootalogue in-flight sales brands, with the aim to expand the scope to other potential parties.

FLIGHT TRAINING CENTRE WITH CAE

Singapore Airlines signed a Memorandum of Understanding with CAE in August 2017 to establish a joint venture for pilot training in Singapore. Operating out of the Singapore Airlines Training Centre, this equally-owned joint venture will focus primarily on providing simulator training for Boeing aircraft types, such as the Boeing 737 MAX, 747, 777 and 787, to support SIA Group airlines and other operators' pilot training needs in the region.

04 - STRENGTHENING PREMIUM POSITIONING

Singapore Airlines remains committed to the constant enhancement of the three main pillars of its brand promise: Service Excellence, Product Leadership and Network Connectivity.

SERVICE EXCELLENCE

Singapore Airlines continues to seek ways to improve the customer experience through its various touchpoints, by listening to feedback and understanding preferences.

In October 2017, Singapore Airlines introduced Android Pay and Apple Pay as payment options on its mobile app, providing a seamless and more efficient payment method when customers make purchases.

In December 2017, the Airline expanded its servicing platforms beyond traditional contact centre and email channels by launching a chatbot, Kris, on Facebook Messenger for customers to chat privately and receive assistance for pre-flight-related queries. Kris is under constant development by building up its knowledge library, and will later be made available on the Airline's website as well.

PRODUCT LEADERSHIP

In November 2017, Singapore Airlines unveiled its new Airbus A380 cabin products. Configured with 471 seats in four classes, the new Singapore Airlines A380 features six new Suites and 78 new Business Class seats on the upper deck, as well as 44 Premium Economy Class seats and 343 Economy Class seats on the main deck. Each of the new Suites features a separate full-flat bed and plush leather chair; the beds in the first two Suites can also be converted to form a double bed. The new Business Class seat reclines directly into a full-flat bed, while the divider for the centre seats can be lowered to form double beds. The first of the new A380s arrived in Singapore in December 2017.

In March 2018, Singapore Airlines took delivery of the world's first Boeing 787-10 featuring 36 Business Class seats and 301 Economy Class seats, and unveiled its new regional cabin products fitted on this aircraft type. The new regional Business Class seat offers direct aisle access and reclines directly into a full-flat bed, while Economy Class customers can enjoy ergonomically-designed contour backrests with six-way adjustable headrests.

NETWORK CONNECTIVITY

During the year in review, Singapore Airlines expanded its route network with the launch of five-times-weekly flights to its second Scandinavian destination, Stockholm, via Moscow. Singapore Airlines also expanded services to existing destinations, such as Brisbane, Cape Town, Dhaka, Melbourne, Paris and Sydney, by increasing flight frequencies, and enhanced services to Barcelona with new twice-weekly non-stop flights to the Spanish city. We will continue to pursue growth opportunities while matching capacity to demand.

CHAIRMAN'S LETTER TO SHAREHOLDERS

The major transformation launched a year ago was led by a dedicated Transformation Office. With the CEO leading a senior team, it oversees work across the Group to identify revenue generation opportunities, sharpen the cost base and revamp the organisation structure. I am pleased to report that the programme is going well and gaining momentum.

Singapore Airlines recognised the need to reposition the Group to face the challenges of the industry as the global competition intensified.

Over the last few years, we launched a strategic review of our portfolio which led to investments in both full-service and low-cost operations and the initiation of a multi-hub strategy leading to airline investments in markets overseas.

The major transformation launched a year ago was led by a dedicated Transformation Office. With the CEO leading a senior team, it oversees work across the Group to identify revenue generation opportunities, sharpen the cost base and revamp the organisation structure. I am pleased to report that the programme is going well and gaining momentum.

The last financial year was especially busy on all fronts. The portfolio was strengthened with the merger of Scoot and Tigerair under the Scoot brand name, for example. The airlines that make up our multi-hub strategy, namely Vistara in India and NokScoot in Thailand, also continued to grow. In addition, our new business strategy was strengthened with a joint venture announcement for Boeing pilot training with CAE, a leading global training provider, which will complement our existing pilot training venture with Airbus.

There were also significant investments in the Singapore Airlines mainline operation during the year for the direct benefit of our customers, covering enhancement of all three pillars of our brand promise – product leadership, service excellence and network connectivity. This included two major product launches, which revealed new industry-leading long-haul cabin offerings for our Airbus A380s and regional cabin offerings on the world's first Boeing 787-10.

Consistent with our long-term approach, an aircraft order with Boeing valued at US$13.8 billion was also signed during the year, providing new fleet modernisation and expansion, and network growth opportunities, well into the next decade.

Efforts to provide our customers the world's best travel experience have also continued to pay off through recognition in the form of new awards during the year. We are proud that we continue to hold the title of the world's most awarded airline.

Significant investment in digital offerings and digital capabilities is taking place, too. Earlier this year we unveiled our Digital Innovation Blueprint, which is intended to establish SIA as a digital aviation and travel experience leader.

In addition to bilateral partnerships that will contribute to the development and nurturing of digital aviation and the travel technology community, we are progressively building a more open innovation culture across the SIA Group, through staff involvement in digital projects, and supporting employees through investment in digital training.

We also gave back to the many communities in which we operate during the last financial year, through community relations and corporate social responsibility initiatives. At home in Singapore, for example, we helped raise $2.55 million for Community Chest of Singapore, through events to mark our 70th anniversary year in 2017.

Looking ahead, the current financial year will keep the SIA Group busy again, with many more positive developments to be unveiled. This will include the upcoming re-launch of the world's longest non-stop flights, to the USA, using the Airbus A350-900ULR. This, and much more, will help us build on our leadership position and strengthen our competitive edge amid continuing challenges in the operating environment.

Allow me to close by thanking my fellow Directors for their dedication to the further development of the SIA Group, with a special note of welcome to Dominic Ho and Simon Cheong, who joined the Board during the last financial year.

On behalf of the Board, Management and Staff of Singapore Airlines, allow me to also pay a special thank you to our shareholders for your ongoing support. The Group is going from strength to strength as a result of the many efforts that are being undertaken to position it for an even brighter future.

Peter Seah
Chairman

BOARD OF DIRECTORS

1 Peter Seah Lim Huat

Chairman

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

2 Gautam Banerjee

Director

Mr Banerjee is a Senior Managing Director of Blackstone Group and the Chairman of Blackstone Singapore. He was with professional services firm, PricewaterhouseCoopers ("PwC") Singapore for over 30 years, including as its Executive Chairman for Singapore and in various leadership positions within the firm in India and the Asia Pacific region. Mr Banerjee retired from PwC Singapore on 31 December 2012. Apart from his executive role in Blackstone, he serves as Vice Chairman of the Singapore Business Federation, Chairman of raiSE and Listings Advisory Committee of the Singapore Exchange, and is a Board Member of Piramal Enterprises Limited, India, The Indian Hotels Company Limited, Singapore Telecommunications Limited and GIC Private Limited. He served on the Corporate Governance Council of the Monetary Authority of Singapore, Companies Act Reform Steering Committee and the Economic Strategies Committee chaired by the Finance Minister of Singapore from 2009 to 2010. Mr Banerjee was a Nominated Member of Parliament in Singapore between 2007 and 2009. In 2014, Mr Banerjee was awarded the Public Service Medal by the Singapore Government and an Honorary Doctor of Laws by the University of Warwick, England.

3 Goh Choon Phong

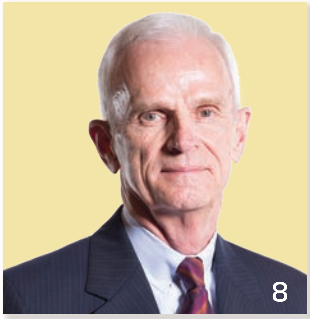
Director and Chief Executive Officer

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

4 Simon Cheong Sae Peng

Director

Mr Cheong is Chairman and CEO of SC Global Developments Pte Ltd, a leading luxury high-end residential developer in Singapore. He has more than 35 years of experience in real estate, banking and international finance. Mr Cheong established SC Global in 1996 as a real estate and hotel



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

5 Hsieh Tsun-yan

Director

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

6 Dominic Ho Chiu Fai

Director

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

7 Lee Kim Shin

Director

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

8 Helmut Gunter Wilhelm Panke

Director

Dr Panke, a trained nuclear engineer, was with BMW AG from 1982 to 2006. During this time, he served in a number of senior positions, including Executive Chairman of the Board of Management from May 2002 through August 2006. Among other positions held, from 1993 through 1996, he served as Chairman and CEO of BMW (US) Holding Corp, responsible for the carmaker's North American activities. He was also a Board Director of UBS AG from 2004 to 2015. Dr Panke played a key role in the building of the first BMW plant in the USA in Spartanburg, South Carolina.

OPERATING REVIEW

The Year in Review

The Singapore Airlines Group reported a net profit of $893 million for the 2017/18 financial year, an increase of $533 million, or 147.8 per cent from the previous financial year. The Group also earned an operating profit of $1,057 million for the financial year ended 31 March 2018, a 69.8 per cent increase from last year. The Group saw a $937 million increase year-on-year in Group revenue to $15,806 million. Passenger revenue was $428 million higher. Group expenditure also increased $503 million from the last financial year, with a $152 million increase in net fuel cost.

Operating Performance

During the year in review, passenger carriage (in revenue passenger-kilometres) for the Parent Airline Company increased 3.2 per cent, while yield declined 1.0 per cent. Passenger load factor for the Parent Airline Company increased 2.1 percentage points to 81.1 per cent.

Passenger carriage for SilkAir increased 16.9 per cent, outpacing the 12.7 per cent growth in capacity. Consequently, passenger load factor for SilkAir increased 2.6 percentage points to 73.4 per cent.

Scoot reported a 15.9 per cent increase in passenger carriage, outpacing its capacity growth of 11.6 per cent. Passenger load factor, in turn, rose 3.3 percentage points to 85.7 per cent.

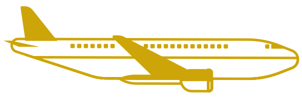
SIA Cargo's freight carriage (in load tonne-kilometres) rose 5.3 per cent, on the back of strong air cargo demand. Load factor therefore increased 2.1 percentage points to 65.3 per cent.

Group Operating Profit

$1,057 million

SIA Passenger Load Factor

81.1%



186

aircraft in SIA Group's fleet

Singapore Airlines took delivery of the first of its new A380s, fitted with new long-haul cabin products, in December 2017.

Outlook

The Group continues to face intense competition in key operating markets and cost pressures, despite stronger advance passenger bookings for the coming months and continued stabilisation in yields. Although overall demand outlook for cargo remains moderately positive, it is still subject to geopolitical uncertainties which may affect global trade.

The first year of the SIA Group's three-year transformation programme has shown good progress. The recent Digital Innovation Blueprint launch will complement the transformation effort to establish the Group as a digital aviation and travel experience leader. The next two years of the programme will further build on initiatives around enhancements to the customer experience, revenue growth and improvements in operational efficiency.

The recent launch of new long-haul cabin products on the Airbus A380s and regional cabin products on the world's first Boeing 787-10 demonstrates the Group's emphasis on product leadership. The recent aircraft order with Boeing worth US$13.8 billion will provide for fleet modernisation and network growth through the next decade, while the upcoming re-launch of non-stop flights to New York and Los Angeles using the new A350-900ULR also exemplifies the Group's commitment to enhance its network connectivity.

With the re-integration of SIA Cargo into SIA, and the completion of the merger of Scoot and Tigerair under the single Scoot brand, the Group can now achieve improved efficiencies and greater synergies, and is now more nimble in its responses to challenges in the operating environment.

The Group will continue to build on the strength of its portfolio of airlines through key strategic initiatives, to meet the ongoing challenges in this competitive landscape.

The Board of Directors recommends a final dividend of 30 cents per share for FY2017/18. Including the interim dividend of 10 cents per share paid on 5 December 2017, the total dividend for FY2017/18 will be 40 cents per share. The final dividend (tax exempt, one-tier) is to be paid on 15 August 2018 to shareholders as at 2 August 2018.

OPERATING REVIEW

Network

LEGEND

- Singapore Airlines Destinations
- SilkAir Destinations
- Scoot Destinations
- Singapore Airlines Route Map

Singapore Airlines expanded its Europe network with the introduction of a new five-times-weekly service to Stockholm via Moscow in May 2017. The Airline also converted two of its current five-times-weekly flights to Barcelona to non-stop services, instead of via Milan. In addition, a new thrice-weekly service departing Paris in the evening, complementing the existing daily morning departures, was introduced for the winter season in October 2017.

Flight frequencies to Bangladesh and South Africa were also increased. In July 2017, the Airline increased Dhaka flight frequency to 10 per week from seven, while in March 2018 frequency to Cape Town increased to daily flights from four flights per week.

* Suvarnabhumi Airport (SIA and Scoot) and Don Mueang International Airport (Scoot)
** Haneda International Airport (SIA) and Narita International Airport (SIA and Scoot)

In the South West Pacific region, flight frequency to Australia grew from 122 to 131 weekly services in FY2017/18. In June 2017, frequency to Sydney increased to 33 weekly flights. In August 2017, Brisbane frequency increased to 28 flights per week from 24, while Melbourne frequency increased to 31 flights per week from 28.

Singapore Airlines also announced plans to restructure the four-times-weekly Singapore-Canberra-Wellington services into daily Singapore-Sydney-Canberra-Singapore and four-times-weekly Singapore-Melbourne-Wellington services, effective from 2 May 2018. In addition, the Airline plans to add a third daily flight to Auckland, jointly operated with Air New Zealand, from 28 October 2018.

SilkAir launched non-stop flights to Hiroshima on 30 October 2017, the first Japanese destination in its network. On 8 April 2017, SilkAir commenced thrice-weekly services to Colombo, joining Singapore Airlines in serving the route. With the transfer of Kuching and Palembang services to Scoot in October and November 2017 respectively, SilkAir's network spans 52 destinations in 16 countries.

Since June 2017, Scoot has added six destinations, namely Athens, Kuching, Palembang, Harbin, Honolulu and Kuantan, to bring its total destination count to 64 across 17 countries and territories as of 31 March 2018. Pekanbaru, Berlin and Nanchang will join the network in the upcoming financial year.

Singapore Airlines covers

62 Destinations

32 Countries and territories

as at 31 March 2018

Our Subsidiaries

SilkAir

52 Destinations

16 Countries

Scoot

64 Destinations

17 Countries and territories

OPERATING REVIEW

Fleet Management

Singapore Airlines is committed to maintaining a modern fleet. In FY2017/18, the Airline saw the delivery of 10 Airbus A350-900s, two A380-800s and one Boeing 787-10. The SIA passenger aircraft fleet in operation, as at 31 March 2018, comprised 107 aircraft with an average age of seven years and four months, including 21 A330-300s, 21 A350-900s, 17 A380-800s and 48 777s. In addition, SIA has 117 aircraft on firm order, including 46 A350-900s, three A380-800s and 48 787-10s. The Airline is also expecting the delivery of its first of 20 777-9s on order in the first quarter of 2022.

The fleet of SIA's cargo unit comprised seven Boeing 747-400 freighters as of 31 March 2018, with an average age of 14 years and four months.

SilkAir's operating fleet as of 31 March 2018 had an average age of four years and seven months, consisting of three A319s, nine A320s, 17 737-800s and three 737 MAX 8s. SilkAir has 34 more aircraft on firm order, all of which are 737 MAX 8s.

With the successful integration of Scoot and Tigerair Singapore under the single Scoot brand in July 2017, Scoot's operating fleet as of 31 March 2018 comprised 40 aircraft, including two A319s, 22 A320s, 10 787-8s and six 787-9s. Scoot has 43 aircraft on firm order, comprising 39 A320neos and four 787-9s.

The combined average fleet age of the Group is six years, seven months.

As at 31 March 2018	Fleet Age (average age)		Aircraft in Fleet
SINGAPORE AIRLINES	7 Years	4 Months	107
SILKAIR	4 Years	7 Months	32
scoot	4 Years	8 Months	40
SINGAPORE AIRLINES CARGO	14 Years	4 Months	7
COMBINED TOTAL	6 Years	7 Months	186

OPERATING REVIEW

Products and Services

KrisFlyer

The loyalty programme of the Singapore Airlines Group continues to expand with a 13 per cent increase in its membership base to more than 3.5 million members. Total volume of seats redeemed on Singapore Airlines and SilkAir outpaced capacity growth during the year in review, as more redemption options were introduced, including the launch of Spontaneous Escapes, a monthly redemption promotion for last-minute travel. A dedicated KrisFlyer Partnership team was set up in Indonesia to further expand KrisFlyer's presence and drive growth in the key Indonesian market.

Enhancements to KrisFlyer were introduced throughout the year to increase the programme's value proposition, drive member engagement and grow the membership base.

Changes to the PPS Club programme were implemented in June 2017 to make travel more rewarding for our most valued members. These new benefits include non-expiry of KrisFlyer miles, priority redemption and priority immigration through selected airports. PPS Rewards, a selection of benefits to make travel more rewarding, was also announced.

Driven by a KrisFlyer-first philosophy, exclusive tier privileges were accorded to PPS Club and KrisFlyer Elite members with the introduction of new commercial fare types in January 2018. These include complimentary advance seat selection and additional baggage allowance when members travel with Singapore Airlines and SilkAir.

The rapid growth of the KrisFlyer programme continued with new partnerships to provide members more opportunities to earn KrisFlyer miles. The KrisFlyer UOB Debit Card was launched in April 2017, enabling card members to earn KrisFlyer miles through card spend and savings. This is KrisFlyer's first debit card product, and also the first KrisFlyer payment product that encompasses benefits across the SIA Group's portfolio of airlines.

Other notable non-air partners such as Agoda PointsMAX, Grab and Chope came on board, offering members more options to earn miles.

Non-air redemption volume grew by double digits, mainly supported by KrisShop, bolstered by member exclusives and the introduction of top retail brands such as Apple, Ballantine's and Lalique.

It was also announced during the year in review that KrisFlyer will be launching the world's first airline loyalty digital wallet. The mobile app, which will be launched in the 2018/19 financial year, will enable KrisFlyer members to instantaneously use their KrisFlyer miles on everyday spending at retail partners.

Key Facts

More than **3.5 million**
KrisFlyer members globally

250
airline and non-airline partners

OPERATING REVIEW

Products and Services

Ground Services

Singapore Airlines unveiled its new SilverKris Lounge in Bangkok's Suvarnabhumi Airport on 31 May 2017. Welcoming guests at the foyer is the latest iteration of the signature screen, emblazoned with the Airline's batik design. Thoughtfully designed to create the ambience of home, the lounge features distinct spaces tailored to different needs and offers a delectable selection of food and beverages, including iconic Singapore dishes.

Following the upgrade of the SilverKris Lounge in Bangkok, a new lounge at Incheon International Airport in Seoul, featuring the 'Home Away from Home' concept, is being developed, with work expected to commence in the third quarter of FY2018/19.

Other SilverKris Lounges based on the same concept are found in airports at Brisbane, Hong Kong, London, Manila and Sydney.

There are also major plans to redevelop the façade and interiors of our SilverKris and KrisFlyer Gold lounges in Singapore's Changi Airport Terminal 3.

To provide customers with a seamless and efficient check-in experience, self-service check-in kiosks were introduced in Bengaluru and Frankfurt airports in FY2017/18. Other airports that currently offer self-service kiosks include Amsterdam, Copenhagen, London, Los Angeles, Paris, San Francisco, Singapore and Tokyo (Narita). Check-in kiosks will be progressively introduced at Auckland, Hong Kong, Melbourne and Wellington airports in the first half of FY2018/19.

Our first automated bag drop facility was successfully launched in Singapore Changi Airport Terminals 2 and 3 in February 2018. The introduction of the automated bag drop machines represents another significant milestone in our aim to provide customers with a fast and seamless travel experience on SIA.

Bangkok SilverKris Lounge

The new SilverKris Lounge at Suvarnabhumi Airport provides customers world-class comfort and service with the 'Home Away from Home' concept.

Key Facts

14
SilverKris Lounges worldwide

Self-service check-in kiosks available at **10** destinations around the world

Our customer notification system has also been enhanced to include multi-channel and multi-language capabilities. In the event of changes in flight schedules, affected customers will receive a notification of the revised timing via email, SMS or through our SingaporeAir mobile application. During major disruptions, customers will also be updated of their rebooked flight itinerary via the various channels.

In the upcoming FY2018/19, we are working on including other direct messaging channels such as Facebook, Whatsapp and WeChat to extend the coverage of our notifications. New functionalities to improve our customer experience, such as providing automated updates to customers on the status of their baggage, are also in the pipeline.

Auto Bag Drop

Customers can enjoy a fuss-free check-in experience with the automated bag drops.

OPERATING REVIEW

Products and Services

In-flight Services

Launch of New Cabin Products

Singapore Airlines unveiled new cabin products for its new Airbus A380s and Boeing 787-10s in November 2017 and March 2018 respectively, representing an investment of over US$1 billion.

A380

Suites

Customers will experience a sense of exclusivity and intimate privacy aboard the new A380 Suites.

Each Suite has a separate full-flat bed with adjustable recline and plush leather chair upholstered by world-renowned *Poltrona Frau*, so customers can lounge comfortably in the chair or rest in bed without converting the bed from a sitting position. The beds in the first two Suites of each aisle can also be converted to form a double bed.

Each Suite also has a 32-inch full HD monitor that swivels for different viewing angles, a full-sized personal wardrobe, customised handbag stowage compartment, amenity box lined with soft leather, specially designed carpet and a feature wall with mood lighting.

Business Class

Measuring 25” in width, each Business Class seat is upholstered by *Poltrona Frau* as well, and can recline directly into a 78” full-flat bed. A larger back shell on every seat creates more privacy while the centre divider can be fully lowered to form double beds.

The new Business Class seat also has a carbon fibre composite shell structure. This thinner base structure allows for better optimisation of the seat and creates more under-seat stowage space to accommodate a full-sized cabin bag and laptop bag or handbag.

Premium Economy Class

Premium Economy Class comes with a contemporary and stylish design. Customers will be treated to an enhanced in-flight entertainment experience with active noise-cancelling headphones and a sleek 13.3-inch full HD monitor.

Other features include a full leather finishing, calf-rest and foot-bar for every seat, individual in-seat power supply, two USB ports, personal in-seat reading light, cocktail table and more stowage space for personal items.

Economy Class

The Economy Class seat offers more space and greater comfort through an improved design. Leveraging advanced technology and ergonomics, the seats offer more legroom and back support, with a six-way adjustable headrest with foldable wings.

An 11.1-inch touch-screen monitor offers more convenience to Economy Class customers who wish to catch the latest movies on KrisWorld, Singapore Airlines’ award-winning in-flight entertainment system.

787-10

New Regional Business Class

Arranged in a forward-facing 1-2-1 staggered configuration, the new regional Business Class seat on the 787-10 fleet provides every customer direct aisle access. With the seat being able to recline directly into a 76” full-flat bed, customers can now rest in more comfort even on the shortest flights. Adjustable dividers at the centre seats also provide for a customised level of privacy to suit individual preferences.

From Farm To Plane

Singapore Airlines launched “From Farm To Plane” at the end of 2017, a new initiative to promote environmental sustainability and support local agriculture for our in-flight food and beverage offerings while reducing our carbon footprint. This means that Singapore Airlines now uses more sustainable, farm-fresh ingredients and local produce from destinations served by the Airline in its premium classes on selected routes. This will progressively be made available to all cabin classes. More meatless and healthier choice meals will also be offered to customers in response to increasing demand.

“From Farm to Plane” was introduced to enhance sustainability practices in its in-flight food and beverage offerings, promoting environmental sustainability and supporting local farming communities.

Launch of new in-flight furnishings, amenities and serviceware

In November 2017, new soft furnishings, amenities and serviceware were introduced in partnership with luxury brands from around the world.

Customers travelling in Suites and First Class will enjoy the comforts of a duvet cover specially designed by Lalique, a French luxury brand, and other items such as sleeper suits, amenity kits and lavatory toiletries. Suites and First Class customers can also look forward to serviceware specially designed by Wedgwood and Lalique.

In Business Class, customers can experience a range of Penhaligon’s toiletries and look forward to a refined dining experience with all meals served on Narumi-designed porcelain-ware.

Singapore Airlines Wine Programme: Cellars in the Sky 2017 Awards

Singapore Airlines was the biggest winner in the Business Traveller Cellars in the Sky (CITS) 2017 Awards, taking the coveted Gold Medal for Best Overall Cellar, as well as top spots in the Business Class White and Best Business Class Cellar categories. The CITS recognises the best Business Class and First Class wines served by airlines worldwide each year.

OPERATING REVIEW

People Development

SIA 70th Anniversary 'Proud History, Bright Future'

SIA celebrated its 70th anniversary year in FY2017/18 under the theme 'Proud History, Bright Future'. As we commemorated this special milestone in the Company's history with activities planned throughout the year, this was also a year in which we stepped up the next phase of our transformation.

Proud History

In May 2017, staff past and present and their families reunited at SIA's Family Day – a carnival event held at the SIA Training Centre and SIA Group Sports Club, with a host of activities ranging from tours of the training facilities and airline-themed games to a delightful evening concert by our very own Cabin Crew Performing Arts Circle. 'A Great Adventure', a commemorative book encapsulating SIA's 70-year journey was launched and a copy was presented to all staff. The book tells the SIA story through the eyes of present and past staff, recounting their personal experiences alongside key milestones in SIA's journey.

Bright Future

We stepped up efforts in our transformation journey by focusing on three pillars: Being an Undisputed Market Leader, Having a Vibrant Innovation Culture and Inspiring Passion in People.

Inspiring Passion In People

Under this pillar, our priorities are focused on creating opportunities for personal growth, simplifying the way we work, rewarding high performing teams and individuals, as well as engaging and involving all staff members.

Personal Growth

A new recruitment system with an internal career portal facilitates visibility of career opportunities for personal growth. At the same time, a new Talent Management System enabled our evolution from performance management to performance development. We focused on goal alignment, regular feedback and empowering staff to take ownership of their own development.

Embracing new tools and mindsets is critical in the drive for our staff to go digital. A series of SIA Future@Work courses in the areas of Agile Capability, Data Analytics and Innovation with Design Thinking was launched in August 2017 to future-proof our staff with core competencies and the necessary skillsets. These include courses ranging from Basic and Foundational levels to more in-depth Role-Based courses. In the face of constant digital disruption and innovation, and the advent of big data and data analytics in driving business performance, these courses are timely and necessary for our workforce to compete effectively in this changing digital landscape.

Simplification

An organisational re-design is optimising existing structures, processes and roles that will better support and enable the transformation vision.

To realise its vision of becoming the world's leading digital airline, SIA also launched its Digital Innovation Blueprint by establishing long-term bilateral collaborations with key partners. An online digital innovation platform and a Digital Innovation Lab are being set up to let staff submit and experiment with new ideas in a creative environment.

Engaging All

1SQ, a new employee mobile app, was launched in February 2018 to better engage employees and radically change the way we disseminate and share information across the Group. Developed through Agile and Design Thinking methodologies, the 1SQ app serves as a one-stop platform for the latest company news while also serving as a self-service tool to help employees submit claims, apply for leave, and even check out exciting deals and promotions.

*Singapore Airlines announces Digital Innovation Blueprint through bilateral partnerships with A*STAR, CAAS, EDB and NUS to establish SIA as a digital aviation and travel experience leader.*

Engagement Activities

The 36th SIA Group Athletics Meet 2017 was held over two weekends in April 2017 at Hougang Stadium. The 2017 Athletics Meet saw active participation from SIA Group staff including SIA Engineering, SilkAir, Scoot and Tradewinds. Another SIA Group event, SIA Group Road Run 2018, was organised in March 2018 at the Punggol Waterway Park to foster the spirit of camaraderie in a friendly running competition.

Giving back to the community underscored many engagement events, which incorporated fundraising elements for charities supported by the Community Chest of Singapore. The SIA Charity Run was also held in October 2017 with 5km and 10km run categories, as well as a Corporate Challenge, to engage staff and members of the public.

The SIA Wellness and Health Programme (WHP) continues to promote a healthy lifestyle and workplace for staff through a series of activities such as annual basic health screenings, fitness exercises, as well as talks and workshops covering topics on general health, healthy eating and cooking.

OPERATING REVIEW

Environment

Singapore Airlines remains dedicated to our long-term responsibility of protecting the environment while providing air transportation services of the highest quality. The Company has in place various programmes to implement sustainable practices across our operations in a responsible manner to manage issues such as carbon emissions, waste, noise, and the consumption of energy and resources. We also continue to explore new sustainable practices in all areas of our operations.

We continuously strive to improve our fuel productivity. Initiatives include fuel-efficient policies and procedures, application of data analytics to drive efficiency, optimised flight routings, as well as aircraft weight management. We are also taking measures to improve our engine performance. These fuel-saving measures, together with regular fleet renewal, help to reduce our emissions. In addition, we are an active member of the Sustainable Aviation Fuel Users Group, which is committed to accelerating the development and commercialisation of Sustainable Aviation Fuels (SAF).

Committed to the global effort of reducing international aviation emissions, SIA partnered the Civil Aviation Authority of Singapore to operate a series of 12 'green package' flights over a three-month period from May 2017 on its non-stop San Francisco-Singapore route. This initiative highlighted the Company's commitment towards sustainable growth.

All 12 'green package' flights were powered by a combination of Hydro-processed Esters and Fatty Acids, a sustainable biofuel produced from used cooking oils and conventional jet fuel with a life cycle potential reduction of 80 per cent carbon emissions as compared to traditional jet fuel. Using the fuel-efficient A350-900 aircraft powered by Rolls-Royce Trent XWB-84 engines together with optimised flight operations from the Asia and Pacific Initiative to Reduce Emissions (ASPIRE) programme, the carbon savings attained for a single 'green package' flight is approximately 26,676 kilograms of CO_2, the equivalent of planting approximately 680 trees.

SIA has been participating in the ASPIRE programme since 2010. This programme, a unique partnership between air navigation service providers, has the aim of reducing carbon emissions from fuel burn in all phases of flight by incorporating best practices and initiatives in air traffic management and flight operation procedures. SIA's non-stop service between Singapore and San Francisco is the latest addition to the ASPIRE programme. SIA adopts elements from the ASPIRE programme such as route straightening and continuous descent to achieve further fuel savings.

The International Civil Aviation Organization (ICAO) sets the international standards for NO_x, CO_2, hydrocarbons and exhaust levels from aircraft engine emissions under ICAO Annex 16, Volume III. This standard is applicable to new aircraft designs as of 2020 and new deliveries of current in-production aircraft types from 2023. SIA supports the new CO_2 standard set by ICAO so as to meet the aviation industry's long-term commitment to reduce CO_2 emissions. SIA's passenger and freighter aircraft, together with SilkAir and Scoot's aircraft fleets, meet the stringent 2004 ICAO CAEP/6 Emissions Standards for NO_x.

Recognising that wildlife traffickers regularly exploit the increasing connectivity of global transportation and leverage the supply chain industry for their illegal trade, SIA signed the United for Wildlife Transport Taskforce Buckingham Palace Declaration to support efforts in preventing illegal trafficking and transportation of wildlife and their products in June 2017. As a signatory, SIA has agreed to implement actions under the relevant commitments outlined in the Declaration, such as adopting a zero tolerance policy regarding illegal wildlife trade, increasing awareness among passengers and staff, providing staff training to identify and report suspected illegal transport of wildlife, and engaging relevant stakeholders. The Company also prohibits the carriage of any animals or wildlife by passengers, with the exception of domesticated cats and dogs that are checked in, and service and emotional support dogs in the cabin.

More information on the Airline's environmental activities and programmes are available in the Singapore Airlines Sustainability Report FY2017/18 – Managing Environmental Impact.

OPERATING REVIEW

Community Engagement

Singapore Airlines recognises the importance of building strong relationships, not only with customers and business partners, but also with the many communities we serve. We firmly believe in sponsoring initiatives that promote the arts, education, sports, as well as the environment and conservation.

With a longstanding commitment to help grow the Singapore arts scene, Singapore Airlines continued to support the National Arts Council, Singapore Chinese Orchestra, Singapore Dance Theatre, Singapore Lyric Opera and Singapore Symphony Orchestra. In 2017, Singapore Airlines was named "Friend of the Arts" by the National Arts Council, for our ongoing contribution to Singapore's arts scene.

In the educational sector, Singapore Airlines continued to provide opportunities to students to realise their full academic potential. Cash and air ticket sponsorships were given to organisations such as LASALLE College of the Arts, as well as NTUC Education and Training Fund to encourage students and working adults with their studies or upgrade their skillsets.

Staff also actively volunteered with charitable organisations such as the Asian Women's Welfare Association and Cerebral Palsy Alliance Singapore, bringing beneficiaries on tours to the SIA Training Centre as well as Resorts World Sentosa's S.E.A. Aquarium.

In February 2018, volunteers from SIA's Cabin Crew Club for Community Care collaborated with Fei Yue Family Service Centre to bring elderly and children from low-income families for a day of activities. As part of SIA's 70th anniversary celebrations, a total of $2.55 million was raised for Community Chest, a non-profit organisation that raises funds to empower beneficiaries in Singapore, through three fundraising events, the SIA Family Day, SIA Charity Gala and SIA Group Charity Run, supported by more than 1,000 staff volunteers.

Through the Community Chest, Singapore Airlines also invited Metta School and Association for Persons with Special Needs Katong School to join aircraft arrival ceremonies for our first Airbus A380 aircraft fitted with all-new cabin products, as well as that for the world's first Boeing 787-10, in December 2017 and March 2018 respectively. The beneficiaries, along with their caregivers, had the opportunity to tour the two aircraft and try out the seats and in-flight entertainment systems firsthand.

Beyond Singapore, our overseas stations are equally passionate and committed in reaching out to their local communities. In London, the Singapore Airlines team took part in Macmillan Cancer Society's fundraising event, "The World's Biggest Coffee Morning" helping to raise funds for the nurses of Macmillan Cancer Support who support cancer patients and their families. To raise public awareness and funds for patients in China suffering from Osteogenesis Imperfecta, also known as brittle bone disease, SIA China and China-Dolls Centre for Rare Disorders organised a porcelain painting project and participated in a 15-kilometre charity walk in Beijing. SIA Kolkata also partnered various schools and organisations to conduct a healthcare screening exercise for over 200 underprivileged children in Kolkata, which consisted of a general health and eye-check-up. The children, who received healthcare kits, were taught the importance of proper healthcare and hygiene.

The SIA Group also proactively participates in various charitable causes. In FY2017/18, SilkAir participated in a series of field trips organised by Child's Dream Foundation in Siem Reap, and assisted in the opening of a school in Oddar Meanchey, Cambodia. Scoot entered into a year-long partnership with Guide Dogs Association of the Blind (GDAB), pledging to sponsor six return flights between Australia and Singapore in FY2017/18, to help ease the cost of bringing guide dogs into Singapore and enhancing GDAB's training capabilities. As one of the first Singapore-based carriers to welcome certified guide dogs on board, Scoot has a team of cabin crew trained to assist visually-impaired passengers.

Since August 2010, SIA has been the exclusive airline partner for the Harapan Rainforest Initiative, also known as Hutan Harapan. This large-scale green project involves funding core operations such as the employment of forest patrols to prevent illegal logging and forest fires, as well as programmes for the protection of plant and animal species, for a tropical forest covering nearly 100,000 hectares in central-south Sumatra, Indonesia, one of the most biodiversified rainforests in the world. Major developments in 2017 included the upgrading of the forest patrol unit's monitoring system using technology for faster data collection, analysis and response on the health of the forest such as fire threats, logging and wildlife poaching. An agroforestry programme was also introduced to help communities generate income while reducing deforestation and providing environmental benefits such as carbon sequestration and soil erosion prevention.

More information on the Airline's community initiatives and programmes are available in the Singapore Airlines Sustainability Report FY2017/18 – Supporting Our Communities.

SUBSIDIARIES

SIA Engineering Company

The SIA Engineering Company (SIAEC) Group recorded a profit attributable to owners of the parent of $184.1 million. Profit for the previous financial year (FY2016/17) included a gain from the divestment of the Group's 10% stake in Hong Kong Aero Engine Services Ltd to Rolls-Royce Overseas Holdings Limited and Hong Kong Aircraft Engineering Company Limited. Excluding the impact of this divestment, profit for FY2017/18 of $184.1 million was $12.1 million or 7.0 per cent higher. After including the impact of this divestment, profit was lower by $148.3 million or 44.6 per cent compared to the previous financial year. Revenue at $1,094.9 million was 0.8 per cent or $9.2 million lower. Share of profits of associated and joint venture companies increased by $13.3 million or 13.8 per cent to $109.8 million.

SIAEC offers integrated total care services, which bundles MRO services with 24/7 fleet and inventory management support

SIAEC continued to expand its global network of line maintenance stations at strategic overseas locations, with the addition of stations at Kansai, Narita and Chitose in Japan. This extensive network now covers 39 airports in eight countries, handling more than 1,000 daily flights around the clock for more than 90 airline customers.

At its Singapore base, SIAEC strengthened its line maintenance market leadership in tandem with Changi Airport's continued growth as a hub for full-service and low-cost carriers. During the year in review, SIAEC handled 146,687 flights at Changi Airport, an increase of 3.7 per cent from the preceding year. SIAEC will continue to pursue service offering enhancements for airline customers, so that they can benefit from the efficient use of their ground time at the apron for light maintenance activities.

As a leading maintenance, repair and overhaul (MRO) service provider in Asia Pacific, SIAEC's one-stop maintenance facility in Singapore offers integrated MRO solutions to an international client base of airlines. The maintenance facility in Singapore comprises six hangars, including one of the world's first purpose-built hangars to handle the Airbus A380. Another three hangars are located in Clark, Philippines, allowing the company to extend its reach to airline customers in the region.

As a major fleet management service provider, SIAEC managed a fleet of 89 aircraft for eight airlines in FY2017/18. An increasing number of airlines around the world are attracted by the integrated total care services offered under SIAEC's fleet management business, which bundles MRO services with 24/7 fleet and inventory management support.

Forging collaborations with leading aviation partners remains highly strategic to SIAEC's sustainable long-term growth. With access to new markets, products and technology, these partnerships broaden SIAEC's capabilities on next generation aircraft and enhance the SIAEC Group's service offerings.

At the Singapore Airshow in February 2018, SIAEC signed an agreement with GE Aviation (GE) to form an engine overhaul joint venture. The joint venture will provide a full range of engine MRO services for the GE90 and GE9X engines at a state-of-the-art facility in Singapore. Another joint venture agreement was inked with Stratasys Ltd to establish an additive manufacturing services centre that will manufacture 3D printed parts for use in commercial aviation.

SIA ENGINEERING COMPANY

Two other memoranda of understanding were signed with both CaseBank Technologies and Safran Analytics in the area of data analytics. SIAEC and CaseBank will partner on research, development and commercialisation of advanced diagnostic software to streamline the troubleshooting process, and reduce aircraft maintenance downtime and component removal costs. SIAEC's collaboration with Safran will focus on the areas of research and development of software for predictive maintenance to improve aircraft maintenance planning, and reduce unscheduled disruptions to aircraft revenue service.

During the year in review, Eagle Services Asia, a joint venture with Pratt & Whitney, was selected as an MRO facility in Singapore for PW1100G-JM PurePower® Geared Turbofan™ engines. SIAEC's wholly owned subsidiary, SIA Engineering (Philippines) Corporation, was appointed by Embraer Asia Pacific as an E-Jets authorised service centre. Moog Aircraft Services Asia Pte Ltd, a joint venture with Moog Inc. (Moog), commenced operations to provide repair and overhaul services for Moog-manufactured flight control systems in new-generation aircraft, including the Airbus A350 and Boeing 787.

Under a Memorandum of Agreement, SIAEC will collaborate with Boeing on the provision of aircraft maintenance training services on current and new-generation aircraft types to airlines located in and around the high growth Southeast Asian region. SIAEC and Air India Engineering Services Limited also entered into a non-binding MOU to establish a business collaboration, offering line maintenance and ancillary services at various airports in India as well as engineering training in India.

In addition to accessing technology through collaborations with leading aircraft, engine and component manufacturers, SIAEC continues to invest in innovation initiatives and technology adoption projects in aerospace maintenance, repair and overhaul. These investments in digitalisation, additive manufacturing, robotics and automation, and data analytics are aimed at developing innovative solutions to enhance customers' fleet efficiency and reliability, while generating higher business productivity and process improvements.

Key Facts

Network of line maintenance stations covers **39** airports in eight countries

Handles over **1,000** flights daily around the clock for more than **90** airline customers

Handled **146,687** flights at Changi Airport in FY2017/18

SUBSIDIARIES

SIA Cargo

As of 1 April 2018, SIA Cargo successfully completed its reintegration as a Division within SIA.

SINGAPORE AIRLINES CARGO

SIA Cargo posted its highest operating profit in recent years amid a sustained upturn in air cargo demand which prevailed throughout FY2017/18. There were healthy year-on-year gains in both traffic (measured in load tonne-kilometres) and yield in all four quarters of the year in review. Almost all product segments saw strong demand growth, including electronics, capital equipment, machinery parts, perishables, pharmaceuticals and e-commerce.

SIA Cargo's operating fleet remained at seven Boeing 747-400 freighters throughout the year. The 2.0 per cent growth in overall cargo capacity (measured in capacity tonne-kilometres) was driven solely by growth in passenger aircraft bellyhold capacity.

Having assumed the management of the bellyhold capacity of Scoot's narrowbody aircraft fleet from 1 March 2018, SIA Cargo now manages and markets the bellyhold capacity of all airlines within the SIA Group, namely Singapore Airlines, SilkAir and Scoot. The addition of Scoot's narrowbody network further expanded SIA Cargo's already dense network footprint in the Asia-Pacific region to include points such as Clark and Tiruchirappalli, as well as multiple points in China. Similarly, the addition of Xi'an, Harbin and Hiroshima to the SIA Group's route network in FY2017/18 provided greater choice and flexibility for SIA Cargo's customers.

Throughout the year, SIA Cargo continued to enhance its capabilities to support key verticals, such as aerospace, pharmaceuticals and e-commerce, and to strengthen interline partnerships. For example, new direct freighter flights to Toulouse were introduced on an ad-hoc basis to better support the growing volume of Rolls-Royce Trent 900 engines transported to Airbus' A380 assembly facility. This was in addition to the ad-hoc freighter services to Seattle and Atlanta to transport Trent 1000 engines from Rolls-Royce's Seletar Assembly and Test Unit in Singapore to Boeing's 787 production facilities in the USA.

In October 2017, tapping on its IATA CEIV Pharma certification, SIA Cargo was formally inducted as a pioneer member of the Pharma@Changi community. This initiative allows SIA Cargo to strengthen collaboration with CEIV Pharma-certified ground handling and forwarder partners in assessing emerging trends and implementing pilot projects that would advance pharmaceutical handling capabilities at the Singapore hub.

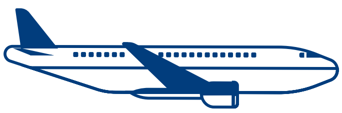
Building on an expanding number of block space arrangements between the two carriers, SIA Cargo and Nippon Cargo Airlines took their existing interline partnership one step further in February 2018 by signing a Memorandum of Understanding to forge a strategic cargo partnership. This tie-up is aimed at jointly pursuing opportunities to create greater convenience for both carriers' customers. Codeshare services on routes between Tokyo and Singapore commenced on 1 April 2018 as a first step of this enhanced partnership.

Applying data-driven insights for smarter business decision-making was among the key initiatives in SIA Cargo's transformation roadmap in FY2017/18. Among other initiatives, a new sales steering analysis tool was implemented to support the business in its effort to optimise network revenue. SIA Cargo also continued to drive electronic airwaybill (e-AWB) adoption across its network. As of March 2018, SIA Cargo's e-AWB penetration rate reached 78 per cent, which was above IATA's target rate of 68 per cent for the industry.

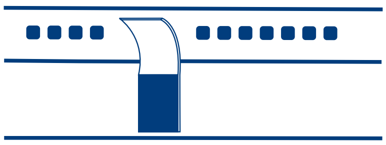
In recognising SIA Cargo as the solution provider of choice, customers voted SIA Cargo as the "Combination Carrier of the Year" in the Customer Choice Awards Category at the Payload Asia 2017 industry event. In addition, SIA Cargo clinched the title of "Best Air Cargo Carrier for Asia" at the 2017 Asian Freight, Logistics and Supply Chain Awards ceremony.

In May 2017, it was announced that SIA Cargo would be reintegrated as a division within SIA to improve efficiency and strengthen support for the cargo business through greater synergy with the Parent Airline. This reintegration took place seamlessly on 1 April 2018.

Key Facts



Seven Boeing 747-400 freighters in operating fleet



Manages and markets bellyhold capacity of SIA, SilkAir and Scoot

Pharma@Changi

Inducted as a pioneer member of Pharma@Changi community in October 2017

SUBSIDIARIES

SilkAir

SilkAir continued to expand its fleet and network in FY2017/18 with the arrival of its Boeing 737 MAX 8 aircraft and its inaugural flight to Hiroshima, Japan.

The financial year in review marked a significant milestone for SilkAir with the arrival of its first Boeing 737 MAX 8 aircraft, offering customers an enhanced onboard experience and paving the way for the airline to access new longer-haul routes in the region.

SilkAir welcomed its first 737 MAX 8 aircraft on 4 October 2017. The MAX 8 features a new seat configuration of 156 seats – 12 in Business Class and 144 in Economy Class. New enhancements were introduced in the Business Class cabin with a significant increase in seat pitch from 39 to 49 inches and additional seat recline for extra comfort. For Economy Class, new refinements such as seat-back tablet and phone holders, and personal in-seat USB charging ports, were introduced. The MAX 8 is also more environmentally friendly, with lower fuel consumption, and reduced carbon emissions and noise footprint.

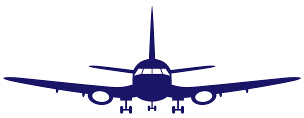
As of 31 March 2018, SilkAir's operating fleet of 32 aircraft comprised three Airbus A319s, nine A320s, 17 Boeing 737-800s and three 737 MAX 8s. On the network development front, SilkAir launched non-stop flights to Hiroshima on 30 October 2017, the first Japanese destination in its network. On 8 April 2017, SilkAir commenced thrice-weekly services to Colombo, joining Singapore Airlines in serving the route. With the transfer of Kuching and Palembang services to Scoot in October and November 2017 respectively, SilkAir's network spans 52 destinations in 16 countries.

On the product front, SilkAir enhanced its in-flight entertainment system in May 2017, offering a greater selection of over 100 international movies and 40 television shows on the newly launched SilkAir Studio mobile app. Additionally, SilkAir expanded the availability of its All-Time Favourites menu from 6 December 2017, now offering the selection of specially curated meals to Business Class customers on Singapore-bound flights in addition to flights departing Singapore.

SilkAir extended its network to Japan with the launch of three-times weekly services to Hiroshima using its brand new Boeing 737 MAX 8 aircraft on 30 October 2017.

Key Facts

32 aircraft in operating fleet, including three new 737 MAX 8s



Launched non-stop flights to Hiroshima, its first Japanese destination

52 destinations in **16** countries

SilkAir continues to be recognised for its excellence in product and service quality in the region. In 2017, SilkAir was once again ranked as one of the Top 10 Airlines for Best Cabin Service Worldwide by Hong Kong-based online travel magazine, Smart Travel Asia. Additionally, the airline was awarded a Four Star Rating in the APEX Official Airline Ratings in 2018.

SilkAir was named Indonesia's Leading Regional Airline of the Year 2017 at the Indonesia Travel and Tourism Awards. SilkAir also received several accolades in India such as the International Airline of the Year at the Deepika Business Excellence Awards, the "Best Regional Airline" at the South India Travel Awards, the "Best International Airline" at the East India Travel Awards, as well as the VETA Award for Best Regional Airline Asia from Travel Scapes Magazine.

In China, SilkAir was named the Most Popular Airline by the Chengdu Economic Times. SilkAir was also recognised as the Airline of the Year by Newoo Newspaper Fashion Fiesta and was ranked as one of the 2017 Recommended Airlines by Travel + Leisure China. China Yunnan Tourism Board awarded SilkAir as the airline with the "Best Branding" and "Best Service" in 2017. The airline was also ranked as one of the 2017 Airlines with the Most Growth Potential by Sina Weibo.

SUBSIDIARIES

Scoot

After marking the start of long-haul operations with Scoot's debut to Athens, Scoot and Tigerair Singapore completed their integration under the single Scoot brand. With an integrated fleet and more aircraft on order, Scoot, voted Best Low Cost Airline (Asia/Pacific) by AirlineRatings.com for the fourth consecutive year since 2015, is set on an aggressive growth path with six new cities launched during the year in review and three more upcoming for the next financial year, including a third long-haul destination.

In July 2017, Scoot and Tigerair Singapore completed their merger as a single airline under a common Air Operator Certificate and single Scoot brand, concluding integration efforts that began in May 2016 when they were brought under a common holding company, Budget Aviation Holdings. All previous Tigerair flights now operate under the Scoot brand and all Scoot flights adopt the TR flight designator code.

A single operating licence provides Scoot with greater flexibility to optimise capacity for a combined network by adjusting capacity and aircraft deployment based on route demand and seasonal fluctuations. The merger allowed the use of common check-in counters and unified safety and security policies and processes. This in turn helped to streamline operations, allowing Scoot to optimise resources more efficiently. With the ability to respond more swiftly to market demand and trends, Scoot is also able to cover an even larger network and sustain long-haul operations through greater regional passenger feed.

For customers, the merger translated to a more seamless travel experience, improved connectivity with more destination options, and greater value fares. To reflect the growth of the brand, Scoot changed its "Get Outta Here!" tagline and adopted a new slogan, "Escape the Ordinary". The uniform for cabin crew, also known as Scootees, also underwent a change, bearing a new refreshing yet distinctively Scoot look.

Key Facts

40 aircraft in operating fleet, including four new crew bunk-fitted 787s for long-haul services

Launched two new long-haul routes to Athens and Honolulu (via Osaka)

64 destinations across 17 countries and territories

Since June 2017, Scoot added six destinations, namely Athens, Kuching, Palembang, Harbin, Honolulu and Kuantan, bringing its total destination count to 64 across 17 countries and territories as of 31 March 2018, with Pekanbaru, Berlin and Nanchang to join the network soon. This rapid expansion is fuelled by the growing Scoot fleet, currently comprising 16 Boeing 787 Dreamliners and 24 Airbus A320-family aircraft, with four more 787 and 39 A320neo aircraft on order. Four new crew bunk-fitted 787s had also joined the fleet since May 2017, enabling Scoot to begin operating long-haul services. This milestone was realised with the launch of Scoot's non-stop Singapore-Athens route in June 2017, followed by the inauguration of its Singapore-Honolulu route via Osaka in December 2017, as well as the announcement of a third long-haul service to a second European city, Berlin, commencing in June 2018.

Besides network expansion, Scoot also introduced new product and service offerings. These include the convenient option to apply for an e-visa on Scoot's website during and after booking, more payment options, and Scoot Insider, a membership subscription to exclusive updates, birthday discounts, faster bookings with personalised profile and payment information and access to booking history. From March 2018, customers booking through the Scoot website or mobile app will also receive complimentary data from Flexiroam, which enables them to connect to the internet in over 100 countries without switching out their SIM card.

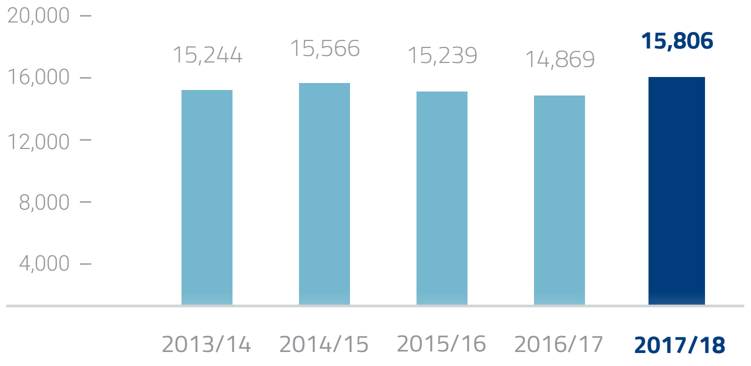
Scoot also serves customers from Singapore Airlines and SilkAir through a new codeshare agreement that provides seamless access to over 30 destinations served only by Scoot. The codeshare agreement is a natural part of the SIA Group's portfolio strategy, providing customers with more convenience when travelling within the SIA Group network and allowing the Group to capture incremental business through more destinations and capacity.

Scoot's Boeing 787 crew bunk-fitted Dreamliners allow the airline to operate long-haul services.

FINANCIAL REVIEW

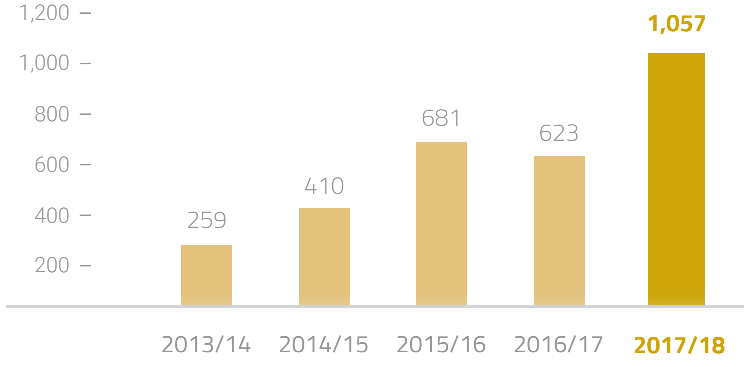
Highlights of the Group's Performance

Revenue ($ million)



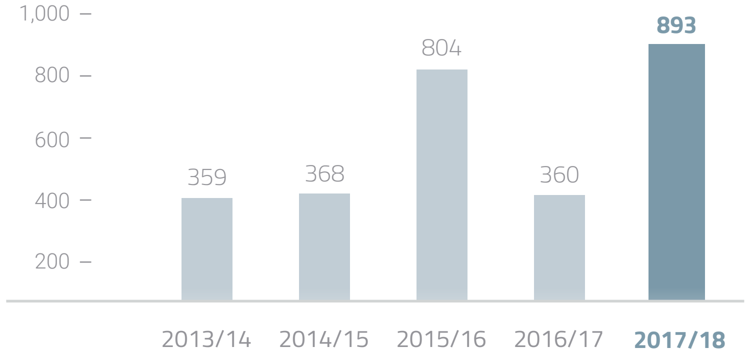
$15,806 million
(+$937m, +6.3%)

Operating profit ($ million)



$1,057 million
(+$434m, +69.8%)

Profit attributable to owners of the Company ($ million)



$893 million
(+$533m, +147.8%)

Performance of the Group

Key Financial Highlights

	2017/18	2016/17	% Change		
Earnings For The Year ($ million)					
Revenue	**15,806.1**	14,868.5	+	6.3	
Expenditure	**14,748.8**	14,245.7	+	3.5	
Operating profit	**1,057.3**	622.8	+	69.8	
Profit attributable to owners of the Company	**892.9**	360.4	+	147.8	
Per Share Data (cents)					
Earnings per share – basic	**75.5**	30.5	+	147.5	
Ordinary dividend per share	**40.0**	20.0	+	100.0	
Ratios (%)					
Return on equity holders' funds	**6.5**	2.8	+	3.7	points
Return on total assets	**3.6**	1.8	+	1.8	points

Group Earnings

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

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

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

	2017/18 $ million	2016/17 $ million	% Change	
Singapore Airlines	**10,544.2**	10,134.2	+	4.0
SilkAir	**998.9**	969.2	+	3.1
Scoot	**1,533.8**	1,349.1	+	13.7
SIA Engineering	**480.9**	429.4	+	12.0
SIA Cargo	**2,216.4**	1,950.2	+	13.6
Others	**31.9**	36.4	-	12.4
Total revenue	**15,806.1**	14,868.5	+	6.3

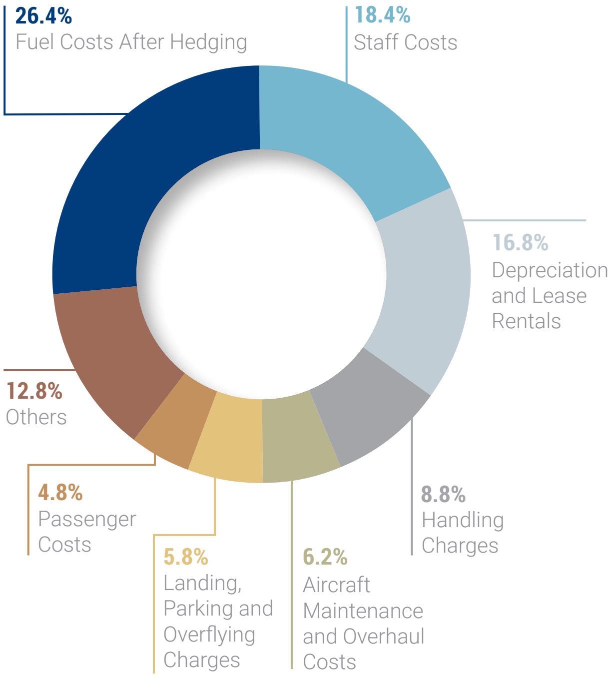
FINANCIAL REVIEW

Performance of the Group (continued)

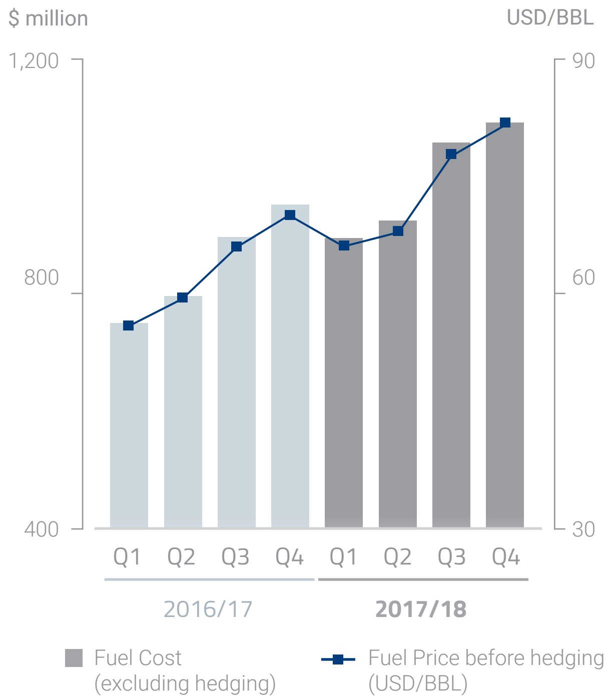
Group Earnings (continued)

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

Group Expenditure



Quarterly Trend of Group Fuel Price and Fuel Cost (excluding hedging)



The Group's operating profit was $434 million higher at $1,057 million (+69.8 per cent) for the financial year ended 31 March 2018. With the exception of SilkAir, operating performance for all other major companies in the Group improved over last year. Singapore Airlines earned an operating profit of $703 million in the financial year, a $317 million improvement compared to last year. SIA Cargo reported an operating profit of $148 million, $145 million higher year-on-year. Please refer to the review of the Company and subsidiary companies for further details.

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

Performance of the Group (continued)

Financial Position

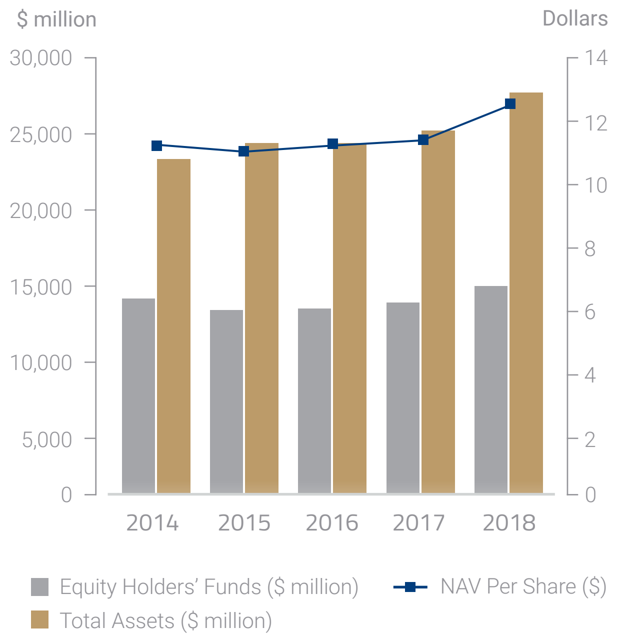
Equity attributable to owners of the parent increased by $1,168 million (+8.9 per cent) to $14,251 million as at 31 March 2018, largely due to higher net profit for the financial year (+$893 million) and fair value movement on cash flow hedges (+$548 million), partially offset by payment of dividends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

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

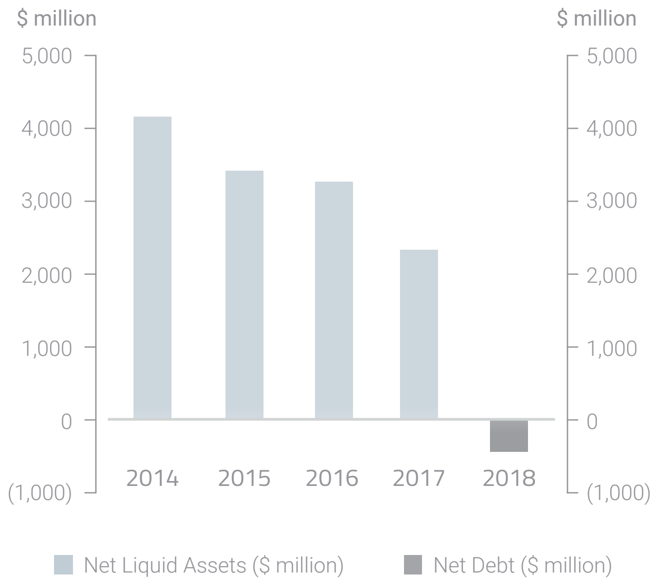
Total Group liabilities increased by $1,680 million (+14.9 per cent) to $12,930 million as at 31 March 2018, primarily arising from the increase in medium term notes payable (+$1,600 million) and sales in advance of carriage (+$791 million), partly offset by lower trade creditors (-$479 million), deferred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

The Group's liquidity position turned from net liquid assets[R1] of $2,353 million a year ago to a net debt of $401 million as at 31 March 2018, attributable to a reduction in cash and bank balances (-$812 million) and short-term investments (-$382 million), and an increase in total debt from the issuance of medium term notes (+$1,600 million). Total debt to equity ratio increased by 0.10 times to 0.22 times as at 31 March 2018.

Group Equity Holders' Funds, Total Assets and Net Asset Value (NAV) per Share



Group Net Liquid Assets and Net Debt



[R1] Net liquid assets is defined as the sum of cash and bank balances and short-term investments, net of loans and bonds issued.

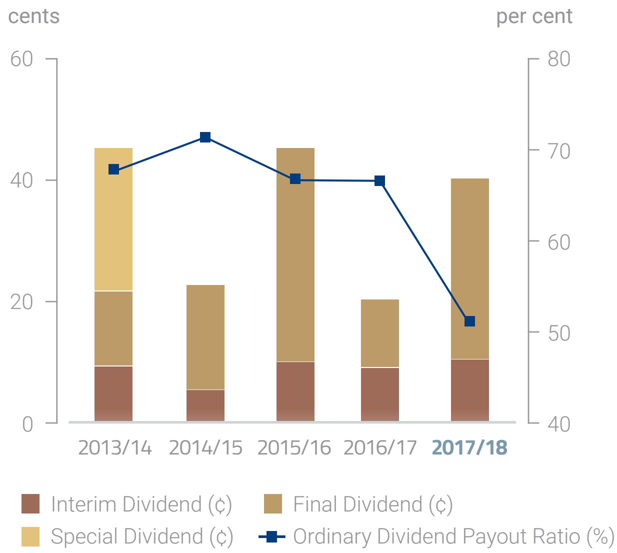
FINANCIAL REVIEW

Performance of the Group (continued)

Dividends

For the financial year ended 31 March 2018, the Board recommends a final dividend of 30 cents per share. Including the interim dividend of 10 cents per share paid on 5 December 2017, the total dividend for the 2017/18 financial year will be 40 cents per share. This amounts to a payout of approximately $473 million based on the number of issued shares as at 31 March 2018. The total ordinary dividend per share of 40 cents translates to a payout ratio of 53.0 per cent, a reduction of 12.6 percentage points compared to the 2016/17 payout ratio of 65.6 per cent.

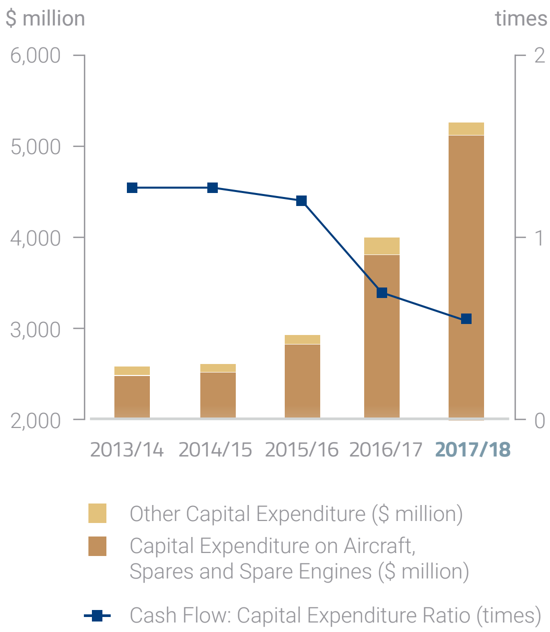
Dividend Payout



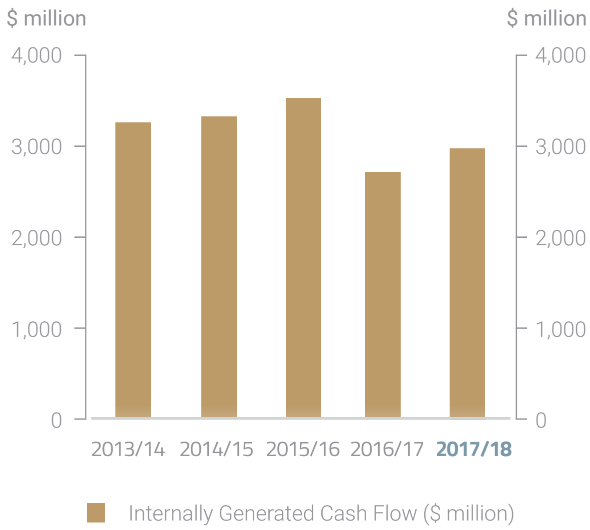
Capital Expenditure and Cash Flow of the Group

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

Group Capital Expenditure



Internally Generated Cash Flow



Performance of the Group (continued)

Group Staff Strength and Productivity

The Group's staff strength as at 31 March 2018 was as follows:

	31 March 2018	2017		% Change
Singapore Airlines	**14,729**	14,800	-	0.5
SIA Engineering	**6,614**	6,482	+	2.0
SilkAir	**1,574**	1,632	-	3.6
SIA Cargo	**841**	870	-	3.3
Scoot	**2,051**	1,847	+	11.0
Others	**180**	182	-	1.1
	25,989	25,813	+	0.7

Average staff productivity was as follows:

	2018	2017		% Change
Revenue per employee ($)	**610,251**	590,160	+	3.4
Value added per employee ($)	**216,779**	192,232	+	12.8

Statements of Value Added and its Distribution

Value added is a measure of wealth created. The statement below shows the Group's value added and its distribution by way of payments to employees, government, and to those who have provided capital. It also indicates the portion retained in the business for future capital requirements.

	2017/18 $ million	2016/17 $ million
Total revenue	**15,806.1**	14,868.5
Less: Purchase of goods and services	**(10,325.6)**	(10,033.7)
	5,480.5	4,834.8
Add:		
Interest income	**60.9**	73.9
Surplus/(Loss) on disposal of aircraft, spares and spare engines	**16.1**	(31.7)
Dividends from long-term investments	**6.2**	45.0
Other non-operating items	**18.6**	(103.2)
Share of profits of joint venture companies	**43.6**	21.1
Share of (losses)/profits of associated companies	**(11.1)**	3.2
Total value added for distribution	**5,614.8**	4,843.1
Applied as follows:		
To employees:		
- Salaries and other staff cost	**2,709.0**	2,616.2
To government:		
- Corporation taxes	**165.0**	143.1
To suppliers of capital:		
- Interim and proposed dividends	**473.0**	236.4
- Finance charges	**89.8**	46.1
- Non-controlling interests	**43.9**	81.5
Retained for future capital requirements:		
- Depreciation and amortisation	**1,714.2**	1,595.8
- Retained profit	**419.9**	124.0
Total value added	**5,614.8**	4,843.1
Value added per $ revenue ($)	**0.36**	0.33
Value added per $ employment cost ($)	**2.07**	1.85
Value added per $ investment in property, plant and equipment ($)	**0.17**	0.17

FINANCIAL REVIEW

Performance of the Company

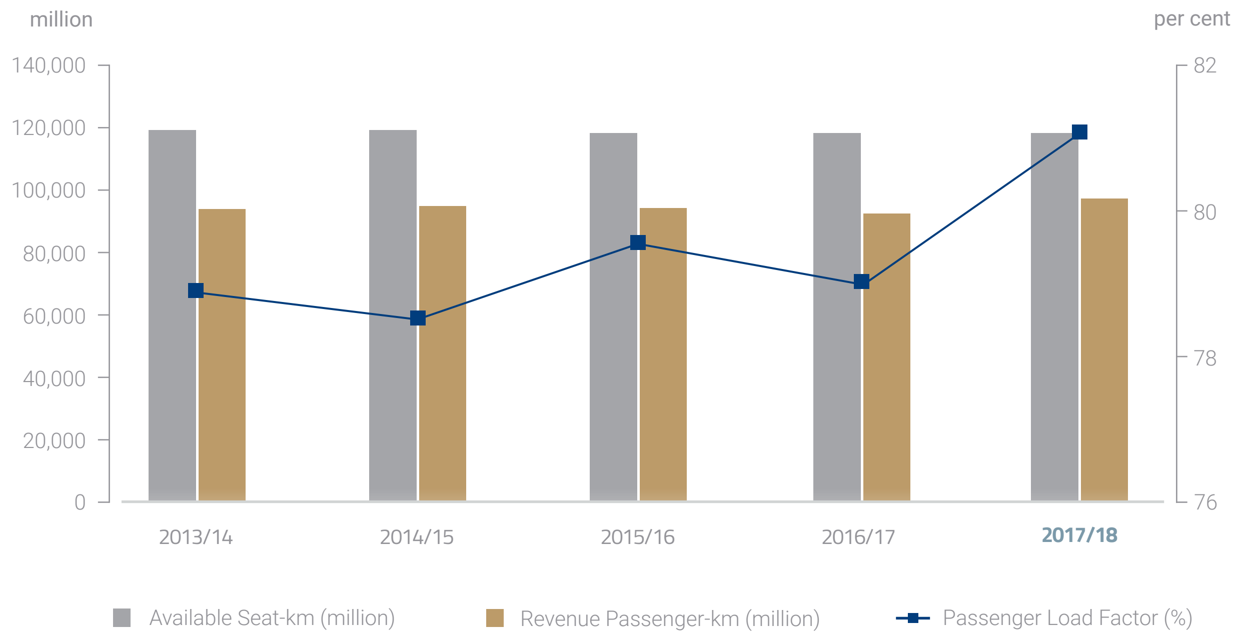
Operating Performance

	2017/18	2016/17	% Change		
Passengers carried (thousand)	**19,505**	18,990	+	2.7	
Available seat-km (million)	**118,126.7**	117,662.3	+	0.4	
Revenue passenger-km (million)	**95,855.0**	92,913.8	+	3.2	
Passenger load factor (%)	**81.1**	79.0	+	2.1	points
Passenger yield (¢/pkm)	**10.2**	10.3	-	1.0	
Revenue per available seat-km (¢/ask)	**8.3**	8.2	+	1.2	
Passenger unit cost (¢/ask)	**8.4**	8.3	+	1.2	
Passenger breakeven load factor (%)	**82.4**	80.6	+	1.8	points

While economic conditions improved during the year, competition in key operating markets remained intense. Tactical and promotional initiatives by the Company helped to boost loads, but yields fell 1.0 per cent year-on-year to 10.2¢/pkm.

Passenger load factor grew 2.1 percentage points over last year to 81.1 per cent as passenger carriage rose 3.2 per cent, outpacing the 0.4 per cent increase in capacity.

Available Seat Capacity, Passenger Traffic and Load Factor



Performance of the Company (continued)

A review of the Company's operating performance by route region is as follows:

	By Route Region[R2] (2017/18 against 2016/17)		
	Passengers Carried Change (thousand)	Revenue Passenger-KM % Change	Available Seat-KM % Change
East Asia	+ 207	+ 1.7	- 0.3
Americas	- 29	—	- 3.2
Europe	+ 112	+ 5.9	+ 1.2
South West Pacific	+ 189	+ 5.2	+ 4.6
West Asia and Africa	+ 36	+ 0.6	- 3.0
Systemwide	+ 515	+ 3.2	+ 0.4

Passenger load factor by route region was as follows:

	Passenger Load Factor (%)		
	2017/18	2016/17	% Change points
East Asia	**80.8**	79.1	+ 1.7
Americas	**81.6**	79.0	+ 2.6
Europe	**80.9**	77.3	+ 3.6
South West Pacific	**83.4**	83.0	+ 0.4
West Asia and Africa	**76.9**	74.2	+ 2.7
Systemwide	**81.1**	79.0	+ 2.1

[R2] Each route region comprises routes originating from Singapore to final destinations in countries and territories within the region concerned and vice versa. For example, Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region. East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, South Korea, Malaysia, People's Republic of China, Myanmar, Philippines, Thailand, Taiwan and Vietnam. Americas denotes USA. Europe consists of Denmark, England, France, Germany, Italy, Russia, Spain, Sweden, Switzerland, The Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, India, Maldives, South Africa, Sri Lanka and United Arab Emirates.

FINANCIAL REVIEW

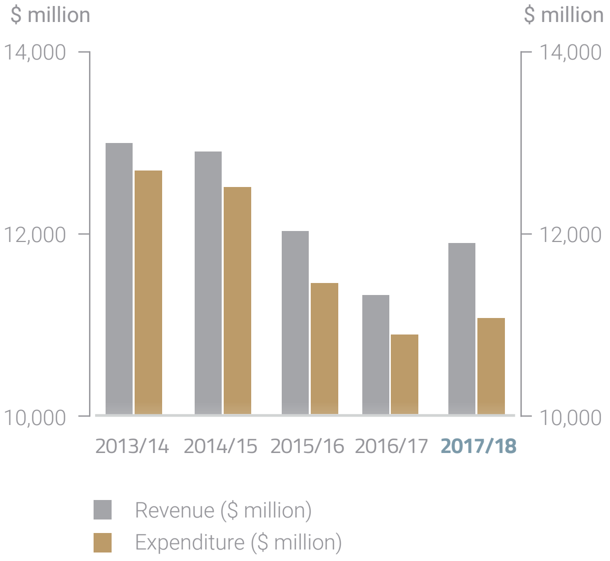
Performance of the Company (continued)

Earnings

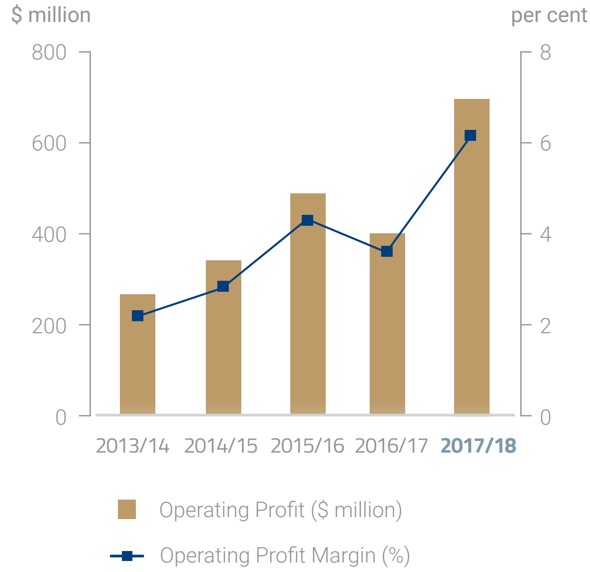
	2017/18 $ million	2016/17 $ million	% Change	
Revenue	**11,583.8**	11,094.2	+	4.4
Expenditure	**10,880.6**	10,707.8	+	1.6
Operating profit	**703.2**	386.4	+	82.0
Finance charges	**(95.8)**	(47.6)	+	101.3
Interest income	**87.8**	99.1	-	11.4
Surplus/(Loss) on disposal of aircraft, spares and spare engines	**15.4**	(2.9)		n.m.
Dividends from subsidiary and associated companies	**168.9**	136.6	+	23.6
Dividends from long-term investments	**6.2**	5.2	+	19.2
Other non-operating items	**15.7**	2.5		n.m.
Profit before taxation	**901.4**	579.3	+	55.6
Taxation	**(112.1)**	(65.3)	+	71.7
Profit after taxation	**789.3**	514.0	+	53.6

n.m. not meaningful

Company Revenue and Expenditure



Operating Profit and Operating Profit Margin



Performance of the Company (continued)

Revenue

The Company's revenue rose 4.4 per cent to $11,584 million as follows:

	2017/18	2016/17	Change			
	$ million	$ million		$ million		%
Passenger revenue	**9,816.6**	9,606.9	+	209.7	+	2.2
Bellyhold revenue from SIA Cargo	**975.1**	903.4	+	71.7	+	7.9
Others	**792.1**	583.9	+	208.2	+	35.7
Total operating revenue	**11,583.8**	11,094.2	+	489.6	+	4.4

The Company's passenger revenue increased in 2017/18, as a result of:

		$ million		$ million
3.2% increase in passenger traffic:			+	304.1
1.0% decrease in passenger yield (including fuel surcharge):				
Lower local currency yields	-	320.3		
Change in passenger mix	+	219.9		
Foreign exchange	+	6.0	-	94.4
Increase in passenger revenue			+	209.7

The sensitivity of passenger revenue to a one percentage point change in passenger load factor and a one percentage change in passenger yield is as follows:

	$ million
1.0% point change in passenger load factor, if yield and seat capacity remain constant	121.0
1.0% change in passenger yield, if passenger traffic remains constant	98.2

A breakdown of passenger revenue by route region and area of original sale is shown below:

	By Route Region ($ million)				By Area of Original Sale[R3] ($ million)			
	2017/18	2016/17	%	Change	2017/18	2016/17	%	Change
East Asia	**3,291.2**	3,241.8	+	1.5	**5,256.3**	5,280.1	-	0.5
Americas	**1,384.7**	1,409.2	-	1.7	**659.9**	621.6	+	6.2
Europe	**2,249.0**	2,130.9	+	5.5	**1,607.9**	1,574.8	+	2.1
South West Pacific	**1,969.6**	1,849.9	+	6.5	**1,676.0**	1,543.0	+	8.6
West Asia and Africa	**922.1**	975.1	-	5.4	**616.5**	587.4	+	5.0
Systemwide	**9,816.6**	9,606.9	+	2.2	**9,816.6**	9,606.9	+	2.2

[R3] Each area of original sale comprises countries within a region from which the sale is made.

FINANCIAL REVIEW

Performance of the Company (continued)

Expenditure

The Company's expenditure increased 1.6 per cent to $10,881 million in 2017/18.

	2017/18		2016/17		%	
	$ million	%	$ million	%	Change	
Fuel costs	**2,971.0**	27.3	2,893.5	27.0	+	2.7
Staff costs	**1,762.3**	16.2	1,672.7	15.6	+	5.4
Depreciation	**1,323.6**	12.2	1,251.1	11.7	+	5.8
Handling charges	**922.9**	8.5	911.1	8.5	+	1.3
Aircraft maintenance and overhaul costs	**724.3**	6.6	784.7	7.3	-	7.7
Inflight meals and other passenger costs	**644.4**	5.9	669.7	6.3	-	3.8
Rentals on leased aircraft	**572.3**	5.3	647.9	6.1	-	11.7
Airport and overflying charges	**630.5**	5.8	603.2	5.6	+	4.5
Sales costs	**608.5**	5.6	590.3	5.5	+	3.1
Communication and information technology costs	**99.1**	0.9	99.1	0.9		-
Other costs	**621.7**	5.7	584.5	5.5	+	6.4
Total	**10,880.6**	100.0	10,707.8	100.0	+	1.6

A breakdown of fuel costs is shown below:

	2017/18 $ million	2016/17 $ million	Change $ million	
Fuel costs (before hedging)	**3,043.5**	2,624.5	+	419.0
Fuel hedging (gain)/loss	**(72.5)**	269.0	-	341.5
	2,971.0	2,893.5	+	77.5

Expenditure on fuel before hedging was $419.0 million higher because of:

	$ million	
17.8% increase in weighted average fuel price from 61.1 USD/BBL to 72.0 USD/BBL	+	466.7
0.3% increase in volume uplifted from 30.9 million BBL to 31.0 million BBL	+	12.0
Weaker USD against SGD	-	59.7
	+	419.0

Staff costs rose $90 million (+5.4 per cent), largely attributable to higher provision for profit sharing bonus on stronger operating performance, increase in staff strength, and service increments.

Depreciation was $73 million (+5.8 per cent) higher, mainly due to the addition of new aircraft.

Aircraft maintenance and overhaul costs fell by $60 million (-7.7 per cent) on lower airframe maintenance costs and lower provision for redelivery check costs primarily from the expiry of aircraft leases.

Rentals on leased aircraft was $76 million (-11.7 per cent) lower than last year, largely due to fewer aircraft on operating lease.

Airport and overflying charges rose $27 million (+4.5 per cent), partly due to an increase in landing and parking rates, as well as an increase in number of flights.

Other costs increased $37 million (+6.4 per cent), primarily due to professional fees incurred for the ongoing transformation programme, a larger loss on foreign exchange, higher equipment fees and more expenses incurred to mount non-scheduled services.

Performance of the Company (continued)

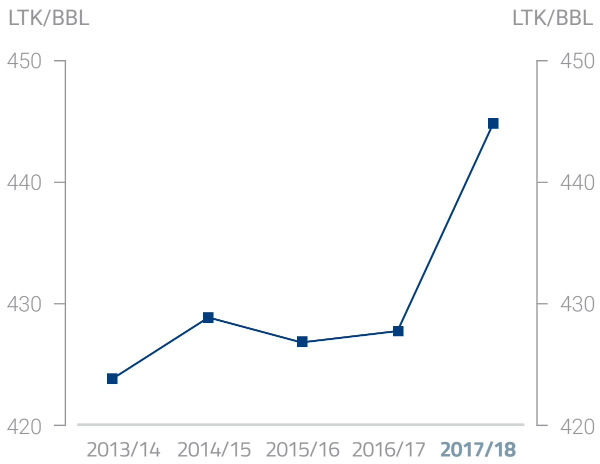
Fuel Productivity and Sensitivity Analysis

Fuel productivity as measured by load tonne-km per barrel (ltk/BBL) increased by 4.0 per cent from 428ltk/BBL to 445ltk/BBL, mainly due to the increase in load factor and number of fuel efficient aircraft.

A change in fuel productivity (passenger aircraft) of 1.0 per cent would impact the Company's annual fuel costs before hedging by about $29 million, before accounting for changes in fuel price, USD exchange rate and flying operations.

A change in the price of fuel before hedging of one US dollar per barrel affects the Company's annual fuel cost by about $41 million, before accounting for USD exchange rate movements, and changes in volume of fuel consumed.

Fuel Productivity of Passenger Fleet



Finance Charges

Finance charges were $48 million or 101.3 per cent higher, mainly due to issuance of debt amounting to $2,030 million between November 2016 and October 2017.

Disposal of Aircraft, Spares and Spare Engines

The surplus on disposal, of $15 million, was primarily attributable to a gain on sale of three aircraft.

Dividends from Subsidiary and Associated Companies

Dividends from subsidiary and associated companies were $32 million higher than last year, mainly due to a higher dividend from SIA Engineering Company, partially offset by a lower dividend from SilkAir.

Taxation

Tax expense of $112 million was 71.7 per cent higher than last year, in line with the improved performance of the Company.

FINANCIAL REVIEW

Performance of the Company (continued)

Staff Strength and Productivity

The Company's staff strength as at 31 March 2018 was 14,729, a reduction of 71 over last year. The distribution of employee strength by category and location is as follows:

	31 March		
	2018	2017	% Change
Category			
Senior staff (executives and higher ranking officers)	**1,509**	1,413	+ 6.8
Technical crew	**2,065**	2,087	- 1.1
Cabin crew	**8,207**	8,356	- 1.8
Other ground staff	**2,948**	2,944	+ 0.1
	14,729	14,800	- 0.5
Location			
Singapore	**12,707**	12,782	- 0.6
East Asia	**861**	863	- 0.2
Europe	**436**	421	+ 3.6
South West Pacific	**345**	348	- 0.9
West Asia and Africa	**265**	265	—
Americas	**115**	121	- 5.0
	14,729	14,800	- 0.5

The Company's average staff productivity ratios[R4] are shown below:

	2017/18	2016/17	% Change
Seat capacity per employee (seat-km)	**8,000,451**	8,157,963	- 1.9
Passenger load carried per employee (tonne-km)	**602,123**	598,451	+ 0.6
Revenue per employee ($)	**784,545**	769,202	+ 2.0
Value added per employee ($)	**276,539**	246,183	+ 12.3

[R4] The Company's staff productivity ratios were computed based on average staff strength of 14,765 in 2017/18 (2016/17: 14,423).

Performance of the Subsidiary Companies

The major subsidiary companies are SIA Engineering, SIA Cargo, SilkAir and Scoot. The following performance review includes intra-group transactions.

SIA Engineering

	2017/18 $ million	2016/17 $ million	% Change	
Total revenue	**1,094.9**	1,104.1	-	0.8
Total expenditure	**1,018.5**	1,032.1	-	1.3
Operating profit	**76.4**	72.0	+	6.1
Net profit	**184.1**	332.4	-	44.6

SIAEC Group recorded a net profit of $184 million for the year, $148 million (-44.6 per cent) lower than last year. The reduction in profit was mainly due to the absence of a gain on divestment of HAESL recorded last year.

Revenue was $1,095 million, a decrease of 0.8 per cent, mainly from lower fleet management revenue, partially mitigated by higher cabin services revenue.

Expenditure declined by $13 million to $1,019 million, mainly due to a reduction in staff costs from the absence of provision made for the profit-linked component of staff remuneration, arising from the gain on divestment of HAESL last year. This was partly offset by annual salary increments and increase in headcount at subsidiaries. Operating profit was $76 million, an increase of 6.1 per cent or $4 million.

Share of profits of associated and joint venture companies rose by $13 million or 13.8 per cent to $110 million, largely contributed by the Engine and Component segment.

As at 31 March 2018, SIAEC's equity attributable to owners of the parent was $1,496 million, $58 million (-3.7 per cent) lower than 31 March 2017. The reduction was due to dividends paid to shareholders and higher foreign currency translation losses as a result of the weakening of US Dollar against the Singapore Dollar, partially offset by profits earned for the year.

Basic earnings per share was 16.5 cents for the current financial year.

FINANCIAL REVIEW

Performance of the Subsidiary Companies (continued)

SIA Cargo

	2017/18 $ million	2016/17 $ million	% Change	
Total revenue	**2,220.1**	1,955.6	+	13.5
Total expenditure	**2,072.0**	1,952.5	+	6.1
Operating profit	**148.1**	3.1		n.m.
Profit/(Loss) after taxation	**139.0**	(125.9)		n.m.

SIA Cargo closed the year with an operating profit of $148 million, an improvement of $145 million against the prior year. Revenue increased by $264 million due to higher yield and higher freight carriage. Expenditure increased by $119 million, which was driven in part by increases in handling charges, in line with higher freight carriage, staff costs, and aircraft maintenance and overhaul costs.

Overall cargo traffic (in load tonne kilometers) increased by 5.3 per cent, outpacing the growth in capacity of 2.0 per cent. This resulted in cargo load factor increasing by 2.1 percentage points to 65.3 per cent. Cargo breakeven load factor dropped by 3.2 percentage points to 61.7 per cent, as the increase in yield (8.9 per cent) was higher than the increase in unit cost (3.6 per cent).

Profit after taxation was $139 million. In the prior year, loss after taxation took into account certain provisions for the air cargo competition cases, including the provision for a fine of EUR75 million ($112 million) imposed by the European Commission, which had re-adopted an earlier decision in the European Union air cargo competition law case involving several cargo airlines, including SIA Cargo.

As at 31 March 2018, equity holders' funds of SIA Cargo stood at $901 million (+21.8 per cent).

SilkAir

	2017/18 $ million	2016/17 $ million	% Change	
Total revenue	**1,020.3**	990.3	+	3.0
Total expenditure	**977.8**	889.5	+	9.9
Operating profit	**42.5**	100.8	-	57.8
Profit after taxation	**28.5**	59.1	-	51.8

SilkAir's revenue increased by $30 million (+3.0 per cent) to $1,020 million, as passenger revenue rose from a 16.9 per cent increase in passenger carriage, albeit eroded by an 11.5 per cent decline in passenger yield because of intense competition in the regional markets. Operating expenses rose due to the 12.7 per cent growth in capacity. As a result, operating profit decreased by $58 million (-57.8 per cent) to $43 million.

Yield fell 11.5 per cent to 11.5¢/pkm and unit cost declined by 2.3 per cent to 8.4¢/ask. Consequently, passenger breakeven load factor increased by 6.8 percentage points to 73.0 per cent. Passenger load factor increased by 2.6 percentage points to 73.4 per cent.

Profit after taxation declined 51.8 per cent to $29 million.

SilkAir's route network spanned 52 cities in 16 countries including Singapore. During the year, SilkAir added Colombo (Sri Lanka) and Hiroshima (Japan) services, while Kuching (Malaysia) and Palembang (Indonesia) flights were discontinued.

As at 31 March 2018, equity holders' funds of SilkAir stood at $1,064 million (+4.8 per cent).

Performance of the Subsidiary Companies (continued)

Scoot

	2017/18 $ million	2016/17 $ million	% Change	
Total revenue	**1,581.1**	1,388.7	+	13.9
Total expenditure	**1,503.7**	1,321.3	+	13.8
Operating profit	**77.4**	67.4	+	14.8
Profit after taxation	**15.7**	21.6	-	27.3

The integration of Scoot and Tigerair during the financial year contributed to Scoot's $10 million improvement in operating profit, as synergistic benefits from cross selling and operational cost savings materialised. Revenue growth of $192 million (+13.9 per cent) was driven by higher passenger carriage (+15.9 per cent) on the back of an 11.6 per cent capacity expansion, while yield was slightly lower (-1.7 per cent). Expenditure increased $182 million (+13.8 per cent), attributable to the expansion in operations.

Breakeven load factor increased by 3.1 percentage points to 84.5 per cent, as unit cost rose 2.1 per cent to 4.9¢/ask on the back of the lower yield. Passenger load factor increased by 3.3 percentage points to 85.7 per cent.

Scoot's route network spanned 64 cities in 17 countries and territories, including Singapore. During the year, Scoot took over Kuching (Malaysia) and Palembang (Indonesia) services from SilkAir, and introduced four new services, to Honululu (USA), Harbin (China), Athens (Greece), and Kuantan (Malaysia).

As at 31 March 2018, equity holders' funds of Scoot[R5] stood at $923 million (+13.1 per cent).

[R5] Refers to the immediate holding company of Scoot and its Subsidiaries.

AWARDS

Singapore Airlines is the world's most awarded airline. These are some of the awards that were won in FY2017/18:

2017

Q1

APR

TripAdvisor Travellers' Choice 2017 Awards (US)
Best Major Airline – Asia Pacific
World's Best Airlines – Top 10

Business Traveller Middle East Award
Best Asian Airline Serving the Middle East (16th consecutive year)

MAY

Telegraph 'Ultras' Travel Awards (UK)
Best Asian Airline

JUN

Skytrax World Airline Awards 2017 (UK)
Best Airline in Asia
Best Premium Economy Catering
Best Business Class Seat

Travel Weekly China
Best Airline of the Year

Handelszeitung (Switzerland)
World's Best Airline

Q2

JUL

SmartTravelAsia.Com (Hong Kong)
Best in Travel Poll Results, 2017
Rank No. 1 for All
Top 10 Airlines (Worldwide)
Top 10 Airlines Business Class (Worldwide)
Top 10 Airlines Cabin Services (Worldwide)

Travel & Leisure Magazine (USA)
World's Best International Airline (22nd consecutive year)

Business Traveller (Germany)
Best Airline for Business Travellers International

SEP

Business Traveller (Asia Pacific) 2017
Best Airline (26th consecutive year)
Best Asia-Pacific Airline
Best Airline First Class
Best Airline Business Class
Best Airline Economy Class

Q3

OCT

TTG Annual Travel Awards (Asia Pacific)
Travel Hall of Fame (15th consecutive year)

Travel Weekly Asia Readers' Choice Awards (S'pore)
Best Airline (Asia Pacific)
Best Airline Service Excellence

Business Traveller (UK based) 2017
Best Asian Airline
Best Economy Class
Best Cabin Staff

"Hong Kong Design Awards 2017" by DRIVENxDESIGN
Gold winner in the Digital Category

NOV

Business Traveller (China)
Best Airline in the World (12th time)
Best Asian Airline Serving China
Best Airline First Class
Best Airline Business Class

Travel + Leisure (China)
2017 China Travel Awards
2017 Top 10 Airlines

DEC

The Designair (Global)
Best New First Class 2017
SIA A380 First Class Suites

Global Traveler (USA)
Best Overall Airline in the World 2017 (13th time)

World Travel Awards 2017 (UK)
World's Leading Airline 2017

Telegraph Travel Awards (UK)
Best Long Haul Airline

Business Traveller USA 2017
Best Overall Airline in the World (27th time)
Best Business Class to Asia
Best Economy Class Service in the World
Best Airline for Trans-Pacific Service

2018

Q4

JAN

Fortune Magazine (USA)
Top 50 World's Most Admired Companies (Ranked 32)

31st ASEANTA Awards for Excellence 2018
Winner for Best ASEAN Marketing & Promotional Programme
SIA Safety Video

FEB

DestinAsian Readers' Choice Awards 2018
Best Airline – Overall (13th consecutive year)
Best Airline Premium Class
Best Airline in Economy Class
Best In-flight Entertainment
Best Frequent Flyer Programme – KrisFlyer

Business Traveller, Cellars in the Sky 2017 (UK)
Gold Medal for Best Overall Cellar
Gold Medal for Best Business Class Cellar
Gold Medal for Best Business Class White Wine
(Coldstream Hills Chardonnay 2015, Yarra Valley Victoria Australia)

TTG Luxury Travel Awards (UK)
Premium Airline of the Year

MAR

TTG China Travel Awards
Best Asian Airline (11th consecutive year)

Traveller's World Magazine (Germany)
Best Airline (8th consecutive year)

STATEMENT ON RISK MANAGEMENT

01. SIA GROUP ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

Since 2002, a formalised Risk Management Framework has been implemented across SIA Group under which risks are identified, evaluated and controlled on a coordinated and integrated basis. Details of the key elements of this Framework can be found on SIA's website[1].

02. HIGHLIGHTS OF SIGNIFICANT RISK MANAGEMENT ACTIVITIES

Over the course of the period under review, the following were the more significant risk management activities carried out:

A. Simulation of Crisis Response Plan in Multi-Agency Exercise

The Group's crisis management response plan was tested as part of Changi Airport's full scale aircraft emergency exercise involving government ministries, regulators and mutual-aid agencies. This large scale multi-agency exercise provided all participating stakeholders with a realistic scenario to ensure coordination and effective communication, and to test the responses and capability to manage such a crisis event.

B. Test of Integrated Risk Response Plan and On-going Risk Responses

An integrated business continuity plan was developed to address the scenario of an extensive outage of the local data centre, affecting multiple IT systems. A desktop review of the integrated plan was carried out, involving various business units and subsidiaries. Coordination across all relevant parties of the Group were demonstrated during the exercise. Other tests of business continuity plans were also conducted regularly and independently verified.

C. Review of Cyber Security Risks

The annual review of cyber security risk exposures was carried out to look at measures and initiatives put in place to address evolving IT security threats such as malware, ransomware, internet hacking and organised cyber crime. Responses to cyber-related scenarios were conducted during the year through the Cyber Incident Response Team drill. Disaster recovery drills continue to be conducted regularly to ensure recovery readiness of critical IT systems. In addition, quarterly vulnerability scans, biannual penetration tests, and cabin IT risk assessments were conducted to assess potential vulnerabilities and identify areas to strengthen the cyber security infrastructure.

D. On-going Risk Committee Activities and Risk Reviews

Group-wide risk management review exercises were carried out on a half-yearly basis, including a review of strategic risks. The Board Safety & Risk Committee (BSRC) reviewed top risks and corresponding controls as part of the on-going activities. The BSRC also ensured that strategic and other risks surfaced were distributed to the other Board Committees and the full SIA Board for oversight. The SIA Group Risk & Compliance Management Committee (GRCMC) supported the BSRC in ensuring that risks were surfaced and reviewed, and risk responses across the Group were coordinated and integrated. Correspondingly, company risk management committees ensured that risks were surfaced by the various divisions for the GRCMC's and BSRC's review. Company risk management committees also reviewed risk controls and responses to ensure that they are adequate.

E. Written Assurances on Risk Management Processes

As part of risk governance and assurance, Business Unit Heads provided written assurances on the identification and management of risks to the Company. Corresponding written assurances were also provided by CEO and Senior Vice President Finance to the BSRC.

03. BOARD OF DIRECTORS' COMMENTS ON THE PRACTICE OF RISK MANAGEMENT IN SINGAPORE AIRLINES

Having reviewed the risk management practices and activities of Singapore Airlines, the Board of Directors has not found anything to suggest that risks, which the Group considers relevant and material to its operations, are not being satisfactorily managed.

[1] https://www.singaporeair.com/saar5/pdf/corporate-info/riskmanagementframework.pdf

CORPORATE GOVERNANCE REPORT

The Board and Management are committed to continually enhancing shareholder value by maintaining high standards of corporate governance, professionalism, integrity and commitment at all levels, underpinned by strong internal controls and risk management systems.

This Report sets out the Company's corporate governance processes, with specific reference to the guidelines of the revised Code of Corporate Governance issued by the Ministry of Finance in Singapore in May 2012 ("the Code").

Board's Conduct of its Affairs
(Principle 1 – Effective Board to lead and control the Company)

Board's role
The Board oversees the business performance and affairs of the Company and provides general guidance to Management. Its principal functions include charting the Group's strategic direction, reviewing and approving annual budgets, financial plans and monitoring the Group's performance, approving major acquisitions and fund-raising exercises, and ensuring the Group's compliance with all laws and regulations as may be relevant to the business.

Delegation by the Board
To assist the Board in the discharge of its oversight function, five board committees, namely the Executive Committee, Audit Committee, Nominating Committee, Safety and Risk Committee, and Compensation and Industrial Relations Committee, have been constituted with written terms of reference. All five board committees are actively engaged and play an important role in ensuring good corporate governance in the Company as well as the Group.

Board Meetings
The Board held four scheduled meetings in the financial year but will hold ad hoc meetings as and when warranted by particular circumstances. The Board also holds separate Strategy Sessions to further guide Management in developing its plans and strategies for the future.

Schedules of Board meetings are circulated to the Directors prior to the start of the financial year to allow Directors to plan ahead for their attendance at the meetings. Board and Board Committee meeting attendance via telephone and video conferencing are allowed under the Company's constitution. The Board also meets the Company's key partners (such as the SATS Group) to develop stronger business relationships. The non-executive Directors also set aside time, at least once a year, to meet without the presence of Management to review the latter's performance in meeting goals and objectives.

Newly-appointed Directors
Management briefs new Directors on the Company's business and strategic directions, as well as governance practices. The Company conducts orientation programmes, including site visits to the Company's main operations centres such as the hangars, cabin crew and flight operations training facilities. New Directors are also updated on new laws and regulations, as well as changing commercial risks and industry developments, as deemed appropriate. Formal letters are issued to newly-appointed Directors upon their appointment, including details of their duties and obligations as Directors. The Directors are subject to the requirements of the Code.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance
(Principle 2 – Strong and independent element on the Board)

The Board currently comprises eight Directors as follows:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of Appointment
Peter Seah Lim Huat	Chairman	1 September 2015	29 July 2016	Non-executive/ Independent
Goh Choon Phong	Director	1 October 2010	29 July 2016	Executive/ Non-Independent
Gautam Banerjee	Director	1 January 2013	29 July 2016	Non-executive/ Independent
Hsieh Tsun-yan	Director	1 September 2012	29 July 2016	Non-executive/ Independent
Lee Kim Shin	Director	1 September 2016	28 July 2017	Non-executive/ Independent
Helmut Gunter Wilhelm Panke	Director	1 September 2009	28 July 2017	Non-executive/ Independent
Dominic Ho Chiu Fai	Director	1 May 2017	28 July 2017	Non-executive/ Independent
Simon Cheong Sae Peng	Director	1 June 2017	28 July 2017	Non-executive/ Independent

Note: Mr William Fung Kwok Lun retired from the Board with effect from 29 July 2017.

Board size and composition
The size and composition of the Board are reviewed from time to time, taking into account the scope and nature of operations of the Company, to ensure that the size of the Board is adequate to provide for a diversity of views, facilitate effective decision-making, and that the Board has an appropriate balance of executive, independent and non-independent Directors. The Directors come from diverse backgrounds with varied expertise in finance, legal, business, marketing and management fields. Their profiles are found on pages 16 to 17 and 73 to 76.

Board independence
There is a strong independent element in the Board, with the Board considering, taking into account the views of the Nominating Committee, seven out of eight Directors to be independent from Management and the Company's substantial shareholder, Temasek Holdings (Private) Limited ("Temasek"). The sole non-independent Director is Mr Goh Choon Phong, who is the Chief Executive Officer ("CEO") of the Company. Currently, no Director has served on the Board beyond nine years from the date of his first appointment. All Directors have demonstrated objectivity in their deliberations in the interests of the Company.

Chairman and Chief Executive Officer
(Principle 3 – Clear division of responsibilities between Chairman and CEO)

The Chairman, Mr Peter Seah, and the CEO, Mr Goh Choon Phong, are not related to each other. There is appropriate division of responsibilities between the Chairman and the CEO, which ensures a balance of power and authority within the Company. The Chairman leads the Board and is responsible for its workings and proceedings. He plays a crucial role in fostering constructive dialogue between shareholders, the Board and Management at the Company's Annual General Meetings. The Chairman leads the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Management and Company Secretary.

The CEO, assisted by the Management Committee, makes strategic proposals to the Board and oversees the execution of the Board's decisions. He also oversees the execution of the Company's corporate and business strategies and policies, and the conduct of its business.

Board Membership and Performance

(Principle 4 – Formal and transparent process for the appointment and re-appointment of Directors to the Board)
(Principle 5 – Formal assessment of the effectiveness of the Board and Board Committees and Individual Director's contributions)

Board Committees
The five Board Committees formed to assist the Board in the execution of its responsibilities are:

- the Board Executive Committee;
- the Board Audit Committee;
- the Board Compensation and Industrial Relations Committee;
- the Board Nominating Committee; and
- the Board Safety and Risk Committee.

These Committees have written mandates and operating procedures, which are reviewed periodically. A table setting out the Board Members, their memberships of the five Board Committees and attendance at Board and Committee meetings is found on page 72.

Board Executive Committee ("ExCo")
The members of the ExCo are Mr Peter Seah (Chairman), Mr Goh Choon Phong, Mr Gautam Banerjee and Mr Hsieh Tsun-yan. The ExCo oversees the execution by Management of the overall strategy, policies, directions and guidelines set by the Board for the SIA Group. The ExCo also reviews and makes recommendations to the Board on the annual operating and capital budgets and matters relating to the Group's wholly-owned subsidiaries. The ExCo is authorised to approve transactions beyond a designated materiality threshold and to make decisions on routine financial, operational and administrative matters. The ExCo also functions as the Share Buy Back Committee of the Company.

Board Audit Committee ("AC")
The AC comprised Mr Gautam Banerjee (Chairman), Mr Hsieh Tsun-yan, and Mr Dominic Ho Chiu Fai. All the AC members are independent Directors. The role and responsibilities of the AC are described in the section on "Audit Committee" (Principle 12) as shown on pages 68 to 70.

Board Safety and Risk Committee ("BSRC")
The members of the BSRC are Dr Helmut Panke (Chairman), Mr Peter Seah, Mr Lee Kim Shin and Mr Dominic Ho Chiu Fai. The functions of the BSRC include ensuring that systems and programmes in the Group comply with regulatory requirements and in accordance with the best practices of the aviation industry; reviewing regular reports on safety performances; reviewing accident investigation findings and recommendations; and advising Management and reporting to the Board on safety issues.

The BSRC also oversees the risk governance framework and risk management system, including reviewing key risks and controls put in place by Management.

Board Nominating Committee ("NC")
The members of the NC are Mr Peter Seah (Chairman), Mr Goh Choon Phong and Mr Lee Kim Shin.

Appointment and re-appointment of Directors
Under the Charter, the NC's responsibilities and duties include considering and making recommendations to the Board concerning the appointment and re-election of Directors, and determining the independence of the Directors. The NC's recommendations are based on a review of the range of expertise, skills and attributes of current Board members and the needs of the Board, taking into account the Company's future business direction, the tenure of service, contribution and commitment of each Board member. Board rejuvenation is a guiding principle in determining the need for new appointees to the Board.

With regard to the selection of new Directors, the NC evaluates the balance of skills, knowledge and experience on the Board and, arising from such evaluation, determines the role and the desirable competencies for a particular appointment to enhance the existing Board composition. The NC meets with the short-listed Board candidates to assess their suitability and availability. The NC then makes recommendations to the Board for approval.

CORPORATE GOVERNANCE REPORT

Newly elected Directors serve an initial term of three years, after which they are considered for re-nomination for another term(s). Their re-nominations are subject to the recommendations of the Chairman of the Board and the NC.

The Company's Constitution provide that at each Annual General Meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third are required to retire from office and are eligible for re-election. Retiring Directors are selected on the basis of those who have been longest in office since their last re-election, failing which they shall be selected by agreement. The CEO is also subject to retirement and re-election in accordance with the Constitution of the Company.

New Directors appointed in the year are subject to retirement and re-election by shareholders at the next Annual General Meeting after their appointment. All new appointments and re-elections require the approval of the Special Member, the Minister for Finance.

Evaluation of Board performance

For FY2017/18, the NC had engaged an independent global executive search firm not affiliated to the Company or any of its Directors, to assist them in conducting a formal evaluation of the SIA Board and its Board Committees. The process involved questionnaires which provided opportunities for feedback from the Directors. The evaluation confirmed that the SIA Board and its Board Committees were generally functioning effectively and performing well, within a highly competitive and challenging environment. The performance of individual Directors was reviewed by the Chairman and the NC, while the Chairman's performance was reviewed by the rest of the Board.

Directors' commitment

The NC has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The NC and the Board are of the view that, setting a maximum number of listed company board representations a Director should have is not meaningful, as the contribution of each Director would depend on their individual circumstances, including whether they have a full time vocation or other responsibilities. Notwithstanding the number of listed company board representations and other principal commitments which the Directors held, the NC was of the view that they were able to devote sufficient time and attention to the affairs of the Company.

Directors' training

The NC's terms of reference also include the responsibility for reviewing the training and professional development programmes for the Board. Board meetings may include presentations by senior executives, external experts and industry leaders on strategic issues relating to specific business areas. For FY2017/18, Board members attended briefings on the challenges facing the airline industry, digital technology relevant to the Group's growth strategy as well as other related topics.

Board Compensation and Industrial Relations Committee ("BCIRC")

The members of the BCIRC are Mr Peter Seah (Chairman), Mr Hsieh Tsun-yan, Dr Helmut Panke and Mr Simon Cheong Sae Peng. All members of the Committee are non-executive Directors.

In accordance with its responsibilities and duties under its Charter, the BCIRC reviews and recommends for the Board's approval the general framework of remuneration for the Board and Relevant Key Management Personnel[1]. The BCIRC also recommends the specific remuneration packages for each Director and Relevant Key Management Personnel and administers the Company's Profit Sharing Bonus, EVA-based Incentive Plan, Strategic & Transformational Initiatives Incentive Plan, Performance Share Plan and Restricted Share Plan for senior executives. The award of shares to senior executives is based on organisational and individual performance. Professional advice is sought by the BCIRC, as it deems necessary, in the development and execution of the remuneration plan for the Company's senior executives. For FY2017/18, Carrots Consulting Pte Ltd was engaged as a remuneration consultant to provide professional advice on human resource matters. The principal consultant providing such services was Mr Johan Grundlingh. Carrots Consulting only provides remuneration consulting services to the Company, and has no other relationship with the Company.

[1] *Relevant Key Management Personnel are employees holding the rank of Executive Vice President and above. For FY2017/18, they comprised the CEO and two Executive Vice Presidents.*

Leadership development and succession planning in the Company remains a key focus for the BCIRC. The Company has in place an annual review of high potential executives, to ensure an adequate pipeline for succession planning in key management positions. Such high potential executives will be given exposure to key jobs in the organisation, as part of their career development.

The Company continues to put much emphasis in maintaining harmonious industrial relations and the BCIRC plays an important role in providing appropriate guidance to Management in this regard. The Company's three unions, namely, ALPA-S representing the pilots, AESU, representing the Executives, and SIASU, representing the Associates (including Cabin Crew) hold regular meetings with Management and Chairman of BCIRC.

Access to Information
(Principle 6 – Directors provided with complete, adequate and timely information)

The Directors are provided with Board Papers in advance before each Board Meeting, to enable them to be properly informed of matters to be discussed and/or approved. Board and Board Committee papers are provided electronically and can be accessed via tablet devices. Board Papers contain both regular items such as reports on the Company and its subsidiaries and associated companies, updates on business development, monthly management accounts, and productivity and performance indicators, as well as matters for the decision or information of the Board.

Directors have separate and independent access to Senior Management and the Company Secretary at all times. The Company Secretary attends the Board meetings and prepares minutes of the Board proceedings. He assists with the proper functioning of the Board, including compliance with Company's Constitution, the Companies Act, the Securities and Futures Act and the SGX Listing Manual. He ensures that all material information is provided to the Board in a timely manner. The Company Secretary is legally trained and experienced in company secretarial practices. The appointment and removal of the Company Secretary is subject to the Board's approval.

Directors can seek independent professional advice if required. Such costs will be borne by the Company.

Remuneration Matters
(Principle 7 – Procedures for developing remuneration policies)
(Principle 8 – Level and mix of remuneration)
(Principle 9 – Disclosure on remuneration)

Remuneration Mix
SIA's remuneration mix for Senior Management[2] comprises fixed and variable components. Variable components comprise short-term and long-term incentives, which are dependent on Group, Company and individual performance. The remuneration mix aims to provide a good balance between competitiveness with the market, as well as rewards for short-term and long-term objectives.

Fixed Component
The fixed component comprises base salary, the Annual Wage Supplement ("AWS") and cash allowances. The fixed components are benchmarked to comparable positions in the market, and reflect the market worth of the positions.

Variable Components
Cash Incentive Plans for CEO and Senior Management
This comprises the following three components:

a. Profit-Sharing Bonus ("PSB")
The PSB targets are designed to achieve a good balance of both Group financial objectives and the Company's operating performance. Payment of the variable bonus is based on the Group and the Company achieving the target levels set for each of the Key Performance Indicators ("KPIs") stated below and taking into account individual performance:

- SIA Group's Return on Shareholders' Funds
- SIA Company's Operating Profit Margin
- SIA Company's Passenger Load Factor

[2] *Senior Management are employees holding the rank of Senior Vice President and above. For FY2017/18, they comprised the CEO, two Executive Vice Presidents and fourteen Senior Vice Presidents.*

CORPORATE GOVERNANCE REPORT

Individual performance objectives aligned to the overall strategic, financial and operational goals of the Company, are set at the beginning of each financial year and are cascaded down to a select group of key Senior Management staff using Individual Performance Scorecards, creating alignment between the performance of the Group, Company and the individual. While these performance objectives are different for each executive, they are assessed on the same principles across the following four broad categories of targets:

- Financial & Business
- Customer & Operations
- People & Organisational Development
- Transformation & Strategic Projects

The PSB Payout is capped at three times of monthly base salary based on SIA Group and Company Performance in respect of the CEO and Senior Management. After the assessment of the Individual Performance Scorecards at the end of a performance year, an Individual Performance Rating is determined and is subsequently used to modify the PSB Payout within the range of 0-150%.

The resulting annual payout under the PSB for each incumbent was adjusted accordingly based on the BCIRC's assessment to reflect the actual individual performance level achieved.

b. Economic Value Added ("EVA")-based Incentive Plan ("EBIP")
The EBIP rewards for sustainable shareholder value creation over the medium term achieved by growing profits, deploying capital efficiently and managing the risk profile and risk time horizon of an airline business. A portion of the annual performance-related bonus of key Senior Management is tied to the EVA achieved by the Group in the year. Under the plan, one-third of the accumulated EBIP bonus, comprising the EBIP bonus declared in the financial year and the balance of such bonus brought forward from preceding years (which comprises multiple years of incentive dollars retained in the EVA bank), is paid out in cash each year. The remaining two-thirds are carried forward in the individual executive's EBIP account. Amounts in the EBIP account are at risk because negative EVA will result in a retraction of EBIP bonus earned in preceding years. This mechanism encourages key Senior Management to work for sustainable EVA generation and to adopt strategies that are aligned with the long-term interests of the Group.

In determining the final EBIP payouts, the BCIRC considers overall Group performance and relevant market remuneration benchmarks.

The rules of the EBIP are subject to review by the BCIRC, which has the discretion, under authority of the Board, to amend the rules where appropriate and relevant to the business conditions.

Based on the BCIRC's assessment that the actual performance of the Group in FY2017/18 has partially met the predetermined targets, the resulting annual payout under the EBIP was adjusted accordingly to reflect the performance level achieved.

c. Strategic & Transformational Initiatives Incentive Plan ("STIP")
From FY2016/17 onwards, the 2 previous components, Strategic Incentive Plan (SIP) and Transformational Initiatives Incentive Plan (TIP) have been combined to form the Strategic & Transformational Initiatives Incentive Plan (STIP).

The STIP is an incentive scheme established with the objective of rewarding, motivating, and retaining a select group of key Senior Management staff who shoulder the responsibility for divisional-focused strategic initiatives and future-oriented growth-based transformational initiatives.

Under the STIP, a target bonus is pre-determined for each level of the Senior Management staff. At the end of the financial year, the target bonus is modified by the incumbent's performance on the execution of the strategic & transformational initiatives as assessed by the BCIRC. The resultant payout varies between 0-150% of the STIP target bonus with settlement of 70% in cash and 30% in shares under the Deferred Share Award ("DSA").

The resulting annual payout under the STIP for each incumbent was adjusted accordingly based on the BCIRC's assessment to reflect the actual individual performance level achieved.

Share Incentive Plans

i. The SIA Performance Share Plan 2014 (“PSP 2014”)

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

Under the PSP 2014, an initial award is made in the form of rights to shares, provided performance targets are met. Annual awards are made based on strategic contribution and individual performance of Senior Management staff. The final award, which can vary between 0-200% of the initial award, depends on stretched value-aligned performance targets. They are based on absolute and relative Total Shareholder Return (“TSR”), meeting targets set over the performance period of three financial years. The absolute TSR is based on outperformance against Cost of Equity. The relative TSR is based on outperformance of a selected peer group of leading full service carriers. The above performance measures are selected as key measurements of wealth creation for shareholders.

The final award will cliff vest after completion of the performance period.

The Group has attained an achievement factor which is reflective of not meeting the pre-determined target performance level for the FY2015/16 PSP awards granted based on the performance period from FY2015/16 to FY2017/18. No shares will vest accordingly in respect of FY2015/16 PSP.

ii. The SIA Restricted Share Plan 2014 (“RSP 2014”)

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

Under the RSP 2014, an initial award is made in the form of rights to shares, provided performance conditions are met in future. Annual grants are made based on position level and individual performance of the key executives selected to participate in the RSP 2014. Final awards may vary between 0-150% of the initial award, depending on the extent to which targets based on Group and Company EBITDAR Margin and Group and Company Staff Productivity are met. The performance measures are selected as they are key drivers of shareholder value and are aligned to the Group and the Company’s business objectives. The final award is subject to extended vesting, with one-third of the final award paid out at the end of the one-year performance period, and the rest paid out equally over the next two years.

The Group has attained an achievement factor which is reflective of exceeding the pre-determined target performance level for the FY2017/18 RSP awards granted based on the performance period of FY2017/18 only.

iii. The SIA Deferred Share Award (“DSA”)

As part of the STIP, the DSA is a share award established with the objective of rewarding, motivating and retaining Senior Management, who are responsible for strategic initiatives. The DSA is granted as a contingent share award under the RSP 2014. The final award, which includes the Accumulated Dividend Yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period), will cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition, and provided that individual performance remains satisfactory.

Under the PSP 2014 and RSP 2014, the total number of shares which may be delivered (whether in the form of shares or cash in lieu of shares) is subject to a maximum limit of 5% of the total number of issued shares (excluding treasury shares). In addition, the total number of shares under awards to be granted under the PSP 2014 and RSP 2014 from the forthcoming Annual General Meeting to the next Annual General Meeting (the “Relevant Year”) shall not exceed 0.5% of the total number of issued shares (excluding treasury shares) from time to time (the “Yearly Limit”). However, if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit can be used for grants of awards in subsequent years.

The SIA Employee Share Option Plan (“ESOP”) expired in 2010.

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Senior Management are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

Details of the PSP 2014, RSP 2014, DSA and ESOP can be found on pages 80 to 84 of the Directors' Statement.

In the event of a misstatement of financial results or of misconduct resulting in financial loss to the Company as deemed by the BCIRC, the BCIRC may, in its absolute discretion, reclaim unvested incentive components of remuneration from Senior Management.

Compensation Risk Assessment
Under the Code, the compensation system should take into account the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. The BCIRC has reviewed the various compensation risks that may arise and introduced mitigating policies to better manage risk exposures identified. The BCIRC will also undertake periodic reviews of the compensation-related risks in future.

Pay-for-Performance Alignment
In performing the duties as required under its BCIRC Charter, the BCIRC ensures that remuneration paid to the CEO and Relevant Key Management Personnel is strongly linked to the achievement of business and individual performance targets.

The performance targets as determined by the BCIRC are set at realistic yet stretched levels each year to motivate a high degree of business performance with emphasis on both short-term and long-term quantifiable objectives.

A pay-for-performance alignment study was conducted by the appointed external remuneration consultant and reviewed by the BCIRC. It was found that there was sufficient evidence indicating pay-for-performance alignment for the Group in both absolute and relative terms, against a peer group of large listed airline companies for the six-year period from FY2011/12 to FY2016/17.

Directors' Fees
The Directors' fees paid in FY2017/18 amounted to $1,914,918 (FY2016/17: $1,945,829) and were based on the following rates:

		Rates ($)
Board Retainers	Board Member	90,000
	Chairman's all-in-fee	750,000
Committee Retainers	Chairman of Executive Committee and Audit Committee	60,000
	Chairman of Safety and Risk Committee and Compensation and Industrial Relations Committee	45,000
	Member of Executive Committee and Audit Committee and Chairman of Nominating Committee	35,000
	Member of Safety and Risk Committee and Compensation and Industrial Relations Committee	25,000
	Member of Nominating Committee	20,000
Attendance Fees	Home – City	5,000
	In – Region	10,000
	Out – Region	20,000
	Teleconference – normal hours	1,000
	Teleconference – odd hours	2,000

Disclosure on Remuneration

The following table shows the composition of the remuneration of Directors for FY2017/18.

Directors	Fee $	Salary $	Bonuses[1] $	Shares[2] $	Benefits[3] $	Total $
Peter Seah Lim Huat	750,000	–	–	–	13,110	763,110
Gautam Banerjee	205,000	–	–	–	776	205,776
Hsieh Tsun-yan	180,000	–	–	–	317	180,317
Lee Kim Shin	152,000	–	–	–	634	152,634
Helmut G W Panke	240,000	–	–	–	–	240,000
Dominic Ho Chiu Fai	215,417	–	–	–	764	216,181
Simon Cheong Sae Peng	110,834	–	–	–	634	111,468
William Fung Kwok Lun	61,667	–	–	–	688	62,355
Goh Choon Phong[4]	–	1,370,000	1,726,467	1,093,584	134,486	4,324,537

1 The bonuses were paid out in FY2017/18 in respect of FY2016/17 Group and individual performance and includes EVA-based Incentive Plan (EBIP) payment, Profit-Sharing Bonus (PSB), and cash component (70%) of the Strategic & Transformational Initiatives Incentive Plan (STIP). The EBIP amount paid in the reporting year is a percentage of the individual's EVA Bank. See above for additional information on the EBIP, PSB and STIP.

2 Based on the Fair Values of RSP ($9.88), PSP ($8.23) and DSA (share component (30%) of the STIP; $9.56) granted on a contingent basis in FY2017/18 in respect of FY2016/17 individual performance.

3 Includes transport and travel benefits provided to Directors.

4 As Chief Executive Officer, Mr Goh Choon Phong does not receive any Director's fees.

There were no employees who were immediate family members of a Director or the CEO, and whose remuneration exceeded $50,000, during FY2017/18.

The following table shows the composition of the remuneration of the Relevant Key Management Personnel (who are not Directors or the CEO) for FY2017/18.

Relevant Key Management Personnel[4]	Fee %	Salary %	Bonuses[1] %	Shares[2] %	Benefits[3] %	Total %
Between $2,000,000 to $2,250,000						
Mak Swee Wah	0	33	38	25	4	100
Ng Chin Hwee	0	33	39	24	4	100

1 The bonuses were paid out in FY2017/18 in respect of FY2016/17 Group and individual performance and includes EVA-based Incentive Plan (EBIP) payment, Profit-Sharing Bonus (PSB), and cash component (70%) of the Strategic & Transformational Initiatives Incentive Plan (STIP). The EBIP amount paid in the reporting year is a percentage of the individual's EVA Bank. See above for additional information on the EBIP, PSB and STIP.

2 Based on the Fair Values of RSP ($9.88), PSP ($8.23) and DSA (share component (30%) of the STIP; $9.56) granted on a contingent basis in FY2017/18 in respect of FY2016/17 individual performance.

3 Includes transport and travel benefits provided to employees.

4 The above table reflects the remuneration of the employees who hold the rank of Executive Vice President and above, who are the Relevant Key Management Personnel of the Company.

For FY2017/18 the aggregate total remuneration paid to the Relevant Key Management Personnel (who are not Directors or the CEO) amounted to $4,033,673.

For FY2017/18, there were no termination, retirement or post-employment benefits granted to Directors, the CEO and Relevant Key Management Personnel other than the standard contractual notice period termination payment in lieu of service, and the industry standard post-retirement travel benefits for the Directors, CEO and Relevant Key Management Personnel.

CORPORATE GOVERNANCE REPORT

Accountability and Audit
(Principle 10 – The Board should present a balanced and understandable assessment of the Company's performance, position and prospects)

The Board, through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and understandable assessment of the Company's performance and prospects. Management provides the Board with monthly management accounts for the Board's review.

The Company has clear policies and guidelines for dealings in securities by Directors and employees. The Company imposes a trading embargo on its Directors and employees from trading in its securities for the period of two weeks prior to the announcement of quarterly results; and a period of one month prior to the announcement of year-end results. In addition, Directors and employees are cautioned to observe the insider trading laws at all times; and to avoid dealing in the Company's securities for short-term considerations.

Risk Management and Internal Controls
(Principle 11 – Sound system of risk management and internal controls)

A dedicated Risk Management and Compliance Department looks into and manages the Group's risk and key regulatory compliance management policies. The Statement of Risk Management can be found on page 58.

Annually, a report is submitted by the Risk Management and Compliance Department to the Board, which provides a comprehensive review of the risks faced by the Group. The review includes the identification of risks overseen by the main Board and its various Board Committees, as well as the current assessment and outlook of the various risk factors. The Department also performs risk prioritisation and ensures risk mitigation plans are reviewed by Management.

The Board had received assurance from the CEO and Senior Vice President Finance on the adequacy and effectiveness of the Company's risk and compliance management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

Having reviewed the risk management practices and activities of Singapore Airlines, the Board, with the concurrence of the BSRC, is of the opinion that the Group's risk management system was adequate and effective as at 31 March 2018.

Audit Committee
(Principle 12 – Establishment of Audit Committee with written terms of reference)

The AC's activities for FY2017/18, in accordance with its responsibilities and duties under its Charter, included the following:

a. Financial Reporting

The AC reviewed the quarterly and annual financial statements and financial announcements required by The Singapore Exchange Securities Trading Limited ("SGX-ST") for recommendation to the Board for approval. The review focused on changes in accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with SGX-ST and other legal requirements. The AC keeps itself apprised of changes in accounting policies and guidelines through scheduled regular updates by the external auditors, of such, in meeting agendas.

b. Financial Matters

In the review of the financial statements for FY2017/18, the following significant matters impacting the financial statements were reviewed by the AC and discussed with Management and the external auditors:

Significant Matters	How the AC reviewed these matters
Accuracy of passenger revenue arising from complex revenue systems	The AC considered and is satisfied with the processes and controls in place for recording revenue within passenger revenue systems.
Fair value of KrisFlyer miles and the miles that will expire without use	The AC reviewed and is satisfied with the reasonableness of management's judgement and assumptions applied in the mathematical models used to determine the fair value of frequent flyer miles and the number of miles that will expire without use. The AC reviewed and is satisfied with the reconciliation of actual miles expiry to previous estimates as well as the ongoing process.
Accounting for aircraft related assets and carrying values	The AC reviewed and is satisfied with the reasonableness of management's judgement and assumptions applied in the determination of the useful lives and residual values of the aircraft and various components. The AC also considered the impairment indicators assessment prepared by management and is satisfied with the Cash Generating Units ("CGU") identified for impairment testing. For those CGUs identified for impairment testing, the AC reviewed and is satisfied with the reasonableness of management's assumptions and methodologies applied.
Return costs for leased aircraft	The AC reviewed and is satisfied with the reasonableness of management's assumptions and methodologies applied to assess the adequacy of provision for aircraft return costs.
Impact of adopting Singapore Financial Reporting Standards (International) (SFRS(I)) in FY2018/19	The AC reviewed the optional exemptions elected and considered them appropriate. The AC reviewed the election of the 'fair value as deemed cost of aircraft' and is satisfied with the approach, methodology and assumptions used in the aircraft valuations. The AC also considered and is satisfied with the adequacy of the associated disclosures in the FY2017/18 Financial Report.

c. External Audit

The AC discussed with the external auditors the audit plan, and the report on the audit of the year-end financial statements; reviewed the external auditors' management letter and Management's responses thereto; and reviewed the external auditors' objectivity and independence from Management and the Company. In assessing independence, the AC reviewed the fees and expenses paid to the external auditors, including fees paid for non-audit services during the year. The AC is of the opinion that the auditors' independence has not been compromised.

The AC considered the information provided by the external auditors under the Audit Quality Indicators Disclosure Framework issued by Accounting and Corporate Regulatory Authority in evaluating the performance and effectiveness of the external auditors.

The AC has also received communication from the external auditors that it has nothing to report with reference to the other financial or non-financial information in the Annual Report as defined in Singapore Standard of Auditing 720.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the appointment of its auditors.

CORPORATE GOVERNANCE REPORT

d. Internal Audit
The AC reviewed the scope of internal audit work and its audit programmes; reviewed the major findings during the year and Management's responses thereto; and ensured the adequacy of the independence and resource sufficiency of the internal audit function.

e. Risk Management
The AC reviewed the adequacy and effectiveness of the Group's material controls, including financial, compliance, operational, information technology controls and risk management framework, to safeguard shareholders' investments and the Group's assets.

The Risk Management processes adopted are also audited periodically by Internal Audit and their adequacy and effectiveness reported to the AC accordingly.

f. Interested Person Transactions
The AC reviewed interested person transactions to ensure compliance with the SGX-ST Listing Manual and the Shareholders' Mandate obtained at the last Annual General Meeting.

g. Whistle-Blowing
The AC reviewed and is satisfied with the adequacy of the whistle-blowing programme instituted by the Company through which staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Under the whistle-blowing programme, all staff including Management are responsible for reporting any suspecting wrongdoing. In addition, they are required to comply with the Staff Regulations, which set out the code of conduct and discipline expected of them. This includes upholding professional integrity, maintaining confidentiality, reporting any conflict of interest, and whistle-blowing. All whistle-blower reports are reviewed by the AC at its quarterly meetings to ensure independent assessment, investigation and adequate resolution.

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

Internal Audit
(Principle 13 – Independent internal audit function)

SIA Internal Audit is an independent department that reports directly to the Audit Committee. The department assists the Committee and the Board by performing regular evaluations on the Group's internal controls, financial and accounting matters, compliance, business and financial risk management policies and procedures, and ensuring that internal controls are adequate to meet the Group's requirements. SIA's Internal Audit is a member of the Singapore Chapter of the Institute of Internal Auditors ("IIA") and meets the Standards for the Professional Practice of Internal Auditing set by the IIA.

SIA's Internal Audit also performs analyses of data and transactions periodically (continuous monitoring) on selected areas that are more susceptible to fraud risk. In relation to audit activities conducted during the financial year, SIA's Internal Audit had unfettered access to the Group's documents, records, properties and personnel, as well as the AC.

The Control Self Assessment ("CSA") Programme established since FY2003/04 provides a framework for Management to obtain assurance on the state of internal controls. The CSA Programme requires operating departments' management to review and report annually on the adequacy of their respective units' control environment to the AC. Internal Audit performed independent and random reviews during the year to validate the results of these self assessments.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and various Board Committees, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate and effective as at 31 March 2018 to address financial, operational, information technology and compliance risks, which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Shareholder Rights and Responsibilities
(Principle 14 – Shareholder rights)
(Principle 15 – Communication with shareholders)

Singapore Airlines is committed to continually strengthen our relationship with the investing community and believes in timely and consistent disclosure of pertinent information to enable a transparent assessment of the Company's value. The Company values dialogue with shareholders, and holds analyst and media briefings when announcing half-yearly and year-end results. Full transcripts of the proceedings are promptly posted on SGXNet and the Company's website (www.singaporeair.com/en_UK/sg/about-us/information-for-investors) on the next work day.

All financial results, as well as price-sensitive information, are released in a timely manner through various media, including press releases posted on the Company's website and disclosure via SGXNet. The Company's website is an important source of information for shareholders and the investing community. Quarterly results announcements, news releases, presentation slides, monthly operating statistics, annual reports, sustainability reports and other key facts and figures about the Company are available on the Information for Investors page.

The Investor Relations Department meets with analysts and investors on a regular basis through investor conferences, post-results luncheons, ad-hoc meetings and teleconferences. A dedicated investor relations email and hotline are maintained for the investing community to reach out to the Company for queries.

The Company's commitment to corporate transparency and investor relations was recognised in 2012, when Singapore Airlines was inducted into the Hall of Fame in the Most Transparent Company Award Category at the 13th Investors Choice Awards presented by the Securities Investors Association of Singapore ("SIAS").

Conduct of Shareholders' Meetings
(Principle 16 – Greater shareholder participation at shareholders' meetings)

The Board members always endeavour to attend shareholders' meetings where shareholders are given the opportunity to raise questions and clarify issues they may have relating to the resolutions to be passed, with the Board. The Chairmen of the various Board Committees or members of the Board Committees standing in for them, as well as the external auditors, would be present and available to address questions at these meetings. The minutes of the last shareholders' meeting are made available on the Company's website.

To enhance transparency in the voting process, the Company had, since FY2008/09, implemented full poll voting for all the resolutions tabled at its shareholders' meetings.

Banking Transaction Procedures
Lenders to SIA are to note that all bank transactions undertaken by any Group Company must be properly authorised, including the opening of new bank accounts and any proposed credit facilities. Each Group Company has its own approval limits and procedures for every banking transaction, having regard to the nature of the transaction concerned. These approval limits and procedures are updated from time to time and are available on request. The bankers of each Group Company should always verify, in accordance with the verification process set out in the applicable procedures, that the transaction is properly authorised.

MEMBERSHIP AND ATTENDANCE OF SINGAPORE AIRLINES LIMITED

Board of Directors and Board Committee Members

For the Period 1 April 2017 to 31 March 2018

Name of Directors	Board		Board Executive Committee		Board Audit Committee		Board Compensation and Industrial Relations Committee		Board Safety and Risk Committee		Board Nominating Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Peter Seah Lim Huat	4	4	6	6	–	–	4	4	4	4	4	4
Goh Choon Phong	4	4	6	6	–	–	–	–	–	–	4	4
Gautam Banerjee	4	4	6	6	4	4	–	–	–	–	–	–
Hsieh Tsun-yan	4	4	6	6	4	4	4	4	–	–	–	–
Helmut Gunter Wilhelm Panke	4	4	–	–	–	–	4	4	4	4	–	–
Lee Kim Shin	4	4	–	–	–	–	–	–	4	4	4	4
Dominic Ho Chiu Fai[1]	4	4	–	–	4	4	–	–	3	3	–	–
Simon Cheong Sae Peng[2]	3	3	–	–	–	–	3	3	–	–	–	–
William Fung Kwok Lun[3]	2	2	–	–	2	2	–	–	–	–	–	–

Notes:

1 Mr Dominic Ho Chiu Fai was appointed a member of the Board, and Board Audit Committee with effect from 1 May 2017 and Board Safety and Risk Committee with effect from 1 June 2017. From 1 June 2017 to 31 March 2018, there were only three Board Safety and Risk Committee meetings held.

2 Mr Simon Cheong Sae Peng was appointed a member of the Board, and Board Compensation and Industrial Relations Committee with effect from 1 June 2017. From 1 June 2017 to 31 March 2018, there were only three Board meetings and three Board Compensation and Industrial Relations Committee meetings held.

3 Dr William Fung Kwok Lun retired from the Board with effect from 29 July 2017. From 1 April 2017 to 28 July 2017, there were only two Board meetings and two Board Audit Committee meetings held.

FURTHER INFORMATION ON BOARD OF DIRECTORS

PETER SEAH LIM HUAT aged 71

Non-executive and independent Director

Academic and Professional Qualifications:
Bachelor of Business Administration (Honours), *University of Singapore*

Date of first appointment as a director:
1 September 2015

Date of appointment as Chairman:
1 January 2017

Date of last re-election as a director:
29 July 2016

Board committee(s) served on:

Board Executive Committee	Chairman
Board Compensation and Industrial Relations Committee	Chairman
Board Nominating Committee	Chairman
Board Safety and Risk Committee	Member

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. DBS Group Holdings Ltd	Chairman

Other Principal Commitments

Organisation/Company	Title
1. DBS Bank Ltd	Chairman
2. DBS Bank (Hong Kong) Limited	Chairman
3. LaSalle College of the Arts Limited	Chairman
4. Singapore Health Services Pte Ltd	Chairman
5. STT Communications Ltd	Deputy Chairman
6. Fullerton Financial Holdings Pte Ltd	Deputy Chairman
7. Asia Mobile Holdings Pte Ltd	Director
8. GIC Private Limited	Director

Principal Commitments/Directorships in the past 3 years

Organisation/Company	Title
1. Level 3 Communications Inc	Director
2. STATS ChipPAC Ltd	Director
3. StarHub Ltd	Director

GAUTAM BANERJEE aged 63

Non-executive and independent Director

Academic and Professional Qualifications:
Bachelor of Science in Accounting and Financial Analysis, *University of Warwick*

Fellow of the Institute of Chartered Accountants, *England and Wales*

Fellow of the Institute of Chartered Accountants, *Singapore*

Date of first appointment as a director:
1 January 2013

Date of last re-election as a director:
29 July 2016

Board committee(s) served on:

Board Audit Committee	Chairman
Board Executive Committee	Member

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. Piramal Enterprises Limited, India	Director
2. Singapore Telecommunications Limited	Director
3. The Indian Hotels Company Limited	Director

Other Principal Commitments

Organisation/Company	Title
1. Blackstone Group	Senior Managing Director
2. Blackstone Singapore Pte Ltd	Chairman
3. Singapore Institute of International Affairs	Advisor
4. Singapore Business Federation	Vice Chairman
5. GIC Private Limited	Director
6. Singapore Centre for Social Enterprise Ltd (raiSE)	Chairman
7. Listings Advisory Committee, Singapore Exchange	Chairman
8. EDBI Pte Ltd	Director
9. Singapore Legal Service Commission	Director
10. Blackstone Advisors India Private Limited	Director
11. Nanyang Business School	Member, Advisory Board
12. Yale-NUS College	Member, Governing Board
13. MAS Financial Centre Advisory Panel	Member
14. Singapore Indian Development Association	Term Trustee, Board of Trustees
15. The Friends of The University of Warwick, Singapore	Trustee
16. The Stephen A. Schwarzman Scholars Trust	Trustee

Principal Commitments/Directorships in the past 3 years

Organisation/Company	Title
1. Council of the Board for the Teaching and Testing of South Asian Languages	Member
2. Singapore International Arbitration Centre	Director
3. The Blackstone Group (Australia) Pty Limited	Director
4. The Blackstone Group (HK) Limited	Director
5. The Straits Trading Company Limited	Director
6. Indian Heritage Centre	Member, Steering Committee

FURTHER INFORMATION ON BOARD OF DIRECTORS

GOH CHOON PHONG aged 54

Executive and non-independent Director

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

Date of first appointment as a director:
1 October 2010

Date of last re-election as a director:
29 July 2016

Board committee(s) served on:

Board Executive Committee	Member
Board Nominating Committee	Member

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. Mastercard Incorporated	Director
2. SIA Engineering Company Limited	Director

Other Principal Commitments

Organisation/Company	Title
1. Budget Aviation Holdings Pte. Ltd.	Chairman
2. International Air Transport Association	Member, Board of Governors
3. National University of Singapore	Member, Board of Trustees
4. Massachusetts Institute of Technology Presidential CEO Advisory Board	Member

Principal Commitments/Directorships in the past 3 years

Organisation/Company	Title
1. International Air Transport Association	Chairman, Board of Governors
2. Mount Alvernia Hospital	Director
3. Virgin Australia Holdings Limited	Director
4. National Council of Social Service	Member, Care & Share @ SG50 Steering Committee

SIMON CHEONG SAE PENG aged 61

Non-executive and independent Director

Academic and Professional Qualifications:
Master of Business Administration in Finance and Investments, *George Washington University*
Bachelor of Science in Civil Engineering, *University of Washington*

Date of first appointment as a director:
1 June 2017

Date of last re-election as a director:
28 July 2017

Board committee(s) served on:

Board Compensation and Industrial Relations Committee	Member (appointed on 1 June 2017)

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. AV Jennings Limited	Chairman

Other Principal Commitments

Organisation/Company	Title
1. SC Global Developments Pte. Ltd.	Chairman
2. Cheong SP Holdings Pte Ltd	Director
3. MYK Holdings Pte. Ltd.	Director

HSIEH TSUN-YAN aged 65

Non-executive and independent Director

Academic and Professional Qualifications:
Master of Business Administration,
Harvard University

Bachelor of Science in Mechanical Engineering,
University of Alberta

Date of first appointment as a director:
1 September 2012

Date of last re-election as a director:
29 July 2016

Board committee(s) served on:

Board Audit Committee	Member
Board Compensation and Industrial Relations Committee	Member
Board Executive Committee	Member

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. Manulife Financial Corporation, Canada	Director

Other Principal Commitments

Organisation/Company	Title
1. LinHart Group Pte Ltd	Chairman
2. Manulife US Real Estate Management Pte Ltd	Chairman
3. Lee Kuan Yew School of Public Policy, Singapore	Provost Chair Professor
4. National University of Singapore Business School	Provost Chair Professor (Practice) And Member, Management Advisory Board
5. Singapore Institute of Management Holdings Pte Ltd	Director
6. The Manufacturers Life Insurance Company	Director
7. Institute of Policy Studies Academic Panel, Singapore	Member
8. Duke-NUS Graduate Medical School, Singapore	Member, Governing Board

LEE KIM SHIN aged 57

Non-executive and independent Director

Academic and Professional Qualifications:
Bachelor of Laws (Honours),
National University of Singapore

Date of first appointment as a director:
1 September 2016

Date of last re-election as a director:
28 July 2017

Board committee(s) served on:

Board Nominating Committee	Member
Board Safety and Risk Committee	Member

Principal Commitments

Organisation/Company	Title
1. Allen & Gledhill LLP	Managing Partner
2. Allen & Gledhill Regulatory & Compliance Pte Ltd	Chairman
3. Eastern Development Holdings Pte. Ltd.	Director
4. Eastern Development Private Limited	Director
5. Epimetheus Limited	Director
6. Duke-NUS Medical School Singapore	Member, Governing Board
7. Singapore Institute of Directors	Member, Governing Council
8. Yellow Ribbon Fund	Member

FURTHER INFORMATION ON BOARD OF DIRECTORS

DOMINIC HO CHIU FAI aged 67

Non-executive and independent Director

Academic and Professional Qualifications:
Bachelor of Business Administration and Master of Science,
University of Houston

Date of first appointment as a director:
1 May 2017
Date of last re-election as a director:
28 July 2017

Board committee(s) served on:

Board Audit Committee	Member (appointed on 1 May 2017)
Board Safety and Risk Committee	Member (appointed on 1 June 2017)

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. Hang Lung Properties Limited	Director

Other Principal Commitments

Organisation/Company	Title
1. DBS Bank (China) Limited	Chairman
2. DBS Bank (Hong Kong) Limited	Director
3. Underwriters Laboratories Inc.	Director

HELMUT GUNTER WILHELM PANKE aged 71

Non-executive and independent Director

Academic and Professional Qualifications:
Doctor in Physics,
University of Munich

Date of first appointment as a director:
1 September 2009
Date of last re-election as a director:
28 July 2017

Board committee(s) served on:

Board Safety and Risk Committee	Chairman
Board Compensation and Industrial Relations Committee	Member

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. Microsoft Corporation	Director

Principal Commitments/Directorships in the past 3 years

Organisation/Company	Title
1. Bayer AG	Director

FINANCIAL REPORT

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The Directors are pleased to present this statement together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

In our opinion:

(a) the financial statements set out on pages 95 to 199 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 March 2018, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

1 Directors of the Company

The Directors in office at the date of this statement are as follows:

Peter Seah Lim Huat	Chairman (Independent)
Goh Choon Phong	Chief Executive Officer
Gautam Banerjee	(Independent)
Hsieh Tsun-yan	(Independent)
Helmut Gunter Wilhelm Panke	(Independent)
Lee Kim Shin	(Independent)
Dominic Ho Chiu Fai	(Independent) (Appointed on 1 May 2017)
Simon Cheong Sae Peng	(Independent) (Appointed on 1 June 2017)

2 Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed under "Directors' Interests in Shares, Share Options and Debentures" and "Equity Compensation Plans of the Company" in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or share options in, or debentures of, the Company or any other body corporate.

3 Directors' Interests in Shares, Share Options and Debentures

The following Directors who held office at the end of the financial year had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, interests in the following shares, share options, awards and debentures of the Company, and of related corporations, etc.

	Direct interest		Deemed interest	
Name of Director	**1.4.2017 or at date of appointment**	**31.3.2018**	**1.4.2017 or at date of appointment**	**31.3.2018**
Interest in Singapore Airlines Limited				
Ordinary shares				
Goh Choon Phong	764,182	889,554	–	–
Simon Cheong Sae Peng	1,870	1,870	–	–

3 Directors' Interests in Shares, Share Options and Debentures (continued)

Name of Director		Direct interest 1.4.2017 or at date of appointment	Direct interest 31.3.2018	Deemed interest 1.4.2017 or at date of appointment	Deemed interest 31.3.2018
Conditional award of restricted shares (Note 1)					
Goh Choon Phong	– Base Awards	120,000	42,000	–	–
	– Final Awards (Pending Release)	50,117	92,585	–	–
Conditional award of performance shares (Note 2)					
Goh Choon Phong	– Base Awards	249,546	222,750	–	–
Conditional award of deferred restricted shares (Note 3)					
Goh Choon Phong	– Base Awards	45,600	47,300	–	–
Interest in Ascendas Hospitality Trust					
Units					
Hsieh Tsun-yan		231,000	–	–	–
Interest in Ascendas India Trust					
Units					
Gautam Banerjee		120,000	120,000	–	–
Interest in Ascendas Real Estate Investment Trust					
Units					
Gautam Banerjee		20,000	20,000	–	–
Interest in Mapletree Commercial Trust					
Units					
Simon Cheong Sae Peng		–	–	1,395,268*	1,395,268*
Interest in Mapletree Global Student Accommodation Private Trust					
Units in Class A (USD)					
Goh Choon Phong		4,823	4,823	–	–
Units in Class B (GBP)					
Goh Choon Phong		4,823	4,823	–	–
Interest in Singapore Technologies Engineering Limited					
Ordinary shares					
Peter Seah Lim Huat		545,325	545,325	–	–
Goh Choon Phong		6,000	6,000	–	–

DIRECTORS' STATEMENT

3 Directors' Interests in Shares, Share Options and Debentures (continued)

Name of Director	Direct interest 1.4.2017 or at date of appointment	Direct interest 31.3.2018	Deemed interest 1.4.2017 or at date of appointment	Deemed interest 31.3.2018
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Peter Seah Lim Huat	1,667	1,667	1,550*	1,550*
Goh Choon Phong	1,610	1,610	–	–
Dominic Ho Chiu Fai	15,000	–	–	–
Hsieh Tsun-yan	–	–	47,000*	47,000*
Lee Kim Shin	190	190	–	–
Interest in StarHub Limited				
Ordinary shares				
Peter Seah Lim Huat	292,092	292,092	300,000*	300,000*
Interest in Telechoice International Limited				
Ordinary shares				
Peter Seah Lim Huat	50,000	50,000	–	–

* *Directors' deemed interests arise from shareholdings held by their respective spouses.*

Notes:

1. The actual number of Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over, in the case of awards granted before 2016, the two-year performance periods relating to the relevant awards and, in the case of awards granted from 2016 onwards, over the one-year performance periods relating to the relevant awards.

2. The actual number of Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.

3. The Awards of fully-paid ordinary shares will vest at the end of three years from the date of the grant of the award. At the end of the vesting period, an additional number of shares equivalent to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period) will vest.

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

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2018.

4 Equity Compensation Plans of the Company

The Company has in place (or previously had in place) the SIA Employee Share Option Plan ("ESOP"), the SIA Restricted Share Plan ("RSP"), the SIA Restricted Share Plan 2014 ("RSP 2014"), the SIA Performance Share Plan ("PSP") and the SIA Performance Share Plan 2014 ("PSP 2014").

4 Equity Compensation Plans of the Company (continued)

At the date of this statement, the Board Compensation & Industrial Relations Committee ("BCIRC") which administers the ESOP, RSP, RSP 2014, PSP and PSP 2014 comprises the following Directors:

Peter Seah Lim Huat – Chairman
Hsieh Tsun-yan
Helmut Gunter Wilhelm Panke
Simon Cheong Sae Peng (Appointed on 1 June 2017)

(i) ESOP

Details of the ESOP are disclosed in note 5 to the financial statements.

At the end of the financial year, options to take up 7,720,804 unissued shares in the Company were outstanding:

	Number of options to subscribe for unissued ordinary shares				
Date of grant	Balance at 1.4.2017	Cancelled	Balance at 31.3.2018	Exercise price*	Exercisable Period
2.7.2007	8,702,852	8,702,852	–	$15.46	2.7.2008 - 1.7.2017
1.7.2008	8,020,698	299,894	7,720,804	$12.07	1.7.2009 - 30.6.2018
	16,723,550	9,002,746	7,720,804		

* Following approval by the Company's shareholders of the declaration of a special dividend of $0.50 per share on 31 July 2007, the BCIRC 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 said Committee approved another reduction of $0.80 in the exercise prices of the share options outstanding on 18 August 2011 and a further $0.25 reduction in the exercise prices outstanding on 14 August 2014 after the approvals by the Company's shareholders of the declaration of a special dividend of $0.80 and $0.25 per share on 29 July 2011 and 30 July 2014 respectively. The exercise prices reflected here are the exercise prices after such adjustments.

No options were exercised during the financial year ended 31 March 2018.

Name of participant	Options granted during financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Options lapsed	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	–	444,075	444,075	–	–

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

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

No options have been granted during the financial year as the last grant of the share options under the ESOP was made in July 2008. The ESOP expired on 7 March 2010. The termination of the ESOP does not affect options which have been granted and accepted in accordance with the ESOP.

DIRECTORS' STATEMENT

4 Equity Compensation Plans of the Company (continued)

(ii) RSP/RSP 2014 and PSP/PSP 2014

Details of the RSP/RSP 2014 and PSP/PSP 2014 are disclosed in note 5 to the financial statements.

The RSP and PSP were approved by the shareholders of the Company on 28 July 2005. The duration of the RSP and PSP was 10 years each, from 28 July 2005 to 27 July 2015.

At the Extraordinary General Meeting held on 30 July 2014, shareholders approved the adoption of the RSP 2014 and PSP 2014 to replace the RSP and PSP, which were terminated following the adoption of the RSP 2014 and PSP 2014. The termination of the RSP and PSP was without prejudice to the rights of holders of awards outstanding under the RSP and PSP as at the date of such termination. The duration of the RSP 2014 and PSP 2014 is 10 years each, commencing 30 July 2014.

Under the RSP/RSP 2014, a base number of conditional share awards ("Base Award") was/is granted to eligible participants annually. Depending on the achievement of pre-determined targets over a two-year performance period for awards granted before 2016 and over a one-year performance period for awards granted from 2016 onwards, the BCIRC will determine an achievement factor which will then be applied to the Base Award to determine the final number of RSP/RSP 2014 shares to be awarded at the end of the respective performance periods ("Final Award").

Under the PSP/PSP 2014, a base number of conditional share awards ("Base Award") was/is granted to eligible participants annually. Depending on the achievement of pre-determined targets over a three-year performance period, the BCIRC will determine an achievement factor which will then be applied to the Base Award to determine the final number of PSP/PSP 2014 shares to be awarded at the end of the respective performance periods ("Final Award").

The achievement factor could range from 0% to 150% for the RSP/RSP 2014 and from 0% to 200% for the PSP/PSP 2014.

One-third of the RSP/RSP 2014 Final Awards of fully paid ordinary shares will be released to the participants upon vesting. The balance will be released equally over the subsequent two years with fulfilment of service requirements. All the PSP/PSP 2014 Final Awards of fully paid ordinary shares will be released to the participants at the end of the three-year performance period. For the financial year under review, all RSP/RSP 2014 and PSP/PSP 2014 Final Awards released were satisfied by way of the transfer of treasury shares to the participants.

No awards have been granted to controlling shareholders or their associates, or parent group directors or employees, under the RSP/RSP 2014 and PSP/PSP 2014.

No employee has received 5% or more of the total number of options or awards granted under the ESOP, RSP and PSP, or 5% or more of the total number of shares available under the RSP 2014 and PSP 2014.

Details of the shares awarded under the RSP/RSP 2014 and PSP/PSP 2014 to a Director of the Company are as follows:

1. RSP Base Awards

280,232 RSP Base Awards have been granted to Mr Goh Choon Phong under the RSP, all of which have vested and out of which 19,985 shares were pending final release at the end of the financial year under review. The RSP was terminated following the adoption of the RSP 2014 on 30 July 2014.

4 Equity Compensation Plans of the Company (continued)

(ii) RSP/RSP 2014 and PSP/PSP 2014 (continued)

2. RSP 2014 Base Awards

Name of participant	Balance as at 1 April 2017	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2018	Aggregate Base Awards granted since commencement of RSP 2014 to end of financial year under review
Goh Choon Phong	120,000	42,000	120,000	42,000	162,000

3. RSP/RSP 2014 Final Awards (Pending Release) [R1]

Name of participant	Balance as at 1 April 2017	Final Awards granted during the financial year[#]	Final Awards released during the financial year	Balance as at 31 March 2018	Aggregate ordinary shares released to participant since commencement of RSP/RSP 2014 to end of financial year under review
Goh Choon Phong	50,117	125,400	82,932	92,585*	262,367

4. PSP Base Awards [R2]

Name of participant	Balance as at 1 April 2017	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2018	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Goh Choon Phong	84,546	–	84,546	–	346,228	124,902

5. PSP 2014 Base Awards [R2]

Name of participant	Balance as at 1 April 2017	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2018	Aggregate Base Awards granted since commencement of PSP 2014 to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP 2014 to end of financial year under review
Goh Choon Phong	165,000	57,750	–	222,750	222,750	–

DIRECTORS' STATEMENT

4 Equity Compensation Plans of the Company (continued)

(ii) RSP/RSP 2014 and PSP/PSP 2014 (continued)

6. Deferred RSP/RSP 2014

Details of the deferred RSP/RSP 2014 awards of restricted shares are disclosed in note 5 to the financial statements. The grant of deferred RSP/RSP 2014 awards were made under the authority of the BCIRC.

Details of the shares awarded under deferred RSP/RSP 2014 to a Director of the Company are as follows:

(a) Deferred RSP Awards

42,037 Deferred RSP Base Awards have been granted to Mr Goh Choon Phong under the RSP. All of the Deferred RSP Base Awards have vested and an aggregate of 45,737 deferred shares have been released to him as at the end of the financial year under review. The RSP was terminated following the adoption of the RSP 2014 on 30 July 2014.

(b) Deferred RSP 2014 Awards

Name of participant	Balance as at 1 April 2017	Base Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2018	Aggregate Base Awards granted since commencement of DSA to end of financial year under review	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Goh Choon Phong	45,600	21,270	19,570	47,300	66,870	21,300

R1 *The actual number of RSP/RSP 2014 Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the two-year performance periods relating to the relevant awards for awards granted before 2016 and over the one-year performance periods relating to the relevant awards for awards granted from 2016 onwards.*

R2 *The actual number of PSP/PSP 2014 Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.*

Final Awards granted during the financial year is determined by applying the achievement factor to the Base Awards that have vested during the financial year.

* *Includes the 19,985 shares pending final release referred to 1. above.*

5 Equity Compensation Plans of Subsidiaries

The particulars of the equity compensation plans of subsidiaries of the Company are as follows:

(i) SIA Engineering Company Limited ("SIAEC")

The SIAEC Employee Share Option Plan ("SIAEC ESOP") was approved by the shareholders of SIAEC on 9 February 2000. At the end of the financial year, options to take up 4,139,200 unissued shares in SIAEC were outstanding under the SIAEC ESOP.

5 Equity Compensation Plans of Subsidiaries (continued)

(i) SIA Engineering Company Limited ("SIAEC") (continued)

The SIAEC Restricted Share Plan ("SIAEC RSP") and SIAEC Performance Share Plan ("SIAEC PSP") were approved by the shareholders of SIAEC on 25 July 2005. At the Extraordinary General Meeting of SIAEC held on 21 July 2014, shareholders of SIAEC approved the adoption of the SIAEC Restricted Share Plan 2014 ("SIAEC RSP 2014") and the SIAEC Performance Share Plan 2014 ("SIAEC PSP 2014") to replace the SIAEC RSP and the SIAEC PSP, which were terminated following the adoption of the SIAEC RSP 2014 and SIAEC PSP 2014. The termination of the SIAEC RSP and SIAEC PSP was without prejudice to the rights of holders of awards outstanding under the SIAEC RSP and SIAEC PSP as at the date of such termination.

Details and terms of the SIAEC ESOP, SIAEC RSP/SIAEC RSP 2014 and SIAEC PSP/SIAEC PSP 2014 have been disclosed in the Directors' Statement of SIAEC.

(ii) Tiger Airways Holdings Pte Ltd ("Tiger Airways")

In connection with the Company's voluntary general offer for Tiger Airways in financial year 2015/16, Tiger Airways' Remuneration Committee had approved the encashment and payment of outstanding share awards under the Tiger Airways Restricted Share Plan and Tiger Airways Performance Share Plan to all participants on a deferred payment basis, subject to fulfilment of certain terms and conditions.

6 Audit Committee

At the date of this statement, the Audit Committee comprises the following three independent non-executive Directors:

Gautam Banerjee - Chairman
Hsieh Tsun-yan
Dominic Ho Chiu Fai (Appointed on 1 May 2017)

The Audit Committee performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance, which include *inter alia* the review of the following:

(i) quarterly and annual financial statements of the Group and the Company prior to their submissions to the Directors of the Company for adoption;

(ii) audit scopes, plans and reports (including Key Audit Matters) of the external and internal auditors;

(iii) adequacy and effectiveness of material controls, including financial, operational, compliance, information technology controls and risk management framework;

(iv) adequacy and effectiveness of the internal audit function;

(v) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);

(vi) whistle-blowing programme instituted by the Company; and

(vii) any material loss of funds, significant computer security incidents and legal cases.

DIRECTORS' STATEMENT

6 Audit Committee (continued)

The Audit Committee has held four meetings since the last Directors' Statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system. The Audit Committee also reviewed management's internal control adequacy representations that is based on the Control Self-Assessment (CSA) System developed. In the review of the financial statements of the Group and the Company, the Audit Committee had discussed with management and external auditors the accounting principles that were applied and their judgement of items that affect the financial statements.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

7 Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board,

PETER SEAH LIM HUAT
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 17th day of May 2018

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Singapore Airlines Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, the consolidated profit and loss account, consolidated statements of comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 95 to 199.

In our opinion, the accompanying consolidated financial statements of the Group and the statements of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority 'Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities' (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Accuracy of passenger revenue

Refer to note 2(t) 'Revenue' and note 3(c) 'Passenger revenue recognition' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
Passenger revenue is not recorded immediately on sale of flight tickets but is deferred to be recorded at a later time as revenue in the profit and loss account when a passenger is flown. Such deferred revenue is presented on the statement of financial position as sales in advance of carriage and is measured based on the sales price to the customer, net of discounts and rebates. Flight tickets sold often involve multiple flight sectors and partner airlines. The amount of revenue to be recognised for each flight as it is flown relies on complex internal IT systems that handle large volumes of transaction data and includes the exchange of information with industry systems and partner airlines. As a result of the complexity in determining on flight date the revenue to be recognised for flown flights, this is a key focus area in our audit.	To check the accuracy of the revenue recorded by the passenger revenue systems, we tested the relevant computer system controls, these being the user access, program change controls and application controls over internal passenger revenue systems. Our tests of these controls were designed to determine whether these key computer systems controls operated as they are designed, and are protected from tampering of data or software logic that would result in inaccurate accounting information relating to passenger revenue. Computer system controls were tested selectively; these included those relating to the completeness of transfers of data between systems, ticket validation to identify data errors and the assignment of ticket prices to each flight. Key manual controls were also tested to assess the appropriateness of the treatment applied to exceptions and reconciliations of the Group's records with the outputs from shared industry systems and partner airlines. We also visited Singapore Airlines stations in Tokyo, Surabaya and Singapore as well as SilkAir stations in Surabaya and Singapore to test the effectiveness of key controls in the passenger revenue accounting process at those locations.

Findings

No significant exceptions were noted in our testing of the IT and manual controls. Our site visits found the key controls to be operating as designed.

Determining the fair value of KrisFlyer miles and the miles that will expire without use

Refer to note 2(t) 'Revenue' and note 3(d) 'Frequent flyer programme' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
Cash is received by Singapore Airlines from programme partners in return for the issuance of miles in its KrisFlyer frequent flyer programme. In addition, a portion of unearned revenue is separately identified from the value of the ticket sales for flights on which KrisFlyer members qualify to earn KrisFlyer miles ("miles"). Cash received from programme partners from the issuance of miles and the portion of unearned revenue attributable to miles earned on qualifying flights are recognised on the statement of financial position as deferred revenue. Revenue is subsequently recognised when KrisFlyer members fly, or when it is assessed that the miles awarded will expire without use. Significant judgement is required in the following aspects: ● The number of miles that will expire without use – This takes into account of historical expiry patterns and the anticipated impact of KrisFlyer scheme revisions. During the year, the Group reviewed the actual expiry of miles against the expected breakage rate determined in FY2013/14, when the Pay With Miles option to the KrisFlyer frequent flyer programme was introduced. Following the review, an adjustment was made to the estimate for actual miles usage as compared to estimated miles usage upon the expiry of miles. The true up of actual miles used upon expiry have resulted in a one-off recognition of $178.2 million in revenue and is accounted for in the financial year ended 31 March 2018 (the "current year"). ● The determination of the fair value of frequent flyer miles – Singapore Airlines relies on historical redemption patterns in determining these estimates. Predicting the impact of KrisFlyer scheme revisions that are anticipated to change the number of miles that will expire over time is judgemental. The estimation of the fair value of miles awarded in the KrisFlyer frequent flyer programme is complex and requires judgement to be applied. These are key focus areas of our audit.	We challenged the assumptions used to estimate the number of miles that will expire without use, including a comparison to historical expiry patterns and actual changes as well as planned changes to the KrisFlyer frequent flyer programme that may affect future redemptions. We checked the accuracy of the historical analysis used by testing relevant computer system controls. We evaluated the assumptions applied in the mathematical models used to determine the fair value of expected miles to be awarded. This included undertaking a comparison to historical redemption patterns and testing the calculations for mile values against observable inputs such as Singapore Airlines' published market air fares. We tested the controls implemented over the models.

Findings

We found the estimate of the percentage of miles that will not be used continues to be cautious. We found the estimate for the fair value of miles awards to be balanced.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Accounting for aircraft related assets and carrying values

Refer to note 2(i) 'Property, plant and equipment', note 2(g)(iv) 'Intangible assets – goodwill', note 3(a) 'Impairment of property, plant and equipment – aircraft fleet' and note 3(b) 'Depreciation of property, plant and equipment – aircraft fleet' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
The accounting for aircraft and related assets has a material impact on Singapore Airlines due to the cumulative value of the aircraft and long-lived nature of these assets. Significant judgement is required in the following aspects: ● The determination of the useful lives and residual values of the various components of the aircraft – This takes into account physical and commercial considerations; and ● The assessment of CGUs for possible impairment – An assessment is required to determine if there are any indicators of impairment. Where it is determined that an indicator of impairment or goodwill exists, the carrying value of all assets in the CGU are compared to the amounts expected to be recoverable from each CGU. This requires estimates to be made for each CGU of future revenues, operating costs, capital expenditure, timing of cash flows and the discount rates applicable to these cash flows. The assessment of these judgements is a key focus area of our audit.	We compared the estimates of useful lives and residual values to the Singapore Airlines' fleet plan, recent aircraft transactions, contractual rights and industry practices. We considered the need for impairment provisions by assessing whether there were indicators of potential impairment in each CGU taking into consideration changes in profitability, cashflow generation and outlook as compared to the previous reporting period. In addition, we considered the changes in market capitalisation of the Group. Where a CGU required testing for impairment, we challenged the forecasts of its future revenues, operating costs, capital expenditure and discount rates based on our knowledge of the business and the aviation industry. We assessed the arithmetical accuracy of the discounted cash flow models by re-performing the mathematical calculations.

Findings

We found that the estimates of useful lives and residual values were balanced and residual values were adjusted appropriately to reflect Singapore Airlines' fleet plans.

The 'Low-Cost Airlines' CGU requires impairment testing as it includes goodwill. Cash flow forecasting was found to be in accordance with approved plans. Scoot operates in a competitive market place and is subject to volatility of key input costs such as fuel and as such is inherently complex to forecast. We found management forecasts had sufficient headroom to be considered balanced.

Return costs for leased aircraft

Refer to note 2(p) 'Provisions' and note 3(f) 'Provision for lease return costs' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
Singapore Airlines had 69 aircraft in the operating fleet held under operating leases at 31 March 2018. Under the terms of operating lease agreements with aircraft lessors, the Group is contractually committed to meet, at the end of each lease, conditions relating to the state of the aircraft upon return. The expected repair work thus required on each aircraft will vary, depending on the historical utilisation and future utilisation patterns of the aircraft in the period up to its return. As a result, the estimation of the expected future cash outflows associated with these lease return costs requires significant judgement and is a key focus area for our audit.	We read the lease agreements for a sample of aircraft to gain an understanding of the significant terms which influence the economics of, and hence accounting for, the Group's obligations. We reviewed certain maintenance records of these aircraft to determine their condition, and discussed with management the plans for their future utilisation. We tested the key internal control over the adequacy and reasonableness of the provisions for lease return costs. We assessed the appropriateness of the methodologies and assumptions used in determining the estimates for these agreements, taking into account known factors, including the historical experience of how actual return costs compared to amounts previously provided.

Findings

The methodology used in the provision for aircraft return costs reflected the nature of the Group's contractual obligations. We found the estimates of the costs to be balanced.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Impact of adopting Singapore Financial Reporting Standards (International) (SFRS(I)) in FY2018/19

Refer to note 2(c) 'Adoption of Singapore Financial Reporting Standards (International)' for the relevant disclosures.

The key audit matter	How the matter was addressed in our audit
Singapore Airlines must adopt SFRS(I) from 1 April 2018. The Group has disclosed the impact of adopting SFRS(I) in the FY2017/18 Financial Report. SFRS(I) 1 requires all SFRS(I) to be applied on a retrospective basis except for a number of optional exemptions. Out of these optional exemptions, property, plant and equipment can be fair valued on an asset-by-asset basis. These values become the 'deemed cost' for accounting under SFRS(I) post adoption. The Group has determined the fair values of its aircraft on 1 April 2017 utilising an independent valuer for aircraft where there is a history of secondary market sales, Singapore Airlines' own experience for aircraft which the Group has sold in the period prior to the transition date and depreciated replacement cost methodology for A380s as there have been no secondary market aircraft sales globally for used A380s. The fair value exercise has resulted in a one-off downward revision in the 'deemed cost' of these aircraft of $2.1 billion. The corresponding decrease is recognised in the Group's general reserve net of tax being $1.8 billion and a corresponding deferred tax liability of $365.6 million. SFRS(I) requires a restatement of the FY2017/18 statement of financial position and profit and loss account. As a result of the downward revision in the 'deemed cost' of these aircraft, a $490.7 million decrease in depreciation will be recognised in the FY2017/18 restated profit or loss account upon adoption.	Where external valuations were used, we evaluated the qualification and competence of the external valuer. We held discussions with the external valuer to understand the valuation methodology and assumptions used. Where Singapore Airlines' had sold similar aircraft in the period prior to the transition date, we considered the appropriateness of applying this experience to other aircraft of the same type and approximate age and condition. For A380 aircraft type, we reviewed the depreciated replacement cost methodology adopted by the Group, agreed inputs to internal data and compared where appropriate, key assumptions to industry experience. We considered the adequacy of the associated disclosures in the FY2017/18 Financial Report.

Findings

The Group has appointed an external valuer to provide valuations for certain aircraft. The personnel undertaking the valuations are certified by professional bodies for aircraft valuers.

We found the Group's application of relevant comparable sales data for aircraft types sold by the Company in the period prior to the transition date to be appropriate to provide an estimate of fair values for the equivalent aircraft types given their age and condition.

We considered the depreciated replacement cost methodology to be an appropriate methodology given the lack of secondary market sales for A380 aged aircraft. Whilst the assumptions require significant judgement, we were able to satisfy ourselves with the data used to determine the valuation as they were traceable to current manufacturers' sales prices upon aircraft delivery, actual operating performance data and reasonable industry assumptions.

We found the disclosures made by the Group to be adequate.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report except for the *SIA Group Portfolio, Our Transformational Journey, Chairman's Letter, Year in Review, Environment, Community Engagement, Subsidiaries and Information on Shareholdings* ("the Reports") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Malcolm Ramsay.

KPMG LLP
Public Accountants and
Chartered Accountants

Dated this 17th day of May 2018
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Financial Year Ended 31 March 2018 (in $ million)

	Notes	The Group FY2017/18	FY2016/17
REVENUE	4	**15,806.1**	14,868.5
EXPENDITURE			
Staff costs	5	**2,709.0**	2,616.2
Fuel costs		**3,899.3**	3,747.5
Depreciation	20	**1,639.6**	1,552.1
Impairment of property, plant and equipment	20	**30.2**	3.9
Amortisation of intangible assets	21	**44.4**	39.8
Aircraft maintenance and overhaul costs		**918.6**	898.3
Commission and incentives		**437.5**	387.1
Landing, parking and overflying charges		**853.4**	809.3
Handling charges		**1,299.0**	1,197.1
Rentals on leased aircraft		**804.9**	895.9
Material costs		**60.2**	63.8
Inflight meals		**532.6**	543.7
Advertising and sales costs		**291.4**	304.3
Insurance expenses		**53.2**	44.7
Company accommodation and utilities		**92.0**	115.4
Other passenger costs		**172.2**	176.3
Crew expenses		**160.4**	156.8
Other operating expenses		**750.9**	693.5
		14,748.8	14,245.7
OPERATING PROFIT	6	**1,057.3**	622.8
Finance charges	7	**(89.8)**	(46.1)
Interest income	8	**60.9**	73.9
Surplus/(Loss) on disposal of aircraft, spares and spare engines		**16.1**	(31.7)
Dividends from long-term investments		**6.2**	5.5
Dividends from asset held for sale		**–**	39.5
Other non-operating items	9	**18.6**	(103.2)
Share of profits of joint venture companies		**41.0**	20.9
Share of losses of associated companies		**(9.3)**	(63.0)
PROFIT BEFORE TAXATION		**1,101.0**	518.6
TAXATION	10	**(164.2)**	(76.7)
PROFIT FOR THE FINANCIAL YEAR		**936.8**	441.9
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		**892.9**	360.4
NON-CONTROLLING INTERESTS		**43.9**	81.5
		936.8	441.9
BASIC EARNINGS PER SHARE (CENTS)	11	**75.5**	30.5
DILUTED EARNINGS PER SHARE (CENTS)	11	**75.3**	30.3

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2018 (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
PROFIT FOR THE FINANCIAL YEAR	**936.8**	441.9
OTHER COMPREHENSIVE INCOME:		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences	**(62.5)**	27.5
Net fair value changes on cash flow hedges	**533.5**	369.5
Share of other comprehensive income of associated and joint venture companies	**27.1**	29.6
Realisation of foreign currency translation reserves on disposal of an associated company	**0.5**	–
Items that will not be reclassified subsequently to profit or loss:		
Net fair value changes on financial assets measured at fair value through other comprehensive income ("FVOCI")	**–**	(133.2)
Actuarial gain/(loss) on revaluation of defined benefit plans	**10.2**	(5.1)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX	**508.8**	288.3
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**1,445.6**	730.2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE COMPANY	**1,411.2**	676.3
NON-CONTROLLING INTERESTS	**34.4**	53.9
	1,445.6	730.2

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

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2018 (in $ million)

	Notes	The Group 2018	The Group 2017	The Company 2018	The Company 2017
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	13	**1,856.1**	1,856.1	**1,856.1**	1,856.1
Treasury shares	14	**(183.5)**	(194.7)	**(183.5)**	(194.7)
Other reserves	15	**12,578.6**	11,421.6	**11,799.4**	10,852.2
		14,251.2	13,083.0	**13,472.0**	12,513.6
NON-CONTROLLING INTERESTS		**368.1**	387.2	**–**	–
TOTAL EQUITY		**14,619.3**	13,470.2	**13,472.0**	12,513.6
DEFERRED ACCOUNT	16	**123.3**	234.5	**109.2**	214.9
DEFERRED TAXATION	17	**2,122.7**	1,890.5	**1,687.2**	1,482.1
LONG-TERM LIABILITIES	18, 37	**3,199.8**	1,794.7	**3,114.4**	1,689.4
PROVISIONS	19	**821.5**	910.3	**576.7**	648.0
DEFINED BENEFIT PLANS		**113.2**	131.2	**104.8**	122.3
		20,999.8	18,431.4	**19,064.3**	16,670.3
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	20	**19,824.6**	16,433.3	**14,845.4**	12,050.8
INTANGIBLE ASSETS	21	**435.3**	423.5	**179.8**	169.5
SUBSIDIARY COMPANIES	22	**–**	–	**4,840.8**	4,610.1
ASSOCIATED COMPANIES	23	**1,048.8**	1,056.9	**818.5**	756.8
JOINT VENTURE COMPANIES	24	**150.6**	160.2	**–**	–
LONG-TERM INVESTMENTS	25	**346.0**	405.7	**335.6**	395.3
OTHER LONG-TERM ASSETS	26, 37	**722.7**	479.3	**624.6**	397.9
DEFERRED ACCOUNT	16	**52.9**	61.1	**43.5**	49.1
CURRENT ASSETS					
Inventories	27	**179.3**	178.4	**108.0**	106.1
Trade debtors	28	**1,402.2**	1,144.6	**836.7**	694.7
Deposits and other debtors	29	**87.8**	127.4	**40.7**	55.8
Prepayments		**184.6**	211.0	**125.1**	169.9
Deferred account	16	**9.9**	11.8	**7.3**	9.1
Amounts owing by subsidiary companies	28	**–**	–	**140.1**	203.8
Derivative assets	37	**351.4**	85.0	**351.2**	82.1
Investments	30	**157.8**	539.9	**88.7**	469.9
Cash and bank balances	31	**2,568.3**	3,380.5	**2,144.6**	2,733.2
Other short-term assets		**27.0**	21.4	**27.0**	21.4
		4,968.3	5,700.0	**3,869.4**	4,546.0
Less: **CURRENT LIABILITIES**					
Sales in advance of carriage		**2,425.6**	1,634.3	**2,197.5**	1,465.9
Deferred revenue		**556.1**	707.8	**556.1**	707.8
Deferred account	16	**64.8**	86.0	**60.3**	76.3
Current tax payable		**134.1**	80.3	**42.4**	30.3
Trade and other creditors	32	**2,817.2**	3,296.1	**1,858.9**	2,251.9
Amounts owing to subsidiary companies	32	**–**	–	**1,290.4**	1,354.5
Borrowings	18	**20.6**	42.0	**–**	–
Provisions	19	**369.1**	322.4	**325.8**	298.8
Derivative liabilities	37	**161.9**	119.7	**161.9**	119.7
		6,549.4	6,288.6	**6,493.3**	6,305.2
NET CURRENT LIABILITIES		**(1,581.1)**	(588.6)	**(2,623.9)**	(1,759.2)
		20,999.8	18,431.4	**19,064.3**	16,670.3

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2018 (in $ million)

The Group

	Notes	Share capital	Treasury shares
Balance at 1 April 2017		1,856.1	(194.7)
Comprehensive income			
Currency translation differences	15(b)	–	–
Net fair value changes on cash flow hedges	15(d)	–	–
Share of other comprehensive income of associated and joint venture companies		–	–
Realisation of reserves on disposal of an associated company		–	–
Actuarial gain on revaluation of defined benefit plans		–	–
Other comprehensive income for the financial year, net of tax		–	–
Profit for the financial year		–	–
Total comprehensive income for the financial year		–	–
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Share of other changes in equity of associated companies		–	–
Changes in ownership interest without loss of control		–	–
Share-based compensation expense	5	–	–
Share options lapsed		–	–
Treasury shares reissued pursuant to equity compensation plans	14	–	11.2
Dividends	12	–	–
Total contributions by and distributions to owners		–	11.2
Balance at 31 March 2018		1,856.1	(183.5)

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

	Attributable to owners of the Company							
	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
	(147.6)	(123.7)	88.5	(234.4)	11,838.8	13,083.0	387.2	13,470.2
	–	(52.6)	–	–	–	(52.6)	(9.9)	(62.5)
	–	–	–	533.1	–	533.1	0.4	533.5
	11.9	0.4	–	14.8	–	27.1	–	27.1
	–	0.5	–	–	–	0.5	–	0.5
	–	–	–	–	10.2	10.2	–	10.2
	11.9	(51.7)	–	547.9	10.2	518.3	(9.5)	508.8
	–	–	–	–	892.9	892.9	43.9	936.8
	11.9	(51.7)	–	547.9	903.1	1,411.2	34.4	1,445.6
	(4.7)	–	–	–	–	(4.7)	–	(4.7)
	–	–	(1.1)	–	(2.0)	(3.1)	(3.4)	(6.5)
	–	–	13.1	–	–	13.1	–	13.1
	–	–	(8.8)	–	8.8	–	–	–
	1.0	–	(12.2)	–	–	–	–	–
	–	–	–	–	(248.3)	(248.3)	(50.1)	(298.4)
	(3.7)	–	(9.0)	–	(241.5)	(243.0)	(53.5)	(296.5)
	(139.4)	(175.4)	79.5	313.5	12,500.4	14,251.2	368.1	14,619.3

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2018 (in $ million)

The Group

	Notes	Share capital	Treasury shares
Balance at 1 April 2016		1,856.1	(381.5)
Effects of adopting FRS 109		–	–
Comprehensive income			
Currency translation differences	15(b)	–	–
Net fair value changes on financial assets measured at FVOCI	15(d)	–	–
Net fair value changes on cash flow hedges	15(d)	–	–
Share of other comprehensive income of associated and joint venture companies		–	–
Actuarial loss on revaluation of defined benefit plans		–	–
Other comprehensive income for the financial year, net of tax		–	–
Profit for the financial year		–	–
Total comprehensive income for the financial year		–	–
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Share of other changes in equity of associated companies		–	–
Loss on dilution of interest in a subsidiary company due to share options exercised		–	–
Realisation of reserves from dilution of interest in an associated company		–	–
Issuance of share capital by a subsidiary company		–	–
Share-based compensation expense	5	–	–
Share options and share awards lapsed		–	–
Purchase of treasury shares	14	–	(134.3)
Treasury shares reissued pursuant to equity compensation plans	14	–	34.3
Treasury shares reissued pursuant to Voluntary General Offer ("VGO") of Tiger Airways	14	–	286.8
Dividends	12	–	–
Total contributions by and distributions to owners		–	186.8
Changes in ownership interests in a subsidiary company			
Acquisition of non-controlling interests without a change in control	22(f)	–	–
Total changes in ownership interests in a subsidiary company		–	–
Total transactions with owners		–	186.8
Balance at 31 March 2017		1,856.1	(194.7)

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

Attributable to owners of the Company							
Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
(129.2)	(151.3)	123.7	(498.6)	11,935.5	12,754.7	378.2	13,132.9
–	–	–	(28.4)	47.2	18.8	–	18.8
–	22.3	–	–	–	22.3	5.2	27.5
–	–	–	(100.3)	–	(100.3)	(32.9)	(133.2)
–	–	–	369.4	–	369.4	0.1	369.5
6.5	–	(0.5)	23.6	–	29.6	–	29.6
–	–	–	–	(5.1)	(5.1)	–	(5.1)
6.5	22.3	(0.5)	292.7	(5.1)	315.9	(27.6)	288.3
–	–	–	–	360.4	360.4	81.5	441.9
6.5	22.3	(0.5)	292.7	355.3	676.3	53.9	730.2
(9.8)	–	–	–	–	(9.8)	–	(9.8)
–	–	(5.9)	–	(1.3)	(7.2)	(2.6)	(9.8)
(8.5)	5.3	(0.5)	0.8	9.0	6.1	–	6.1
–	–	–	–	–	–	8.2	8.2
–	–	15.2	–	–	15.2	–	15.2
1.7	–	(16.1)	–	14.4	–	–	–
–	–	–	–	–	(134.3)	–	(134.3)
3.3	–	(16.0)	–	–	21.6	–	21.6
25.8	–	(11.4)	–	–	301.2	–	301.2
–	–	–	–	(521.3)	(521.3)	(37.6)	(558.9)
12.5	5.3	(34.7)	0.8	(499.2)	(328.5)	(32.0)	(360.5)
(37.4)	–	–	(0.9)	–	(38.3)	(12.9)	(51.2)
(37.4)	–	–	(0.9)	–	(38.3)	(12.9)	(51.2)
(24.9)	5.3	(34.7)	(0.1)	(499.2)	(366.8)	(44.9)	(411.7)
(147.6)	(123.7)	88.5	(234.4)	11,838.8	13,083.0	387.2	13,470.2

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2018 (in $ million)

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2017		1,856.1	(194.7)	25.7	76.7	(189.6)	10,939.4	12,513.6
Comprehensive income								
Net fair value changes on cash flow hedges	15(d)	–	–	–	–	396.3	–	396.3
Actuarial gain on revaluation of defined benefit plans		–	–	–	–	–	9.9	9.9
Other comprehensive income for the financial year, net of tax		–	–	–	–	396.3	9.9	406.2
Profit for the financial year		–	–	–	–	–	789.3	789.3
Total comprehensive income for the financial year		–	–	–	–	396.3	799.2	1,195.5
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share-based compensation expense		–	–	–	11.2	–	–	11.2
Share options lapsed		–	–	–	(1.1)	–	1.1	–
Treasury shares reissued pursuant to equity compensation plans	14	–	11.2	1.0	(12.2)	–	–	–
Dividends	12	–	–	–	–	–	(248.3)	(248.3)
Total transactions with owners		–	11.2	1.0	(2.1)	–	(247.2)	(237.1)
Balance at 31 March 2018		1,856.1	(183.5)	26.7	74.6	206.7	11,491.4	13,472.0

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

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2016		1,856.1	(381.5)	(5.1)	108.0	(470.9)	10,901.6	12,008.2
Effects of adopting FRS 109		–	–	–	–	(20.7)	33.0	12.3
Comprehensive income								
Net fair value changes on financial assets measured at FVOCI	15(d)	–	–	–	–	5.0	–	5.0
Net fair value changes on cash flow hedges	15(d)	–	–	–	–	297.0	–	297.0
Actuarial loss on revaluation of defined benefit plans		–	–	–	–	–	(2.1)	(2.1)
Other comprehensive income for the financial year, net of tax		–	–	–	–	302.0	(2.1)	299.9
Profit for the financial year		–	–	–	–	–	514.0	514.0
Total comprehensive income for the financial year		–	–	–	–	302.0	511.9	813.9
Transactions with owners, recorded directly in equity								
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	14	–	(134.3)	–	–	–	–	(134.3)
Treasury shares reissued pursuant to equity compensation plans	14	–	34.3	3.3	(16.0)	–	–	21.6
Treasury shares reissued persuant to the VGO of Tiger Airways	14	–	286.8	25.8	(11.4)	–	–	301.2
Dividends	12	–	–	–	–	–	(521.3)	(521.3)
Total transactions with owners		–	186.8	30.8	(31.3)	–	(507.1)	(320.8)
Balance at 31 March 2017		1,856.1	(194.7)	25.7	76.7	(189.6)	10,939.4	12,513.6

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2018 (in $ million)

		The Group	
	Notes	FY2017/18	FY2016/17
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**1,101.0**	518.6
Adjustments for:			
Depreciation	20	**1,639.6**	1,552.1
Impairment of property, plant and equipment	20	**30.2**	3.9
Amortisation of intangible assets	21	**44.4**	39.8
Impairment/(Writeback of impairment) of trade debtors	6	**1.0**	(1.3)
Writedown of inventories	27	**7.4**	5.8
Income from short-term investments	6	**(1.8)**	(1.8)
Provisions	19	**282.9**	304.8
Share-based compensation expense	5	**13.1**	15.2
Exchange differences		**25.9**	(47.1)
Amortisation of deferred gain on sale and operating leaseback transactions	6	**(3.9)**	(6.0)
Finance charges	7	**89.8**	46.1
Interest income	8	**(60.9)**	(73.9)
(Surplus)/Loss on disposal of aircraft, spares and spare engines		**(16.1)**	31.7
Dividends from long-term investments		**(6.2)**	(5.5)
Dividends from asset held for sale		**–**	(39.5)
Net gain on financial assets mandatorily measured at fair value through profit or loss ("FVTPL")		**(6.3)**	(1.6)
Other non-operating items	9	**(18.6)**	103.2
Share of profits of joint venture companies		**(41.0)**	(20.9)
Share of losses of associated companies		**9.3**	63.0
Operating cash flow before working capital changes		**3,089.8**	2,486.6
(Decrease)/Increase in trade and other creditors		**(756.1)**	31.7
Increase in sales in advance of carriage		**791.3**	8.1
(Increase)/Decrease in trade debtors		**(283.8)**	82.0
Decrease in deposits and other debtors		**38.0**	17.4
Decrease/(Increase) in prepayments		**26.4**	(78.5)
Increase in inventories		**(8.3)**	(2.3)
(Decrease)/Increase in deferred revenue		**(151.7)**	38.4
Cash generated from operations		**2,745.6**	2,583.4
Payment of fines and settlements		**(139.0)**	–
Income taxes refunded/(paid)		**4.3**	(50.5)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**2,610.9**	2,532.9

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

	Notes	The Group FY2017/18	FY2016/17
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	33	**(5,209.5)**	(3,944.7)
Purchase of intangible assets	33	**(59.8)**	(43.6)
Proceeds from disposal of aircraft and other property, plant and equipment		**108.3**	45.4
Purchase of long-term investments		**–**	(0.6)
Proceeds from disposal of long-term investments		**31.4**	20.2
Purchase of short-term investments		**(688.1)**	(1,038.0)
Proceeds from disposal of short-term investments		**1,126.6**	1,570.4
Dividends received from associated and joint venture companies		**104.6**	78.4
Dividends received from investments		**9.0**	6.4
Dividends received from asset held for sale		**–**	39.5
Interest received from investments and deposits		**65.6**	76.9
Proceeds from disposal of assets held for sale		**–**	405.5
Loan to an associated company		**–**	(54.4)
Proceeds from repayment of loan from an associated company		**–**	116.4
Proceeds from capital reduction of an associated company		**3.3**	–
Investments in associated companies		**(93.8)**	(225.3)
Proceeds from disposal/partial disposal of associated companies		**21.1**	4.0
NET CASH USED IN INVESTING ACTIVITIES		**(4,581.3)**	(2,943.5)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	12	**(248.3)**	(521.3)
Dividends paid by subsidiary companies to non-controlling interests	12	**(50.1)**	(37.6)
Issuance of share capital by a subsidiary company		**–**	8.2
Interest paid		**(75.7)**	(41.1)
Proceeds from issuance of bonds		**1,600.0**	430.0
Proceeds from borrowings		**5.0**	1.8
Repayment of borrowings		**(20.3)**	(192.0)
Repayment of long-term lease liabilities		**(23.7)**	(21.5)
Proceeds from exercise of share options		**1.0**	33.2
Purchase of treasury shares	14	**–**	(134.3)
Proceeds from exercise of share options pursuant to the VGO of Tiger Airways		**–**	301.2
Acquisition of non-controlling interests without a change in control		**–**	(51.2)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**1,187.9**	(224.6)
NET CASH OUTFLOW		**(782.5)**	(635.2)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**3,380.5**	3,972.4
Effect of exchange rate changes		**(29.7)**	43.3
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**2,568.3**	3,380.5
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Fixed deposits	31	**1,809.1**	2,386.9
Cash and bank balances	31	**759.2**	993.6
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**2,568.3**	3,380.5

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

1 General

Singapore Airlines Limited ("the Company") is a limited liability company incorporated and domiciled in the Republic of Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is a subsidiary company of Temasek Holdings (Private) Limited, incorporated in the Republic of Singapore.

The registered office of the Company is at Airline House, 25 Airline Road, Singapore 819829.

The financial statements of the Group as at and for the year ended 31 March 2018 comprise the Company and its subsidiary companies (together referred to as "the Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

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

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 17 May 2018.

2 Summary of Significant Accounting Policies

The accounting policies applied by the Group and the Company are consistent with those used in the previous financial year, except as explained in note 2(b), which addresses changes in accounting policies.

(a) Basis of preparation

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

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

The financial statements are presented in Singapore Dollars ("SGD"), which is the Company's functional currency and all values in the tables are rounded to the nearest million, unless otherwise stated.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2017, the Group adopted all the new and revised standards and interpretations of FRS ("INT FRS") that are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

Disclosure Initiative (Amendments to FRS 7)

Arising from Amendments to FRS 7, which takes effect from 1 April 2017, the Group is required to provide additional disclosure in relation to the changes in liabilities arising from financing activities. Comparative information have not been presented (see note 38).

2 Summary of Significant Accounting Policies (continued)

(c) Adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS)

As required by the listing rules of the Singapore Exchange, the Group will apply SFRS(I) with effect from 1 April 2018.

The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I), and IFRS issued by the International Accounting Standards Board. As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group is required to apply the specific transition requirements in IFRS 1 First-time Adoption of IFRS. In addition to the adoption of the new framework, the following new IFRSs, amendments to and interpretation of IFRS are effective on the same date.

- IFRS 15 Revenue from Contracts with Customers and Amendments to IFRS 15: Clarifications to FRS 115;
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions;
- Amendments to IFRS 1: Deletion of short-term exemptions for first-time adopters;
- Amendments to IAS 28: Measuring an Associate or Joint Venture at Fair Value; and
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for the application of IFRS 1 optional exemptions and IFRS 15, as outlined below.

(i) Application of IFRS 1 optional exemptions

IFRS 1 generally requires that the Group applies IFRS on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective 1 April 2018, restatement of comparatives may be required because IFRS 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. IFRS 1 provides mandatory exceptions and optional exemptions from retrospective application, which are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in IFRS 1 to have any significant impact on the financial statements.

a) Fair value as deemed cost exemption for property, plant and equipment

The Group plans to elect and regard the fair values of certain aircraft and aircraft spares as their deemed cost at the date of transition to IFRS 1 on 1 April 2017.

b) Foreign currency translation reserve

The Group plans to elect to reset the foreign currency translation reserve for all foreign operations to zero as at the date of transition to IFRS 1 on 1 April 2017.

c) Fair value as deemed cost exemption for investments in associated companies

The Company plans to elect and regard the fair value of its investment in Virgin Australia Holdings Limited, an associated company, as its deemed cost in its separate financial statements at the date of transition to IFRS 1 on 1 April 2017.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(c) Adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) (continued)

(ii) IFRS 15 Revenue from Contracts with Customer

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group will adopt IFRS 15 in its 31 March 2019 financial statements, using the retrospective approach with practical expedients. The expected impact upon adoption of IFRS 15 are described below.

a) Passenger revenue - ancillary revenue

Revenue associated with ancillary services that is currently recognised at transaction date will be deferred to flight date. This is in line with recognition of revenue associated with the carriage of passengers.

b) Cargo interline revenue

Cargo interline revenue will be presented at gross rather than net of related costs as the Group is considered to be principal rather than agent in these transactions.

(iii) Summary of provisional financial impact

The line items on the Group's and Company's financial statements that may be adjusted with significant impact arising from the adoption of IFRS 1 and IFRS 15 as described above are summarised below:

	31 March 2018			
	Current framework	Increase/(Decrease) IFRS 1	Increase/(Decrease) IFRS 15	IFRS framework
The Group				
Foreign currency translation reserve	(175.4)	123.7	–	(51.7)
General reserve	12,500.4	(1,497.7)	(16.5)	10,986.2
Deferred taxation	2,122.7	(282.3)	–	1,840.4
Sales in advance of carriage	2,425.6	–	16.5	2,442.1
Property, plant and equipment	19,824.6	(1,656.3)	–	18,168.3
Depreciation	1,639.6	(490.7)	–	1,148.9
Tax expense	164.2	83.3	–	247.5
The Company				
General reserve	11,491.4	(1,234.4)	(8.4)	10,248.6
Deferred taxation	1,687.2	(198.2)	–	1,489.0
Sales in advance of carriage	2,197.5	–	8.4	2,205.9
Property, plant and equipment	14,845.4	(1,165.6)	–	13,679.8
Associated companies	818.5	(267.0)	–	551.5

The provisional financial impact presented above is not finalised as the Company can continue to make accounting policy and transition choices until 31 March 2019. The Management believe that it is unlikely that they will change any of their decisions but they cannot foresee all circumstances that might result in such a change.

2 Summary of Significant Accounting Policies (continued)

(d) Standards issued but not yet effective

New standards and amendments to standards that are effective from the Group's financial year ending 31 March 2019 are as follows:

Description	Effective from
Amendments to IAS 23: Borrowing costs eligible for capitalisation	1 April 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 April 2019
Amendments to IAS 12: Income tax consequences of payments on financial instruments classified as equity	1 April 2019
IFRS 16 Leases	1 April 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 April 2019

The Accounting Standards Council has issued the above new IFRS, amendments to and interpretations of IFRS as SFRS (I). The Group is still in the process of assessing the impact of the new IFRSs, amendments to and interpretations of IFRSs on the financial statements. The Group's preliminary assessment of IFRS 16, which is expected to have a more significant impact on the Group, is as described below.

IFRS 16 Leases

IFRS 16 replaces existing lease accounting guidance. IFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lease accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases, unless the term is less than 12 months or the underlying asset is of low value.

As at the reporting date, the Group has non-cancellable operating lease commitments amounting to $3,127.8 million (note 34(b)). The Group expects a large proportion of these operating leases to be recognised as lease liabilities with corresponding ROU assets under the new standard. This will increase the Group's leverage ratio and its foreign exchange volatility arising from revaluation of lease liabilities that are denominated in USD. There will also be an impact on the timing of expense recognition in the profit and loss account over the period of lease. Interest expense will be recognised using the effective interest method on outstanding lease liabilities and the ROU assets will be depreciated, rather than operating lease payments being the expense.

The approximate financial impact of the standard is unknown due to factors that impact the calculation of lease liabilities such as determining the number of aircraft that will be under operating lease at transition date, discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

(e) Basis of consolidation

Business combinations are accounted for by applying the acquisition method in accordance with FRS 103 Business Combinations as at the acquisition date, which is the date on which control is transferred to the Group. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are recognised as expenses as incurred.

Any excess of the total of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable net assets is recorded as goodwill. The accounting policy for goodwill is set out in note 2(g)(iv). When the amount is negative, a bargain purchase gain is recognised immediately in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(e) Basis of consolidation (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit and loss account.

Any contingent consideration will be recognised at fair value at the acquisition date and included in the consideration amount. If the contingent consideration is classified as equity, it is not remeasured and settled within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the profit and loss account.

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

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions and therefore no adjustments are made to goodwill and no gain or loss is recognised in the profit and loss account. In such circumstances, adjustments are based on a proportionate amount of the net assets of the subsidiary companies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with associated and joint venture companies are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(f) Subsidiary, associated and joint venture companies

In the Company's separate financial statements, investments in subsidiary and associated companies are accounted for at cost less accumulated impairment losses.

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiary companies are included in the consolidated financial statements from the date the control commences until the date the control ceases.

The accounting policies of subsidiary companies have been changed when necessary to align them with policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balance.

An associated company is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

A joint venture company is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group accounts for its investments in associated and joint venture companies using the equity method, initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of associated and joint venture companies, until the date on which significant influence or joint control ceases. Dividends reduce the carrying amounts of the investments.

2 Summary of Significant Accounting Policies (continued)

(f) Subsidiary, associated and joint venture companies (continued)

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

The most recently available audited financial statements of the associated and joint venture companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period where provided by the associate or joint venture. Otherwise an estimate is made for the balances to the end of the accounting period based on historical experience and adjusting for the effects of known significant transactions. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon the loss of significant influence or joint control over the associated or joint venture company, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

(g) Intangible assets

(i) Computer software

Acquired computer software is stated at cost less accumulated amortisation and accumulated impairment losses.

(ii) Deferred engine development cost

The Group's share of engine development payments, made in connection with its participation in aircraft engine development projects with other companies, is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Brand and trademarks

The brand and trademarks were acquired in business combinations. The useful life of the brand is indefinite and is measured at cost less accumulated impairment losses. When the brand is no longer in use and the Group has no intention to sell the brand, the entire carrying amount is considered impaired. Trademarks which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Goodwill

Goodwill acquired in a business combination is included in intangible assets. For the measurement of goodwill at initial recognition, see note 2(e). Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

Goodwill that forms part of the carrying amount of an associated company is not recognised separately, and therefore, is not tested for impairment separately. Instead, the entire amount of the investment in the associated company is tested for impairment as a single asset when there is objective evidence that the investment in associated company may be impacted.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(g) Intangible assets (continued)

(v) Other intangible assets

Purchased landing slots are measured at cost less accumulated impairment losses.

Licences were acquired in business combinations and are measured at cost less accumulated amortisation and accumulated impairment losses.

(vi) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(vii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

- Computer software 3 – 10 years
- Licences 3 years
- Trademarks 23 – 24 years

For deferred engine development cost, amortisation begins when the aircraft engines are available for sale. These deferred engine development costs are amortised on a straight-line basis over the period of expected sales of the aircraft engines, which is estimated to be over a period of 44 years.

Advance and progress payments are not amortised. Amortisation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted if appropriate.

(h) Foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into SGD at the rates prevailing at the dates of those transactions.

All foreign currency monetary assets and liabilities are translated into SGD at rates prevailing at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The foreign currency gain or loss on monetary assets and liabilities is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency re-translated at the exchange rate at the end of the year.

Foreign currency differences are recognised in the profit and loss account, except for qualifying cash flow hedges which are deferred to equity.

2 Summary of Significant Accounting Policies (continued)

(h) Foreign currencies (continued)

Foreign operations

For the purpose of the consolidated financial statements, the net assets of foreign subsidiary, associated and joint venture companies are translated into SGD at rates prevailing at the reporting date. The financial results of foreign subsidiary, associated and joint venture companies are translated monthly into SGD at prevailing exchange rates. The resulting gains or losses on exchange are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, and translated into SGD at the closing rate at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity, except to the extent that the foreign currency differences are allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary company while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associated or a joint venture company while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(i) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of a property, plant and equipment have different useful lives, they are accounted for as separate components. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment losses, if any, are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

Leasehold hotel properties held by an associated company are carried at fair value, less accumulated depreciation and accumulated impairment losses. Fair values of leasehold hotel properties are determined by independent professional valuers on an annual basis. The Group's share of the revaluation gain or loss is reflected under the share of post-acquisition capital reserve.

(ii) Depreciation of property, plant and equipment

Depreciation is based on the cost of an asset less its residual value. Operational lives, residual values and depreciation methods are reviewed annually, and adjusted prospectively, if appropriate. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised from the date the property, plant and equipment is installed and ready for use.

Freehold land, advance and progress payments are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(i) Property, plant and equipment (continued)

(ii) Depreciation of property, plant and equipment (continued)

The estimated useful lives and residual values are as follows:

Property, plant and equipment type	Useful lives	Residual values
Aircraft, spares and spare engines		
Passenger aircraft, spares and spare engines	15 – 20 years	5% to 10% of cost
Embedded engine overhaul costs	4 – 8 years	Nil
New freighter aircraft	20 years	5% of cost
Used freighter aircraft	20 years less age of aircraft	5% of cost
Major inspection costs relating to landing gear overhauls and heavy maintenance visits	4 – 10 years	Nil
Training aircraft	5 – 15 years	10% of cost
Flight simulators	5 – 10 years	Nil
Leasehold land and buildings		
Company owned office premises	Shorter of lease period or 30 years	Nil
Company owned household premises	Shorter of lease period or 10 years	Nil
Other premises	Shorter of lease period or 5 years	Nil
Leasehold hotel properties held by an associated company	Lease period of 99 years, up to 2081	Nil
Others		
Plant and equipment, office and computer equipment	1 to 15 years	Nil

(j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

(i) Finance lease – as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the profit and loss account.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the average expected life between major overhauls (estimated to be 4 to 8 years).

2 Summary of Significant Accounting Policies (continued)

(j) Leases (continued)

(ii) Operating lease

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

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the remaining lease term period or, where appropriate, the average expected life between major overhauls (estimated to be 4 to 10 years).

(iii) Operating lease – as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Aircraft leased out under operating leases are included under property, plant and equipment and are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

(l) Financial instruments

(i) Recognition and initial measurement

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, in the case of the financial asset or liability not carried at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

<u>Financial assets</u>

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

For equity investments that are not held for trading, the Group may irrevocably elect on initial recognition to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

a) Amortised cost: A non-equity financial asset can be measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

b) FVOCI: A non-equity financial asset can be measured at FVOCI only if it meets both of the following conditions:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) FVTPL: All other financial assets are classified as measured at FVTPL. Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's Management;
- The risks that affect the performance of the business model and how those risks are managed;
- How managers of the portfolio are compensated; and
- The frequency, volume and timing of disposals in prior periods, the reasons for such disposals and its expectations about future activity.

Assessment of whether contractual cash flows are solely payments of principal and interest

For assessment purposes, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contingent events, leverage features, modifications of the time value of money and other limiting terms in the contractual terms of the instrument, which could change the timing or amount of contractual cash flows such that the cash flows of the instrument would not be reflective of solely payments of principal and interest.

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing those financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of the (i) consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income, in respect of equity investment securities designated as at FVOCI, is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition, that is created or retained by the Group, is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(v) Impairment

Expected credit loss

The Group recognises loss allowances for expected credit loss ("ECL") on non-equity financial instruments that are not measured at FVTPL.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Non-equity financial instruments that are determined to have a low credit risk at the reporting date; and
- Other non-equity financial instruments (other than trade debtors) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade debtors are always measured at an amount equal to lifetime ECL.

The Group considers a non-equity financial instrument to have a low credit risk when its credit quality is rated to be of an investment grade by credit rating agencies.

12-month ECL is the portion of lifetime ECL that results from the default events on a financial instrument that are possible within the 12 months after the reporting date. The lifetime ECL is the expected credit loss over the term of the financial instrument, and is the shortfall of the probability weighted net present value of cash flows as compared to the carrying value of the non-equity financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether non-equity financial assets that are carried at amortised cost or FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(vi) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts, foreign currency option contracts, cross currency swap contracts, interest rate swap contracts, interest rate cap contracts, jet fuel option contracts, jet fuel, Brent and crack swap contracts and jet fuel collar contracts to hedge its risks associated with foreign currency, interest rate and jet fuel price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to the profit and loss account.

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

<u>Designation of hedges</u>

The Group designates certain derivatives as well as non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedge, the economic relationship between the hedge instrument and the hedged item, the effects of credit risk on the hedge, the hedge ratio and the hedge type (cash flow or fair value).

Designation of a risk component of a hedged item is permitted when it is a separable identifiable component of the item, and the changes in the cash flows or the fair value of the item attributable to changes in the risk component is reliably measurable.

At the inception of the hedge relationship, the Group makes an assessment of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated. For a cash flow hedge of a forecast transaction, the Group also assesses whether the forecast transaction is highly probable to occur and if it presents an exposure to variations in cash flows that could ultimately affect profit or loss.

The hedge effectiveness assessment is an assessment of the economic relationship between the hedged item and the hedging instrument, and is therefore only forward looking. There is no prescribed quantitative hedge effectiveness threshold. Hedge effectiveness is the extent to which the fair value of the hedging instrument offsets changes in the fair value of the hedged item.

The time value of an option is excluded from the designation of a financial instrument and is accounted for as a cost of hedging. The fair value changes related to time value are recognised in other comprehensive income and depending on the nature of the hedged item, will either be transferred to profit and loss account in the same period that the underlying transaction affects profit or loss, or be capitalised into the initial carrying value of a hedged item.

Cash flow hedges

When a derivative is designated in a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the fair value reserve. Any ineffective portion of changes in the fair value of the derivative (i.e. the extent to which changes in the fair value of the hedge instrument do not match the changes in fair value of the hedged item) is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income, and depending on the nature of the hedged item, will either be transferred to the profit or loss in the same period that the underlying transaction affects the profit and loss account or be capitalised in the initial carrying amount of a hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued. The cumulative gain or loss previously recognised in the fair value reserve remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Designation of hedges (continued)

Fair value hedges

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(m) Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or its related CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For non-financial assets excluding goodwill and those with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss account unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(n) Loans, notes payable and borrowings

Loans, notes payable and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

(o) Trade and other creditors

Trade and other creditors and amounts owing to subsidiary and associated companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

2 Summary of Significant Accounting Policies (continued)

(p) Provisions

Provisions are recognised when, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions for return costs to meet contractual minimum conditions for the return of aircraft, at the end of the lease terms for aircraft under operating leases, are recorded over the lease terms.

Other provisions include provisions for warranty claims, upgrade costs and end-of-lease liabilities. Provision for warranty claims is made for engine overhauls, repairs and maintenance of aircraft (excluding line maintenance), based on past experience of repairs.

(q) Share capital and share issuance expenses

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital, net of any tax effect.

(r) Treasury shares

When shares are reacquired by the Company, the amount of consideration paid which includes directly attributable costs, net of any tax effect, is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve. Voting rights related to treasury shares are nullified and no dividends are allocated to them.

(s) Taxation

(i) Current income tax

Tax recoverable and tax liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to, respectively, the tax authorities using tax rates enacted or substantively enacted at balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(s) Taxation (continued)

(ii) Deferred tax

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

Deferred tax assets and liabilities are not recognised for:

- Temporary differences on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- Temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future.

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

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

(t) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, net of discounts and rebates.

Revenue is principally earned from the carriage of passengers, cargo and mail, engineering services, training of pilots, air charters and tour wholesaling and related activities. Revenue for the Group excludes dividends from subsidiary companies and intra-group transactions.

Passenger and cargo sales are recognised as operating revenue when the transportation is provided. The value of unutilised tickets and airway bills is included in current liabilities as sales in advance of carriage. The value of unutilised tickets is recognised as revenue by estimating a percentage of the breakage revenue upfront at flight date based on historical trends and experience. The value of airway bills is recognised as revenue if unused after one year.

2 Summary of Significant Accounting Policies (continued)

(t) Revenue (continued)

Revenue from repair and maintenance of aircraft, and engine and component overhaul is recognised based on the percentage of completion of the projects. The percentage of completion of the projects is determined based on the number of man-hours incurred to date against the estimated man-hours needed to complete the projects.

Rental income from the lease of aircraft is recognised on a straight-line basis over the lease term.

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage upon redemption, which is then used to project the expected utilisation of these benefits.

In addition, the Company also sells miles to programme partners for issuance to their programme members. For miles purchased by programme partners, revenue is deferred until awards are utilised. The deferrals are based on the expected utilisation of these awards.

(u) Income from investments

Dividend income from investments is recognised when the Group's right to receive the payment is established.

Interest income from investments and fixed deposits is recognised using the effective interest method.

(v) Employee benefits

(i) Equity compensation plans

The fair value determined at the grant date of the equity-settled share-based payment awards is recognised on a straight-line basis over the vesting period. In valuing the share options and share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company and non-vesting performance conditions.

Non-market vesting performance conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share-based compensation reserve, over the remaining vesting period.

No expense is recognised for options or awards that do not ultimately vest, except for options or awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(v) Employee benefits (continued)

(ii) Defined benefit plans

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Remeasurements comprising actuarial gains and losses, and the return on plan assets are recognised immediately in other comprehensive income in the period in which they arise. All expenses related to the defined benefit plans are recognised as an expense in profit or loss. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group.

(iii) Defined contribution plans

As required by law, the companies in Singapore make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Certain of the Group's subsidiary companies and overseas stations outside Singapore make contributions to their respective countries' defined contribution pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

(iv) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(w) Aircraft maintenance and overhaul costs

The Group recognises aircraft maintenance and overhaul expenses (except heavy maintenance visits, engine overhaul and landing gear overhaul expenses) on an incurred basis. For engine overhaul costs covered by power-by-hour third-party maintenance agreements, a portion of the cost is expensed at a fixed rate per hour during the terms of the agreements. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised in the future. Upon completion of an overhaul, these amounts are transferred to property, plant and equipment and depreciated over their useful lives.

(x) Borrowing costs

Borrowing costs incurred to finance advance and progress payments for aircraft are capitalised as part of advance and progress payments until the aircraft are commissioned for operation or the projects are completed. All other borrowing costs are recognised as finance charges in the period in which they are incurred.

2 Summary of Significant Accounting Policies (continued)

(y) Segment reporting

(i) Business segment

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

(ii) Geographical segment

The analysis of revenue by area of original sale from airline operations is derived by allocating revenue to the area in which the sale was made. Revenue from other operations, which consist principally of engineering services and cargo operations, is derived in East Asia and is therefore, not shown.

Assets, which consist principally of flight and ground equipment, support the entire worldwide transportation system, and are mainly located in Singapore. An analysis of assets and capital expenditure of the Group by geographical distribution has therefore not been included.

3 Significant Accounting Estimates and Critical Judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income, expenses, and disclosures made. Actual results may differ from these estimates. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

(a) Impairment of property, plant and equipment – aircraft fleet

Impairment is recognised when events and circumstances indicate that the aircraft may be impaired and the carrying amounts of the aircraft exceed the recoverable amounts. Recoverable amount is defined as the higher of an aircraft's fair value less costs to sell and its value-in-use. When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on financial budgets approved by the Management covering a specified period.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Determination of a CGU requires judgement, as it requires identification of the lowest aggregation of assets that generate largely independent cash flows.

(b) Depreciation of property, plant and equipment – aircraft fleet

Aircraft are depreciated on a straight-line basis at rates which are calculated to write down their cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of the fleet are made by the Group based on past experience and these are in line with the industry. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2018 was $12,754.2 million (2017: $10,829.1 million) and $9,239.7 million (2017: $7,898.8 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

3 Significant Accounting Estimates and Critical Judgements (continued)

(c) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the statement of financial position. Certain estimates are made by the Group's passenger airlines with regards to the expected ticket breakage (tickets sold and not uplifted at flight date) to determine the amount of revenue to be recognised as revenue in the current financial year pertaining to tickets that will never be utilised.

In the previous financial year, the Group revised certain estimates to recognise passenger ticket breakage revenue from expected unutilised tickets on flight date, resulting in a one-time increase in revenue of approximately $151.2 million. Effects in future periods have not been disclosed because the estimates rely on future flown revenue information.

The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2018 was $2,425.6 million (2017: $1,634.3 million) and $2,197.5 million (2017: $1,465.9 million) respectively.

(d) Frequent flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage upon redemption, which is then used to project the expected utilisation of these benefits.

In addition, the Company also sells miles to programme partners for issuance to their programme members. For miles purchased by programme partners, revenue is deferred until awards are utilised. The deferrals are based on the expected utilisation of these awards.

During the year, the Company reviewed the actual expiry of miles against the expected breakage rate determined in financial year 2013/14, when the Pay With Miles option to the KrisFlyer programme was introduced. The impact of the revision in estimates is an increase of approximately $178.2 million in revenue. Effects in future periods have not been disclosed because the estimates rely on future flown revenue information.

The carrying amount of the Group's and the Company's deferred revenue at 31 March 2018 was $556.1 million (2017: $707.8 million).

(e) Aircraft maintenance and overhaul expenditure under power-by-hour agreements

The Group has entered into several power-by-hour ("PBH") engine maintenance agreements with original equipment manufacturers of aircraft engines. The monthly payments are based on the number of flying hours flown. A portion of the cost is expensed at a fixed rate per hour during the term of the PBH agreement. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised through future maintenance activities, if any, or capitalised upon completion of an overhaul.

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate of the proportion of day-to-day maintenance compared to maintenance which extends the useful lives of the engine. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2018 was $1,072.0 million (2017: $783.3 million) and $836.2 million (2017: $611.9 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to $56.6 million (FY2016/17: $70.9 million) for the Group and $21.4 million (FY2016/17: $28.1 million) for the Company.

3 Significant Accounting Estimates and Critical Judgements (continued)

(f) Provision for lease return costs

Prior to the return of aircraft leased by the Group entities to the lessor, the Group entities are required to fulfil certain lease return conditions which may include the completion of certain maintenance activities to the airframe and engines and the reconfiguration of seats within the aircraft. The provision for lease return costs for these leased aircraft is determined based on the best estimate of the costs that will be incurred to fulfil the stipulated lease return conditions. The carrying amount of the provision for the Group and the Company at 31 March 2018 was $1,100.8 million (2017: $1,137.2 million) and $833.1 million (2017: $886.3 million) respectively.

4 Segment Information (in $ million)

Following the Group's multi-brand portfolio strategy and integration activities of Tiger Airways and Scoot, Management has determined that the Group has the following reportable segments:

(i) The Singapore Airlines segment provides passenger air transportation under the Singapore Airlines brand with a focus on full-service passenger segment serving short and long haul markets.

(ii) The SilkAir segment provides passenger air transportation under the SilkAir brand with a focus on full-service passenger segment serving regional markets.

(iii) The Budget Aviation segment provides passenger air transportation under the Tiger Airways and Scoot brands with a focus on the low-cost passenger segment.

(iv) SIAEC segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management. It also manufactures aircraft cabin equipment, refurbishes aircraft galleys, provides technical and non-technical handling services and repair and overhaul of hydro-mechanical aircraft equipment.

(v) Singapore Airlines Cargo ("SIA Cargo") segment is involved in air cargo transportation and related activities.

Other services provided by the Group, such as the training of pilots, air charters and tour wholesaling, have been aggregated under the segment "Others". None of these segments meets any of the quantitative thresholds for determining reportable segments in FY2017/18 or FY2016/17.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transactions carried out between operating segments during the financial year are in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

4 Segment Information (in $ million) (continued)

Business segments

The Group's business is organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial years ended 31 March 2018 and 2017 and certain assets and liabilities information of the business segments as at those dates.

	Singapore Airlines FY2017/18	SilkAir FY2017/18	Budget Aviation FY2017/18	SIAEC FY2017/18	SIA Cargo FY2017/18	Others FY2017/18	Total of segments FY2017/18	Elimination* FY2017/18	Consolidated FY2017/18
TOTAL REVENUE									
External revenue	10,544.2	998.9	1,533.8	480.9	2,216.4	31.9	15,806.1	–	15,806.1
Inter-segment revenue	1,039.6	21.4	47.3	614.0	3.7	84.5	1,810.5	(1,810.5)	–
	11,583.8	1,020.3	1,581.1	1,094.9	2,220.1	116.4	17,616.6	(1,810.5)	15,806.1
RESULTS									
Segment result	703.2	42.5	77.4	76.4	148.1	21.1	1,068.7	(11.4)	1,057.3
Finance charges	(95.8)	–	(31.8)	(0.8)	(0.2)	–	(128.6)	38.8	(89.8)
Interest income	87.8	2.5	1.3	4.9	2.5	0.5	99.5	(38.6)	60.9
Surplus on disposal of aircraft, spares and spare engines	15.4	–	0.7	–	–	–	16.1	–	16.1
Dividends from long-term investments	6.2	–	–	–	–	–	6.2	–	6.2
Other non-operating items	13.1	(7.2)	(0.3)	16.1	(3.1)	–	18.6	–	18.6
Share of profits of joint venture companies	–	–	0.7	40.3	–	–	41.0	–	41.0
Share of (losses)/profits of associated companies	(78.5)	–	(0.3)	69.5	–	–	(9.3)	–	(9.3)
Taxation	(112.1)	(9.3)	(8.4)	(21.1)	(9.7)	(3.6)	(164.2)	–	(164.2)
Profit for the financial year	539.3	28.5	39.3	185.3	137.6	18.0	948.0	(11.2)	936.8
Attributable to:									
Owners of the Company									892.9
Non-controlling interests									43.9
									936.8

* *Relates to inter-segment transactions eliminated on consolidation.*

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines FY2016/17	SilkAir FY2016/17	Budget Aviation FY2016/17	SIAEC FY2016/17	SIA Cargo FY2016/17	Others FY2016/17	Total of segments FY2016/17	Elimination* FY2016/17	Consolidated FY2016/17
TOTAL REVENUE									
External revenue	10,134.2	969.2	1,349.1	429.4	1,950.2	36.4	14,868.5	–	14,868.5
Inter-segment revenue	960.0	21.1	39.6	674.7	5.4	48.1	1,748.9	(1,748.9)	–
	11,094.2	990.3	1,388.7	1,104.1	1,955.6	84.5	16,617.4	(1,748.9)	14,868.5
RESULTS									
Segment result	386.4	100.8	67.4	72.0	3.1	9.6	639.3	(16.5)	622.8
Finance charges	(47.6)	–	(28.0)	(0.7)	–	–	(76.3)	30.2	(46.1)
Interest income	99.1	2.8	5.0	4.0	1.4	0.3	112.6	(38.7)	73.9
Loss on disposal of aircraft, spares and spare engines	(2.9)	(25.9)	(0.8)	–	(1.2)	(0.9)	(31.7)	–	(31.7)
Dividends from long-term investments	5.2	0.3	–	–	–	–	5.5	–	5.5
Dividends from asset held for sale	–	–	–	39.5	–	–	39.5	–	39.5
Other non-operating items	12.1	(0.8)	(127.5)	143.8	(131.9)	0.1	(104.2)	1.0	(103.2)
Share of (losses)/profits of joint venture companies	–	–	(10.7)	31.6	–	–	20.9	–	20.9
Share of (losses)/profits of associated companies	(127.5)	–	(0.4)	64.9	–	–	(63.0)	–	(63.0)
Taxation	(65.3)	(18.1)	7.4	(17.9)	1.3	(1.0)	(93.6)	16.9	(76.7)
Profit/(Loss) for the financial year	259.5	59.1	(87.6)	337.2	(127.3)	8.1	449.0	(7.1)	441.9
Attributable to:									
Owners of the Company									360.4
Non-controlling interests									81.5
									441.9

* *Relates to inter-segment transactions eliminated on consolidation.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines 2018	SilkAir 2018	Budget Aviation 2018	SIAEC 2018	SIA Cargo 2018	Others 2018	Total of segments 2018	Elimination* 2018	Consolidated 2018
OTHER INFORMATION AS AT 31 MARCH									
Segment assets	19,562.7	1,500.1	3,572.7	1,274.2	1,429.6	188.4	27,527.7	(1,523.9)	26,003.8
Investments in associated and joint venture companies	656.3	–	(1.3)	544.4	–	–	1,199.4	–	1,199.4
Long-term investments	335.6	0.6	–	–	–	9.8	346.0	–	346.0
Total assets	20,554.6	1,500.7	3,571.4	1,818.6	1,429.6	198.2	29,073.1	(1,523.9)	27,549.2
Segment liabilities	6,234.3	275.0	593.2	222.1	378.0	58.1	7,760.7	(1,611.8)	6,148.9
Long-term liabilities	84.3	–	8.8	–	–	–	93.1	–	93.1
Provisions	902.5	67.6	219.8	0.7	–	–	1,190.6	–	1,190.6
Defined benefit plans	104.8	0.5	–	–	7.9	–	113.2	–	113.2
Borrowings	3,030.1	–	75.3	21.9	–	–	3,127.3	–	3,127.3
Tax liabilities	1,729.6	119.8	184.8	46.7	171.0	4.9	2,256.8	–	2,256.8
Total liabilities	12,085.6	462.9	1,081.9	291.4	556.9	63.0	14,541.7	(1,611.8)	12,929.9
Capital expenditure	4,253.7	287.1	570.4	31.6	66.5	0.3	5,209.6	–	5,209.6
Purchase of intangible assets	42.9	2.2	2.3	11.5	0.7	0.2	59.8	–	59.8
Depreciation	1,264.5	65.5	125.0	50.9	133.1	1.0	1,640.0	(0.4)	1,639.6
Impairment of property, plant and equipment	26.7	7.9	–	3.5	–	–	38.1	–	38.1
Amortisation of intangible assets	32.4	2.5	3.0	5.4	0.6	0.5	44.4	–	44.4
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	6.0	2.3	1.8	8.6	4.4	0.6	23.7	–	23.7

* *Relates to inter-segment transactions eliminated on consolidation.*

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines 2017	SilkAir 2017	Budget Aviation 2017	SIAEC 2017	SIA Cargo 2017	Others 2017	Total of segments 2017	Elimination* 2017	Consolidated 2017
OTHER INFORMATION AS AT 31 MARCH									
Segment assets	17,213.4	1,425.4	3,198.6	1,376.3	1,426.0	193.0	24,832.7	(1,735.5)	23,097.2
Investments in associated and joint venture companies	676.2	–	(1.1)	542.0	–	–	1,217.1	–	1,217.1
Long-term investments	395.3	0.6	–	–	–	9.8	405.7	–	405.7
Total assets	18,284.9	1,426.0	3,197.5	1,918.3	1,426.0	202.8	26,455.5	(1,735.5)	24,720.0
Segment liabilities	6,191.0	255.6	506.2	258.7	496.6	77.3	7,785.4	(1,707.0)	6,078.4
Long-term liabilities	259.4	–	9.5	–	–	–	268.9	–	268.9
Provisions	946.8	57.3	219.5	0.9	8.2	–	1,232.7	–	1,232.7
Defined benefit plans	122.3	0.5	–	–	8.4	–	131.2	–	131.2
Borrowings	1,430.0	–	88.2	25.9	23.7	–	1,567.8	–	1,567.8
Tax liabilities	1,512.4	99.4	160.3	44.8	152.2	1.7	1,970.8	–	1,970.8
Total liabilities	10,461.9	412.8	983.7	330.3	689.1	79.0	12,956.8	(1,707.0)	11,249.8
Capital expenditure	3,120.5	314.1	471.1	38.3	84.9	1.0	4,029.9	–	4,029.9
Purchase of intangible assets	30.4	3.2	3.6	5.2	0.8	1.3	44.5	–	44.5
Depreciation	1,219.3	57.6	100.6	47.6	125.7	1.2	1,552.0	0.1	1,552.1
Impairment of property, plant and equipment	3.9	–	21.2	–	–	–	25.1	–	25.1
Amortisation of intangible assets	27.9	2.1	3.4	5.2	0.7	0.5	39.8	–	39.8
Provision for competition related fines and settlement	–	–	–	–	131.9	–	131.9	–	131.9
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	3.2	3.4	(1.6)	(1.8)	(0.4)	0.2	3.0	–	3.0

* *Relates to inter-segment transactions eliminated on consolidation.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

4 Segment Information (in $ million) (continued)

Geographical segments

The following table presents revenue information on airline operations by geographical areas for the financial years ended 31 March 2018 and 2017.

	By area of original sale	
	FY2017/18	**FY2016/17**
East Asia	**7,179.3**	6,930.8
Europe	**1,685.3**	1,667.8
South West Pacific	**1,873.1**	1,736.7
Americas	**681.4**	640.6
West Asia and Africa	**840.5**	854.7
Systemwide	**12,259.6**	11,830.6
Non-scheduled services and incidental revenue	**1,925.6**	1,642.6
	14,185.2	13,473.2

There was no single customer who contributed to more than 10% of the Group's revenue during the financial years ended 31 March 2018 and 2017.

5 Staff Costs (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Salary, bonuses and other costs	**2,494.3**	2,409.0
CPF, other defined contributions and defined benefit expense	**201.6**	192.0
Share-based compensation expense	**13.1**	15.2
	2,709.0	2,616.2

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expense for the Group was $11.0 million for FY2017/18 (FY2016/17: $11.3 million). As this is not material to the total staff costs of the Group for FY2017/18 and FY2016/17, additional disclosures of the defined benefit plans are not shown.

<u>Share-based compensation arrangements</u>

As at 31 March 2018, the Group has the following share-based payment arrangements:

(a) Share option plans (equity-settled)

Singapore Airlines Limited Employee Share Option Plan ("ESOP") which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, were approved by shareholders on 8 March 2000 and modified at the Extraordinary General Meetings of the Company held on 14 July 2001, 26 July 2003 and 31 July 2009.

Following the expiry of the share option plans in March 2010, the Company ceased to grant options under ESOP.

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(b) Share-based incentive plans (equity-settled)

The Singapore Airlines Limited Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans for senior executives and key Senior Management, which were first approved by the shareholders of the Company on 28 July 2005. On 30 July 2014, the shareholders of the Company approved the RSP 2014 and PSP 2014, to replace the RSP and PSP respectively which expired on 27 July 2015.

The RSP/RSP 2014 awards fully paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of the performance period based on medium-term Group and Company objectives.

The PSP/PSP 2014 awards fully paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.

Key terms and conditions related to the grants under these programmes are as follows:

Plans	Vesting Conditions	Performance conditions^	Payout
Senior Executive Share Option Scheme@	• 25% per annum of total ordinary shares subject to the options.	None	100%
Employee Share Option Scheme@	• Two years service from grant date.	None	100%
RSP/RSP 2014	Awards granted prior to FY2016/17 • Based on meeting stated performance conditions over a two-year performance period, 50% of award vests. Awards granted in and after FY2016/17 • Based on meeting stated performance conditions over a one-year performance period, 33% of award vests. • Balance vests equally over the subsequent two years with fulfilment of service requirements.	At both Company and Group level • EBITDAR# Margin • Value Added per $ Employment Cost	0% - 150%*
PSP/PSP 2014	• Based on meeting stated performance conditions over a three-year performance period.	• Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") • Relative TSR against selected airline peer index companies	0% - 200%*
Deferred share award	• Awards cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition and provided that individual performance remains satisfactory.	None	100%

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(b) Share-based incentive plans (equity-settled) (continued)

@ *The share options have contractual life of no longer than 10 years from grant date.*

EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Rentals on leased aircraft.

* *The payout depends on the achievement of pre-set performance targets over the performance period.*

^ *For non-market conditions, achievement factors are determined based on inputs from the Board Compensation & Industrial Relations Committee for the purpose of accrual for the share-based incentive plans until the achievement of the targets can be accurately ascertained.*

Movement of share options during the financial year

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

	FY2017/18		FY2016/17	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	**16,723,550**	**$13.83**	21,113,197	$13.03
Cancelled	**(9,002,746)**	**$15.35**	(2,079,636)	$10.64
Exercised	**–**	**–**	(2,310,011)	$9.34
Balance at 31 March	**7,720,804**	**$12.07**	16,723,550	$13.83
Exercisable at 31 March	**7,720,804**	**$12.07**	16,723,550	$13.83

The exercise price for options outstanding at the end of the year is $12.07 (FY2016/17: $12.07 to $15.46).

There were no options exercised during the year. The weighted average share price for options exercised in FY2016/17 was $10.40. The weighted average remaining contractual life for these options is 0.25 years (FY2016/17: 0.73 years).

Movement of share awards during the financial year

	Number of Restricted Shares				
Date of grant	Balance at 01.04.2017/ date of grant	Adjustment#	Cancelled	Vested	Balance at 31.03.2018
RSP/RSP 2014					
15.07.2013	85,930	–	–	(85,930)	**–**
03.07.2014	373,085	–	–	(188,312)	**184,773**
03.07.2015	709,692	43,628	(2,970)	(386,700)	**363,650**
18.07.2016	790,696	(8,747)	(3,927)	(264,483)	**513,539**
19.07.2017	787,664	–	(4,158)	–	**783,506**
	2,747,067	34,881	(11,055)	(925,425)	**1,845,468**

5 Staff Costs (in $ million) (continued)

(b) Share-based incentive plans (equity-settled) (continued)

Movement of share awards during the financial year (continued)

Date of grant	Number of Performance Shares Balance at 01.04.2017/ date of grant	Adjustment#	Vested	Balance at 31.03.2018
PSP/PSP 2014				
03.07.2014	248,568	(194,098)	(54,470)	**–**
03.07.2015	239,700	–	–	**239,700**
18.07.2016	240,900	–	–	**240,900**
19.07.2017	217,426	–	–	**217,426**
	946,594	(194,098)	(54,470)	**698,026**

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

Deferred RSP/RSP 2014 Awards ("DSA")

Movement of DSA during the financial year

Date of grant	Number of Deferred RSP/RSP 2014 Awards Balance at 01.04.2017/ date of grant	Adjustment*	Vested	Balance at 31.03.2018
DSA				
28.08.2014	73,470	5,460	(78,930)	**–**
10.09.2015	74,790	–	–	**74,790**
01.09.2016	65,740	–	–	**65,740**
06.09.2017	94,070	–	–	**94,070**
	308,070	5,460	(78,930)	**234,600**

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

Since the commencement of the RSP 2014 and PSP 2014 plans in July 2014, 3,303,706 awards have been granted.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

5 Staff Costs (in $ million) (continued)

(c) Measurement of fair values

The methods and inputs used in the measurement of fair values at grant date of the equity-settled share-based incentive plans were as follows:

	FY2017/18			FY2016/17		
	RSP 2014	PSP 2014	DSA	RSP 2014	PSP 2014	DSA
Valuation Method	Monte Carlo Simulation					
Expected dividend paid yield (%)	Management's forecast in line with dividend policy					
Expected volatility (%)	11.65 – 15.77	15.77	15.82	15.53 – 17.52	16.25	15.92
Risk-free interest rate (%)	1.11 – 1.32	1.32	1.37	0.81 – 1.08	1.08	1.03
Expected term (years)	0.95 – 2.95	3.00	3.00	0.95 – 2.95	3.00	3.00
Share price at date of grant ($)	10.29	10.29	10.23	11.08	11.08	10.62
Estimated fair value ($)	9.65 – 10.08	8.23	9.56	9.82 – 10.65	11.30	9.53

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurating with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

6 Operating Profit (in $ million)

Operating profit for the financial year was arrived at after charging/(crediting):

	The Group	
	FY2017/18	FY2016/17
Compensation for changes in aircraft delivery slots	**(101.5)**	(36.8)
Interest income from short-term investments	**(1.0)**	(0.9)
Dividend income from short-term investments	**(0.8)**	(0.9)
Income from operating lease of aircraft	**(57.2)**	(45.1)
Amortisation of deferred gain on sale and operating leaseback transactions	**(3.9)**	(6.0)
Loss on disposal of short-term investments	**0.2**	0.8
Remuneration for auditors of the Company		
Audit fees	**1.6**	1.6
Non-audit fees	**0.3**	0.3
Bad debts written off	**0.8**	1.9
Impairment/(Writeback of impairment) of trade debtors	**1.0**	(1.3)
Writedown of inventories	**7.4**	5.8
Exchange loss, net	**31.6**	26.9
Currency hedging loss	**62.1**	36.6
Fuel hedging (gain)/loss recognised in "Fuel costs"	**(99.2)**	376.3
Ineffectiveness of fuel hedging contracts recognised in "Fuel costs"	**–**	(36.4)
Net gain on financial assets mandatorily measured at FVTPL	**(6.3)**	(1.6)

7 Finance Charges (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Notes payable	**83.9**	38.4
Bank loans	**3.5**	6.6
Finance lease commitments	**0.2**	–
Other receivables measured at amortised cost	**0.1**	–
Commitment fees	**2.1**	1.1
	89.8	46.1

8 Interest Income (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Interest income from fixed deposits and investments	**60.9**	73.8
Amortised interest income from other receivables	**–**	0.1
	60.9	73.9

9 Other Non-Operating Items (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Impairment of aircraft	**(7.9)**	(21.2)
Impairment of intangible assets	**–**	(98.2)
Impairment of long term investments	**(0.1)**	–
Surplus on disposal of asset held for sale	**–**	141.6
Surplus/(Loss) on disposal of other property, plant and equipment	**8.5**	(0.2)
Surplus on partial disposal of associated companies	**–**	2.4
Surplus on disposal of an associated company	**14.3**	–
Loss on disposal of a long term investment	**–**	(6.1)
Net gain on financial assets mandatorily measured at FVTPL	**4.7**	1.5
Writeback of provision for expected credit losses on investments and guarantees	**1.1**	1.8
Provision of competition-related fines and settlement	**–**	(131.9)
Surplus on dilution of interest in an associated company	**0.9**	9.7
Restructuring costs	**(3.1)**	–
Writeback/(Provision) for onerous aircraft leases	**0.2**	(2.6)
	18.6	(103.2)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

10 Taxation (in $ million)

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 2017 are:

	The Group	
	FY2017/18	**FY2016/17**
Current taxation		
Provision for the year	**75.4**	36.5
Over provision in respect of prior years	**(26.4)**	(15.9)
	49.0	20.6
Deferred taxation		
Movement in temporary differences	**102.6**	56.0
Under provision in respect of prior years	**12.6**	0.1
	115.2	56.1
	164.2	76.7

Deferred taxation related to other comprehensive income:

	The Group	
	FY2017/18	**FY2016/17**
Financial assets measured at FVOCI	**(0.9)**	0.9
Cash flow hedges	**109.7**	70.1
Actuarial gain/(loss) on revaluation of defined benefit plans	**2.1**	(1.0)
	110.9	70.0

The Group has tax losses and deductible temporary differences (of which no deferred tax asset has been recognised) of approximately $58.7 million (2017: $41.8 million) and $0.7 million (2017: $2.4 million) respectively that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset.

10 Taxation (in $ million) (continued)

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

	The Group	
	FY2017/18	**FY2016/17**
Profit before taxation	**1,101.0**	518.6
Less: Share of (profits)/losses of associated and joint venture companies	**(31.7)**	42.1
	1,069.3	560.7
Taxation at statutory corporate tax rate of 17.0%	**181.8**	95.3
Adjustments		
Income not subject to tax	**(37.7)**	(36.5)
Expenses not deductible for tax purposes	**22.7**	33.4
Higher effective tax rates of other countries	**8.6**	7.3
Over provision in respect of prior years, net	**(13.8)**	(15.8)
Income subject to concessionary tax rate	**(1.8)**	(1.9)
Tax benefit not recognised	**3.9**	2.4
Previously unrecognised tax benefits	**–**	(6.7)
Others	**0.5**	(0.8)
Taxation	**164.2**	76.7

11 Earnings Per Share

	The Group			
	FY2017/18		FY2016/17	
	Basic	**Diluted**	**Basic**	**Diluted**
Profit attributable to owners of the Company (in $ million)	**892.9**	**892.9**	360.4	360.4
Adjustment for dilutive potential ordinary shares of subsidiary companies (in $ million)	**–**	**(0.3)**	–	(0.5)
Adjusted net profit attributable to owners of the Company (in $ million)	**892.9**	**892.6**	360.4	359.9
Weighted average number of ordinary shares in issue (in million)	**1,182.2**	**1,182.2**	1,182.6	1,182.6
Adjustment for dilutive potential ordinary shares (in million)	**–**	**3.9**	–	4.4
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	**1,182.2**	**1,186.1**	1,182.6	1,187.0
Earnings per share (cents)	**75.5**	**75.3**	30.5	30.3

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

11 Earnings Per Share (continued)

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

For purposes of calculating diluted earnings per share, the profit attributable to owners of the Company is adjusted to take into account effects of dilutive potential ordinary shares of subsidiary companies and the weighted average number of ordinary shares of the Company in issue is adjusted to take into account effects of dilutive options and share-based incentive plans of the Company.

7.9 million (FY2016/17: 17.0 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous year presented.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

12 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	FY2017/18	**FY2016/17**
The following tax exempt (one-tier) dividends were declared and paid by the Group and Company to the owners of the Company:		
Final dividend of 11.0 cents per share in respect of FY2016/17 (FY2016/17: 35.0 cents per share in respect of FY2015/16)	**130.1**	415.0
Interim dividend of 10.0 cents per share in respect of FY2017/18 (FY2016/17: 9.0 cents per share in respect of FY2016/17)	**118.2**	106.3
	248.3	521.3

The Directors propose that a final tax exempt (one-tier) dividend of 30.0 cents per share amounting to $354.8 million be paid for the financial year ended 31 March 2018.

During the financial year, total dividends of $50.1 million (FY2016/17: $37.6 million) were paid to non-controlling interests.

13 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2018	**2017**	**2018**	**2017**
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April and 31 March	**1,199,851,018**	1,199,851,018	**1,856.1**	1,856.1
Special share				
Balance at 1 April and 31 March	**1**	1	#	#

The value is $0.50

13 Share Capital (in $ million) (continued)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have no par value, carry one vote per share without restriction. All shares rank equally with regards to the Group's residual assets.

The Company's ability to operate its existing route network and flight frequency is derived solely from and dependent entirely on the Air Service Agreements ("ASAs") concluded between the Government of Singapore and the governments of other countries. ASAs are therefore critical to the Company's operations. In almost all the ASAs, it is a condition that the Company must at all times be "effectively controlled" and "substantially owned" by Singapore nationals for the tenure of the respective ASAs.

In order to comply with the above requirement, one non-tradeable Special Share was issued to the Ministry of Finance. The Special Share enjoys all the rights attached to ordinary shares. In addition, pursuant to Article 3A of the Articles of Association, no resolution may be passed on certain matters without prior written approval of the Special Member.

The Company can also issue non-tradeable redeemable cumulative preference shares, which carry full voting rights ("ASA shares"). When issued, the ASA shares will be paid at $0.01 each and will carry equal voting rights as those of ordinary shares. These shares will be issued only when the Directors determine that the Company's operating rights under any of the ASAs are threatened by reason of the nationality of the majority shareholders.

During the financial year, the Company did not issue any shares (FY2016/17: nil) upon exercise of options granted under the ESOP, or vesting of share-based incentive plans.

14 Treasury Shares (in $ million)

	The Group and the Company	
	31 March	
	2018	2017
Balance at 1 April	**(194.7)**	(381.5)
Purchase of treasury shares	**–**	(134.3)
Treasury shares reissued pursuant to the VGO of Tiger Airways:		
- For cash on exercise of options	**–**	301.2
- Transferred from share-based compensation reserve	**–**	11.4
- Gain on reissuance of treasury shares	**–**	(25.8)
	–	286.8
Treasury shares reissued pursuant to equity compensation plans:		
- For cash on exercise of employee share options	**–**	21.6
- Transferred from share-based compensation reserve	**11.2**	16.0
- Gain on reissuance of treasury shares	**–**	(3.3)
	11.2	34.3
Balance at 31 March	**(183.5)**	(194.7)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

14 Treasury Shares (in $ million) (continued)

During the financial year, the Company did not purchase any treasury shares. In FY2016/17, the Company purchased 12,665,700 of its ordinary shares by way of on-market purchases at share prices ranging from $10.38 to $11.06. The total amount paid to purchase the shares was $134.3 million and this was presented as a component within equity attributable to owners of the Company.

The Company did not reissue any treasury shares pursuant to its employee share option plans during the year. In FY2016/17, the Company issued 2,310,011 treasury shares at a weighted average exercise price of $9.34 each. In addition, 925,425 (FY2016/17: 646,084) shares, 54,470 (FY2016/17: 105,420) shares and 78,930 (FY2016/17: 166,167) shares were reissued pursuant to the RSP, PSP, and DSA respectively. No shares were reissued pursuant to the time-based RSP (FY2016/17: 5,426). The number of treasury shares as at 31 March 2018 was 17,318,177 (2017: 18,377,002).

15 Other Reserves (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Capital reserve	**(139.4)**	(147.6)	**26.7**	25.7
Foreign currency translation reserve	**(175.4)**	(123.7)	**–**	–
Share-based compensation reserve	**79.5**	88.5	**74.6**	76.7
Fair value reserve	**313.5**	(234.4)	**206.7**	(189.6)
General reserve	**12,500.4**	11,838.8	**11,491.4**	10,939.4
	12,578.6	11,421.6	**11,799.4**	10,852.2

(a) Capital reserve

Capital reserve mainly arose from the loss on the acquisition of non-controlling interests in a subsidiary company, revaluation of land and buildings owned by Ritz-Carlton Millenia Properties Private Limited, an associated company, the share of other changes in equity of Virgin Australia Holdings Limited ("VAH"), an associated company, and the gains or losses on the reissuance of treasury shares.

(b) Foreign currency translation reserve

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

(c) Share-based compensation reserve

Share-based compensation reserve consists of equity-settled share options and awards granted to employees, that is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and awards.

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of financial assets measured at FVOCI and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges.

15 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

Breakdown of the fair value reserves as follows:

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Derivative financial instruments designated as hedging instruments	**313.5**	(234.4)	**206.7**	(189.6)

Fair value changes of financial assets measured at FVOCI:

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Gain on fair value changes	**–**	8.0	**–**	5.0
Recognised in the profit and loss account on disposal of financial assets measured at FVOCI	**–**	(108.3)	**–**	–
	–	(100.3)	**–**	5.0

Fair value changes of derivative financial instruments designated as hedging instruments in cash flow hedges:

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Gain on fair value changes	**489.2**	29.2	**355.5**	24.3
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	**74.7**	(2.8)	**65.7**	(2.8)
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in "Fuel costs"	**(82.4)**	312.3	**(60.1)**	246.5
Foreign currency contracts recognised in "Other operating expenses"	**51.4**	30.5	**35.0**	28.8
Cross currency swap contracts recognised in "Lease rentals"	**0.2**	(0.1)	**0.2**	(0.1)
Interest rate swap contracts recognised in "Lease rentals"	**–**	0.3	**–**	0.3
	533.1	369.4	**396.3**	297.0

(e) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Movements in the Group's and the Company's general reserves are set out in the Statement of Changes in Equity respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

16 Deferred Account (in $ million)

	The Group 31 March 2018	The Group 31 March 2017	The Company 31 March 2018	The Company 31 March 2017
Deferred (loss)/gain on sale and leaseback transactions				
- operating leases	**(16.0)**	(4.1)	**(9.1)**	(7.3)
- finance leases	**–**	0.4	**–**	–
	(16.0)	(3.7)	**(9.1)**	(7.3)
Deferred credit	**141.3**	251.3	**127.8**	240.3
	125.3	247.6	**118.7**	233.0
Presented as:				
- Current assets	**(9.9)**	(11.8)	**(7.3)**	(9.1)
- Non-current assets	**(52.9)**	(61.1)	**(43.5)**	(49.1)
- Current liabilities	**64.8**	86.0	**60.3**	76.3
- Non-current liabilities	**123.3**	234.5	**109.2**	214.9
	125.3	247.6	**118.7**	233.0

17 Deferred Taxation (in $ million)

	The Group Statement of financial position 31 March 2018	The Group Statement of financial position 31 March 2017	The Group Profit and loss FY2017/18	The Group Profit and loss FY2016/17	The Company Statement of financial position 31 March 2018	The Company Statement of financial position 31 March 2017
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	**2,102.9**	1,958.9	**144.0**	49.0	**1,657.2**	1,547.5
Revaluation to fair value						
- fuel hedging contracts	**108.6**	10.8	**–**	–	**82.4**	8.9
- currency hedging contracts	**2.7**	7.2	**–**	–	**2.5**	6.5
- cross currency swap contracts	**18.4**	1.2	**–**	–	**18.3**	1.2
- financial assets measured at FVOCI	**–**	0.9	**–**	–	**–**	–
Fair value adjustments on acquisition of a subsidiary company	**–**	–	**–**	(16.8)	**–**	–
Other temporary differences	**19.0**	46.2	**(28.5)**	24.1	**13.4**	13.8
Gross deferred tax liabilities	**2,251.6**	2,025.2	**115.5**	56.3	**1,773.8**	1,577.9

17 Deferred Taxation (in $ million) (continued)

	The Group				The Company	
	Statement of financial position		Profit and loss		Statement of financial position	
	31 March				31 March	
	2018	2017	FY2017/18	FY2016/17	2018	2017
Deferred tax assets						
Unabsorbed capital allowances and tax losses	**(1.5)**	(10.5)	**9.0**	(10.3)	**–**	–
Revaluation to fair value						
- fuel hedging contracts	**(8.8)**	(55.5)	**–**	–	**(8.7)**	(42.9)
- currency hedging contracts	**(33.8)**	(10.2)	**–**	–	**(31.7)**	(9.3)
- cross currency swap contracts	**(20.2)**	(1.0)	**–**	–	**(20.2)**	(1.0)
- interest rate cap contracts	**–**	(0.1)	**–**	–	**–**	(0.1)
Actuarial loss on revaluation of defined benefit plans	**(0.4)**	(2.5)	**–**	–	**0.6**	(1.5)
Other temporary differences	**(64.2)**	(54.9)	**(9.3)**	10.1	**(26.6)**	(41.0)
Gross deferred tax assets	**(128.9)**	(134.7)	**(0.3)**	(0.2)	**(86.6)**	(95.8)
Net deferred tax liabilities	**2,122.7**	1,890.5			**1,687.2**	1,482.1
Deferred tax charged to profit and loss			**115.2**	56.1		
Deferred tax charged to equity	**110.9**	70.0			**81.4**	58.2

At the end of the reporting period, deferred tax liability of $0.7 million (2017: $0.7 million) has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiary companies.

For the other subsidiary companies of the Group, no deferred tax liability has been recognised as the Group has determined that undistributed earnings of these subsidiary companies will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to $9.9 million (2017: $8.5 million). The deferred tax liability is estimated to be $3.0 million (2017: $2.6 million).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

18 Borrowings and Long-Term Liabilities (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Current Liabilities				
Borrowings				
Loans	**20.6**	18.3	**–**	–
Finance lease commitments	**–**	23.7	**–**	–
	20.6	42.0	**–**	–
Non-current Liabilities				
Borrowings				
Notes payable	**3,030.1**	1,430.0	**3,030.1**	1,430.0
Loans	**76.6**	95.8	**–**	–
	3,106.7	1,525.8	**3,030.1**	1,430.0
Long-Term Liabilities				
Maintenance reserve	**15.4**	9.8	**15.4**	9.8
Deposit received from a lessee	**8.8**	9.5	**–**	–
Derivative liabilities	**68.9**	249.6	**68.9**	249.6
	93.1	268.9	**84.3**	259.4
	3,199.8	1,794.7	**3,114.4**	1,689.4

Notes payable

Notes payable at 31 March 2018 comprised unsecured notes issued by the Company. The details are set out below.

Series	Year of issuance	Principal amount	Fixed interest rate per annum	Date repayable
001	2010	500.0	3.22%	9 July 2020
002	2014	200.0	3.145%	8 April 2021
003	2014	300.0	3.75%	8 April 2024
004	2016	630.0*	3.13%	17 November 2026
005	2017	700.0	3.035%	11 April 2025
006	2017	700.0	3.13%	23 August 2027

* Comprised $430 million in aggregate principal amount issued on 17 November 2016 and $200 million in aggregate principal amount issued on 17 October 2017 that was consolidated into Series 004.

18 Borrowings and Long-Term Liabilities (in $ million) (continued)

Loans

A short-term loan of $1.4 million (2017: $0.6 million) is a revolving credit facility denominated in USD taken by a subsidiary company. The loan is unsecured and bears a fixed interest ranging from 2.75% to 3.15% (FY2016/17: 2.50% to 2.75%) per annum. The current revolving credit facility is repayable within 12 months after the reporting date.

A short-term loan of $3.2 million (2017: $3.5 million) denominated in USD taken by a subsidiary company is unsecured and bears an average floating rate of 3.17% (FY2016/17: 2.09%) per annum, re-priced quarterly.

A short term loan of $1.3 million (2017: nil) was taken by a subsidiary company. The loan is unsecured and bears a fixed interest of 2.16% per annum.

The other short-term loans of $14.7 million (2017: $14.2 million) are European Export Credit Agency ("ECA") aircraft financing loans denominated in SGD taken by a subsidiary company. These are in the form of credit support, where a bank or other financial institution lends money to the borrower with the loan guaranteed by the ECA. The secured bank loans are secured via assignment of the aircraft purchase agreement, assignment of engine warranty and credit agreement as well as mortgage of the aircraft. The interest rates range from 2.92% to 4.11% (FY2016/17: 2.82% to 4.11%) per annum and the loans are repayable within 12 months after the reporting date.

A long-term loan of $17.3 million (2017: $21.8 million) denominated in USD taken by a subsidiary company is unsecured and bears an average floating rate of 3.17% (FY2016/17: 2.09%) per annum, re-priced quarterly. This loan is repayable in 2022.

The other long-term loans of $59.3 million (2017: $74.0 million) are ECA aircraft financing loans denominated in SGD taken by a subsidiary company. The interest rates range from 2.92% to 4.11% per annum (FY2016/17: 2.82% to 4.11%) and the loans are repayable by 2024.

As part of the ECA financing arrangements with banks, special purpose entities ("SPEs") (note 22) were incorporated. As at 31 March 2018, there were ECA financing arrangements with banks to finance four aircraft (2017: four aircraft). Pursuant to the ECA financing, the legal ownership of the aircraft is vested in the SPEs. The subsidiary companies leased the aircraft using finance lease arrangements with Falcon Aircraft Limited and Winnie Aircraft Limited. The subsidiary companies have purchase options to acquire legal ownership of the aircraft from the SPEs at the end of the lease term at a bargain purchase option price.

Finance lease commitments

During the financial year, SIA Cargo purchased one B747-400 freighter through the exercise of a purchase option in a finance lease. The finance lease matured during the year and bore a fixed interest of 5.81% (FY2016/17: 5.81%) per annum.

Future minimum lease payments under these finance leases are as follows:

	The Group 31 March			
	2018		2017	
	Minimum Lease Payments	Present Value of Payments	Minimum Lease Payments	Present Value of Payments
Minimum lease payments not later than one year	–	–	24.5	23.7
Amounts representing interest	–	–	(0.8)	–
Present value of minimum lease payments	–	–	23.7	23.7

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For The Financial Year Ended 31 March 2018

19 Provisions (in $ million)

Included are provisions for return costs for leased aircraft, onerous leases, lease end liability, warranty claims and upgrade costs. It is expected that the return costs will be incurred by the end of the lease terms.

An analysis of the provisions is as follows:

The Group

	Return costs for leased aircraft	Onerous leases	Others	Total
Balance at 1 April 2016	1,002.5	41.9	51.2	1,095.6
Provision during the year	286.4	2.6	26.6	315.6
Provision written back during the year	(8.0)	–	(0.2)	(8.2)
Provision utilised during the year	(151.2)	(13.3)	(13.3)	(177.8)
Reclassification	7.5	–	–	7.5
Balance at 31 March 2017	1,137.2	31.2	64.3	1,232.7
Current	296.7	13.7	12.0	322.4
Non-current	840.5	17.5	52.3	910.3
	1,137.2	31.2	64.3	1,232.7
Balance at 1 April 2017	1,137.2	31.2	64.3	1,232.7
Provision during the year	270.5	0.5	23.9	294.9
Provision written back during the year	(11.5)	(0.7)	–	(12.2)
Provision utilised during the year	(295.4)	(14.5)	(14.9)	(324.8)
Balance at 31 March 2018	1,100.8	16.5	73.3	1,190.6
Current	348.4	6.8	13.9	369.1
Non-current	752.4	9.7	59.4	821.5
	1,100.8	16.5	73.3	1,190.6

19 Provisions (in $ million) (continued)

The Company

	Return costs for leased aircraft	Others	Total
Balance at 1 April 2016	779.6	48.1	827.7
Provision during the year	246.6	25.6	272.2
Provision written back during the year	(0.9)	–	(0.9)
Provision utilised during the year	(139.0)	(13.2)	(152.2)
Balance at 31 March 2017	886.3	60.5	946.8
Current	288.3	10.5	298.8
Non-current	598.0	50.0	648.0
	886.3	60.5	946.8
Balance at 1 April 2017	886.3	60.5	946.8
Provision during the year	222.5	23.5	246.0
Provision written back during the year	(0.2)	–	(0.2)
Provision utilised during the year	(275.5)	(14.6)	(290.1)
Balance at 31 March 2018	833.1	69.4	902.5
Current	313.6	12.2	325.8
Non-current	519.5	57.2	576.7
	833.1	69.4	902.5

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

20 Property, Plant and Equipment (in $ million)

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2016	20,072.5	577.8	264.0
Additions	91.7	21.2	33.0
Transfers	2,185.3	3.8	2.1
Disposals	(497.3)	(24.4)	(28.5)
Exchange differences	–	0.2	–
At 31 March 2017	21,852.2	578.6	270.6
Additions	97.1	94.1	20.7
Transfers	3,497.6	0.5	34.1
Disposals	(963.1)	(38.1)	(0.5)
Exchange differences	–	(0.3)	–
At 31 March 2018	24,483.8	634.8	324.9
Accumulated depreciation and impairment losses			
At 1 April 2016	9,966.3	323.7	113.6
Depreciation	1,408.6	26.1	23.9
Impairment losses	21.2	3.9	–
Transfers	(13.6)	(0.1)	13.6
Disposals	(359.4)	(7.6)	(21.4)
Exchange differences	–	0.2	–
At 31 March 2017	11,023.1	346.2	129.7
Depreciation	1,483.6	26.4	22.4
Impairment losses	34.3	3.8	–
Disposals	(811.4)	(19.3)	(0.5)
Exchange differences	–	(0.3)	–
At 31 March 2018	11,729.6	356.8	151.6
Net book value			
At 31 March 2017	10,829.1	232.4	140.9
At 31 March 2018	12,754.2	278.0	173.3

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	147.4	611.0	738.6	288.8	3,167.9	25,883.7
–	–	1.3	45.4	10.7	3,826.6	4,029.9
–	–	18.9	18.9	13.9	(2,242.9)	–
–	–	–	(44.9)	(16.6)	–	(611.7)
–	–	1.5	0.5	0.1	–	2.3
15.7	147.4	632.7	758.5	296.9	4,751.6	29,304.2
–	–	0.8	68.5	21.6	4,943.2	5,246.0
–	–	0.3	–	8.4	(3,540.9)	–
–	(11.5)	(0.1)	(37.6)	(13.0)	–	(1,063.9)
–	–	(2.6)	(3.4)	(0.4)	(0.1)	(6.8)
15.7	135.9	631.1	786.0	313.5	6,153.8	33,479.5
–	126.3	453.2	504.4	252.7	–	11,740.2
–	3.3	12.1	59.8	18.3	–	1,552.1
–	–	–	–	–	–	25.1
–	–	–	0.1	–	–	–
–	–	–	(43.4)	(15.3)	–	(447.1)
–	–	0.2	0.2	–	–	0.6
–	129.6	465.5	521.1	255.7	–	12,870.9
–	3.1	12.1	71.4	20.6	–	1,639.6
–	–	–	–	–	–	38.1
–	(10.6)	(0.1)	(36.5)	(12.5)	–	(890.9)
–	–	(0.4)	(1.9)	(0.2)	–	(2.8)
–	122.1	477.1	554.1	263.6	–	13,654.9
15.7	17.8	167.2	237.4	41.2	4,751.6	16,433.3
15.7	13.8	154.0	231.9	49.9	6,153.8	19,824.6

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

20 Property, Plant and Equipment (in $ million) (continued)

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2016	15,795.6	338.7	79.6
Additions	81.2	9.0	21.4
Transfers	1,657.3	(0.1)	2.1
Disposals	(273.5)	(20.7)	(28.5)
At 31 March 2017	17,260.6	326.9	74.6
Additions	94.9	86.9	20.7
Transfers	2,606.6	–	–
Disposals	(910.1)	(29.3)	–
At 31 March 2018	19,052.0	384.5	95.3
Accumulated depreciation and impairment losses			
At 1 April 2016	8,436.9	213.5	21.7
Depreciation	1,146.7	9.0	8.9
Impairment losses	–	3.9	–
Transfers	(13.6)	(0.1)	13.6
Disposals	(208.2)	(5.4)	(21.4)
At 31 March 2017	9,361.8	220.9	22.8
Depreciation	1,183.6	9.2	7.4
Impairment losses	26.4	0.2	–
Transfers	–	–	–
Disposals	(759.5)	(14.2)	–
At 31 March 2018	9,812.3	216.1	30.2
Net book value			
At 31 March 2017	7,898.8	106.0	51.8
At 31 March 2018	9,239.7	168.4	65.1

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	147.4	332.3	426.1	223.4	2,442.3	19,801.1
–	–	–	17.4	8.2	2,983.3	3,120.5
–	–	–	0.1	–	(1,659.4)	–
–	–	–	(19.0)	(10.1)	–	(351.8)
15.7	147.4	332.3	424.6	221.5	3,766.2	22,569.8
–	–	–	43.4	18.9	3,988.8	4,253.6
–	–	–	–	–	(2,606.6)	–
–	(11.5)	–	(23.8)	(10.8)	–	(985.5)
15.7	135.9	332.3	444.2	229.6	5,148.4	25,837.9
–	126.3	314.4	244.0	203.1	–	9,559.9
–	3.3	1.8	40.0	9.6	–	1,219.3
–	–	–	–	–	–	3.9
–	–	–	0.1	–	–	–
–	–	–	(19.0)	(10.1)	–	(264.1)
–	129.6	316.2	265.1	202.6	–	10,519.0
–	3.1	1.8	48.6	10.9	–	1,264.6
–	–	–	–	–	–	26.6
–	–	–	–	–	–	–
–	(10.6)	–	(22.8)	(10.6)	–	(817.7)
–	122.1	318.0	290.9	202.9	–	10,992.5
15.7	17.8	16.1	159.5	18.9	3,766.2	12,050.8
15.7	13.8	14.3	153.3	26.7	5,148.4	14,845.4

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

20 Property, Plant and Equipment (in $ million) (continued)

Assets held under finance leases

	The Group 31 March	
	2018	**2017**
Net book value of property, plant and equipment acquired under finance leases:		
- aircraft	–	124.7
- plant and equipment	–	0.1
	–	124.8

Assets held as security

Tiger Airways Holdings Pte Ltd's ("TAH") aircraft with carrying amount of $120.2 million (2017: $133.6 million) are mortgaged to the banks under ECA financing (note 18).

SilkAir (Singapore) Private Limited's ("SilkAir") spare engines with carrying amounts of $13.2 million (2017: $25.9 million) are pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to SilkAir.

Impairment of aircraft

In the financial year ended 31 March 2018, an impairment loss of $7.9 million (FY2016/17: $21.2 million) was recognised on one Airbus 320 (FY2016/17: two Boeing 777-200) aircraft that was removed from the operating fleet. The recoverable amount was based on the estimated disposal value. This amount was recognised as a non-operating item (note 9). The estimated disposal value was classified as Level 1 under the fair value hierarchy.

In addition, an impairment loss of $26.4 million was recognised on one Boeing 777-200 damaged beyond economic repair. The damage costs are recoverable through insurance.

21 Intangible Assets (in $ million)

The Group

	Goodwill	Brand	Trademarks	Computer software and others	Deferred engine development cost	Advance and progress payments	Total
Cost							
At 1 April 2016	170.4	75.9	25.0	560.2	58.2	10.5	900.2
Additions	–	–	–	12.5	1.6	30.4	44.5
Disposals	–	–	–	(1.4)	(3.1)	–	(4.5)
Transfers	–	–	–	27.2	–	(27.2)	–
Exchange differences	–	–	–	–	2.1	–	2.1
At 31 March 2017	170.4	75.9	25.0	598.5	58.8	13.7	942.3
Additions	–	–	–	11.0	7.0	42.0	60.0
Disposals	–	–	–	(32.2)	–	–	(32.2)
Transfers	–	–	–	29.0	–	(29.0)	–
Exchange differences	–	–	–	(0.1)	(4.0)	–	(4.1)
At 31 March 2018	170.4	75.9	25.0	606.2	61.8	26.7	966.0
Accumulated amortisation and impairment losses							
At 1 April 2016	–	–	1.6	382.8	–	–	384.4
Amortisation	–	–	1.1	35.4	3.3	–	39.8
Impairment losses	–	75.9	22.3	–	–	–	98.2
Disposals	–	–	–	(0.7)	(2.9)	–	(3.6)
At 31 March 2017	–	75.9	25.0	417.5	0.4	–	518.8
Amortisation	–	–	–	41.1	3.3	–	44.4
Disposals	–	–	–	(32.1)	–	–	(32.1)
Exchange differences	–	–	–	–	(0.4)	–	(0.4)
At 31 March 2018	–	75.9	25.0	426.5	3.3	–	530.7
Net book value							
At 31 March 2017	170.4	–	–	181.0	58.4	13.7	423.5
At 31 March 2018	170.4	–	–	179.7	58.5	26.7	435.3

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

21 Intangible Assets (in $ million) (continued)

The Company

	Computer software and others	Advance and progress payments	Total
Cost			
At 1 April 2016	468.3	5.1	473.4
Additions	9.7	20.7	30.4
Transfers	17.5	(17.5)	–
At 31 March 2017	495.5	8.3	503.8
Additions	10.4	32.4	42.8
Disposals	(23.2)	–	(23.2)
Transfers	21.6	(21.6)	–
At 31 March 2018	504.3	19.1	523.4
Accumulated amortisation			
At 1 April 2016	306.4	–	306.4
Amortisation	27.9	–	27.9
At 31 March 2017	334.3	–	334.3
Amortisation	32.4	–	32.4
Disposals	(23.1)	–	(23.1)
At 31 March 2018	343.6	–	343.6
Net book value			
At 31 March 2017	161.2	8.3	169.5
At 31 March 2018	160.7	19.1	179.8

Impairment testing of goodwill, brand and trademarks

The goodwill acquired through the acquisition of TAH has an indefinite useful life and is included in the "Low-cost Airlines" CGU. The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a four-year period (2017: five-year period). The post-tax discount rate applied to cash flow projections is 7.0% (2017: 7.0%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the four-year period (2017: five-year period) is 4.5% (2017: 3.5%).

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:

Post-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Growth rate – The forecast long-term growth rate is based on published industry research and does not exceed the long-term average growth rate for the industry.

A reasonable change to the assumptions used by Management to determine the impairment required, particularly the discount rate and long-term growth rate, would not significantly affect the results.

In the prior financial year, there was a $75.9 million write-down for the brand and $22.3 million write-down for trademarks as the use of the Tiger brand was discontinued following the integration of Tiger Airways' and Scoot's operations under a single brand "Scoot".

22 Subsidiary Companies (in $ million)

	The Company 31 March	
	2018	**2017**
Investment in subsidiary companies	**3,380.9**	3,380.9
Accumulated impairment losses	**(52.7)**	(52.7)
	3,328.2	3,328.2
Long-term loans to a subsidiary company	**1,517.5**	1,289.5
Accumulated impairment loss	**(4.9)**	(7.6)
	4,840.8	4,610.1

During the financial year:

1. SIAEC incorporated a subsidiary, SIA Engineering Japan Corporation ("SEJC") on 19 May 2017. As at year end, the total capital contribution in SEJC was approximately $2.7 million. SIAEC holds 100% equity stake in SEJC.

2. In May 2017, with the completion of redemption and cancellation of all outstanding Perpetual Convertible Capital Securities, Tiger Airways Holdings Limited no longer has any outstanding securities nor any intention to issue any securities on the Mainboard of the Singapore Exchange. Hence, the Board has resolved for the conversion of Tiger Airways Holdings Limited from a public limited company to a private company, and to be known henceforth as Tiger Airways Holdings Pte. Ltd..

3. Scoot Pte. Ltd. and Tiger Airways Singapore Pte. Ltd. amalgamated on 25 July 2017, with Tiger Airways Singapore Pte. Ltd. continuing as the amalgamated company and being renamed Scoot Tigerair Pte. Ltd..

4. SIA (Mauritius) Ltd, a company incorporated in the Republic of Mauritius, has been placed under members' voluntary liquidation pursuant to the laws of the Republic of Mauritius on 20 October 2017.

5. SIAEC invested approximately $6.5 million in NexGen Network (2) Holding Pte. Ltd..

6. SIAEC invested approximately $3.1 million in Heavy Maintenance Singapore Services Pte. Ltd..

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
SIA Engineering Company Limited*	Engineering services	Singapore	**77.8**	77.7
Aircraft Maintenance Services Australia Pty. Ltd.(1)**	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	**77.8**	77.7
NexGen Network (1) Holding Pte. Ltd.(1)*	Investment holding	Singapore	**77.8**	77.7
NexGen Network (2) Holding Pte. Ltd.(1)*	Investment holding	Singapore	**77.8**	77.7
SIA Engineering (USA), Inc.(1)@	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	**77.8**	77.7
SIAEC Global Private Limited(1)*	Investment holding	Singapore	**77.8**	77.7
SIA Engineering Japan Corporation(1)@@	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Japan	**77.8**	–
Singapore Jamco Services Private Limited(1)*	Maintenance, repair and overhaul of aircraft and cabin components/systems	Singapore	**62.2**	62.1
SIA Engineering (Philippines) Corporation(1)**	Provide airframe maintenance and component overhaul services	Philippines	**50.6**	50.5
Heavy Maintenance Singapore Services Pte. Ltd.(1)*	Provide airframe maintenance and component overhaul services	Singapore	**50.6**	50.5
Aerospace Component Engineering Services Pte. Limited(1) (2)*	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	**39.7**	39.6

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
Aviation Partnership (Philippines) Corporation(1) (2)**	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	**39.7**	39.6
Singapore Airlines Cargo Pte Ltd*	Air cargo transportation	Singapore	**100.0**	100.0
Cargo Community Network Pte Ltd(3)*	Providing and marketing of cargo community systems	Singapore	**51.0**	51.0
Cargo Community (Shanghai) Co. Ltd.(4)***+	Marketing and support of portal services for the air cargo industry	People's Republic of China	**51.0**	51.0
SilkAir (Singapore) Private Limited*	Air transportation	Singapore	**100.0**	100.0
Tradewinds Tours & Travel Private Limited(5)*	Tour wholesaling	Singapore	**100.0**	100.0
Budget Aviation Holdings Pte. Ltd.*	Investment holding	Singapore	**100.0**	100.0
Tiger Airways Holdings Pte. Ltd.(6)*	Investment holding	Singapore	**100.0**	100.0
Scoot Tigerair Pte. Ltd. (Previously known as Tiger Airways Singapore Pte. Ltd.)(7)*	Air transportation	Singapore	**100.0**	100.0
Roar Aviation Pte. Ltd.(7)*	Investment holding	Singapore	**100.0**	100.0
Roar Aviation II Pte. Ltd.(7)@@	Investment holding	Singapore	**100.0**	100.0
Roar Aviation III Pte. Ltd.(7)@@	Investment holding	Singapore	**100.0**	100.0
Simple Holidays Pte. Ltd.(7)*	Reservation service activities	Singapore	**100.0**	100.0
Singapore Aviation and General Insurance Company (Pte) Limited*	Aviation insurance	Singapore	**100.0**	100.0
Singapore Flying College Pte Ltd*	Training of pilots	Singapore	**100.0**	100.0
Sing-Bi Funds Private Limited*	Investment holding	Singapore	**100.0**	100.0

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22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
Singapore Airport Duty-Free Emporium (Private) Limited*	Inactive	Singapore	**76.0**	76.0
SIA (Mauritius) Ltd#	Inactive	Mauritius	**100.0**	100.0

(1) *Held by SIA Engineering Company*

(2) *The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company*

(3) *Held by Singapore Airlines Cargo Pte Ltd*

(4) *Held by Cargo Community Network Pte Ltd*

(5) *Held by SilkAir (Singapore) Private Limited*

(6) *Held by Budget Aviation Holdings Pte. Ltd.*

(7) *Held by Tiger Airways Holdings Pte. Ltd.*

* *Audited by KPMG LLP, Singapore*

** *Audited by member firms of KPMG International in the respective countries*

*** *Audited by Shanghai HDDY Certified Public Accountants Co., Ltd*

@ *Not required to be audited under the law in country of incorporation*

@@ *Not required to be audited in the current financial year*

\+ *Financial year end 31 December*

\# *In members' voluntary liquidation*

Special purpose entities

Details of the operating SPEs controlled and consolidated by the Group at the end of financial year are as follows:

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

The SPEs are held by Tiger Airways Holdings Pte. Ltd. and are audited by Ernst & Young LLP, Mauritius.

Although the Group does not hold shares in these companies, they are considered subsidiary companies as the activities of the SPEs are being conducted on behalf of the Group according to its specific business needs and the Group retains the majority of the residual or ownership risks related to the assets held by these SPEs. These SPEs were incorporated for the sole purpose of financing of the Group's aircraft (note 18).

22 Subsidiary Companies (in $ million) (continued)

(b) Interest in subsidiary company with material non-controlling interests ("NCI")

The Group has the following subsidiary company that has NCI that are material to the Group:

	SIA Engineering Company Group of Companies	
	2018	**2017**
Proportion of ownership interest held by NCI	**22.2%**	22.3%
Profit allocated to NCI during the reporting period	**42.1**	79.6
Accumulated NCI at the end of reporting period	**363.3**	381.2
Dividends paid to NCI	**50.1**	36.2

(c) Summarised financial information about subsidiary company with material NCI

Summarised financial information before intercompany eliminations of the subsidiary company with material non-controlling interests are as follows:

Summarised balance sheet

	SIA Engineering Company Group of Companies 31 March	
	2018	**2017**
Current		
Assets	**905.5**	979.4
Liabilities	**(247.6)**	(279.4)
Net current assets	**657.9**	700.0
Non-current		
Assets	**913.1**	939.0
Liabilities	**(43.8)**	(51.0)
Net non-current assets	**869.3**	888.0
Net assets	**1,527.2**	1,588.0

(d) Summarised statement of comprehensive income

	SIA Engineering Company Group of Companies	
	FY2017/18	**FY2016/17**
Revenue	**1,094.9**	1,104.1
Profit before tax	**206.4**	355.1
Taxation	**(21.1)**	(17.9)
Profit after tax	**185.3**	337.2
Other comprehensive income	**(35.6)**	(123.7)
Total comprehensive income	**149.7**	213.5

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

22 Subsidiary Companies (in $ million) (continued)

(e) Other summarised information

	SIA Engineering Company Group of Companies	
	FY2017/18	**FY2016/17**
Net cash flow from operations	**54.3**	131.8
Acquisition of significant property, plant and equipment	**(31.6)**	(38.2)

(f) Changes in ownership interests in a subsidiary company

Acquisition of non-controlling interests without a change in control

FY2016/17

In the prior year, the Group acquired the remaining 4.5% interests in TAH via the following:

- 4.4% for cash consideration of $49.3 million and option to subscribe for the Company's shares; and
- 0.1% for cash consideration of $1.9 million ($1.07 per Perpetual Convertible Capital Securities ("PCCS")) held by the non-controlling interests.

Financial effects

The following summarises the effect of the changes in the Group's ownership interests in TAH on the equity attributable to owners of the Company.

	31 March 2017
Consideration paid for acquisition of non-controlling interests	51.2
Decrease in equity attributable to non-controlling interests	(12.9)
Decrease in equity attributable to owners of the Company	38.3

23 Associated Companies (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Investment in associated companies	**1,060.7**	1,068.8	**827.9**	766.2
Accumulated impairment losses	**(11.9)**	(11.9)	**(9.4)**	(9.4)
	1,048.8	1,056.9	**818.5**	756.8

During the financial year:

1. The Company injected $61.7 million in TATA SIA Airlines Limited ("TATA-SIA"). There was no change in the Group's 49% equity stake in TATA-SIA after the capital injection.

2. SIAEC, together with Moog Inc, incorporated an entity, Moog Aircraft Service Asia Pte. Ltd. ("MASA"). SIAEC holds a 49% equity stake and Moog Inc holds the remaining 51%. SIAEC assessed the classification of the investment and recorded it as an associated company. As at year end, the total capital contribution in MASA was approximately $4.6 million.

23 Associated Companies (in $ million) (continued)

3. SIAEC divested its 19% shareholding in Asian Compressor Technology Services Co Ltd to MB Aerospace Newton Abbot Limited. The gain on sale of the investment at the Group level was approximately $14.3 million.

4. Ritz-Carlton, Millenia Singapore Properties Private Limited recorded a revaluation gain of $59.3 million from its annual revaluation exercise of its land and building. The Group's share of the revaluation gain of $11.9 million as at 31 March 2018 is included under the share of post-acquisition capital reserve.

5. On 5 March 2018, Hong Kong Airlines Ltd ("HKA") completed the subscription for new shares in Pan Asia Pacific Services Limited ("PAPAS") for a cash consideration of approximately HK$21.7 million (S$3.6 million). After HKA's subscription for new shares in PAPAS, SIAEC's relative interest in PAPAS is 40%. A gain on dilution of $0.9 million was recognised in profit or loss.

6. SIAEC invested approximately $27.5 million in Boeing Asia Pacific Aviation Services Pte. Ltd..

7. In September 2017, Jeju Air subscribed for new shares in Air Black Box Asia Pacific Pte. Ltd. ("Air Black Box"). Due to the new investment by Jeju Air, the Group's shareholdings in Air Black Box was reduced to 13%.

The associated companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2018	**2017**
TATA SIA Airlines Limited[(b)]	Domestic and international full service scheduled passenger airlines services	India	**49.0**	49.0
Airbus Asia Training Centre Pte. Ltd.[+++(c)]	Flight training services	Singapore	**45.0**	45.0
Ritz-Carlton, Millenia Singapore Properties Private Limited[+++^]	Hotel ownership and management	Singapore	**20.0**	20.0
Virgin Australia Holdings Limited[+**]	Air transportation	Australia	**20.0**	20.0
Boeing Asia Pacific Aviation Services Pte. Ltd.[(1)+++(a)]	Provide engineering, material management and fleet support solutions	Singapore	**38.1**	38.0
Eagle Services Asia Private Limited[(1)+++^]	Repair and overhaul of aircraft engines	Singapore	**38.1**	38.0
Fuel Accessory Service Technologies Pte Ltd[(1)++^]	Repair and overhaul of engine fuel components and accessories	Singapore	**38.1**	38.0
Moog Aircraft Services Asia Pte. Ltd.[(1)#]	Repair and overhaul services for flight control systems	Singapore	**38.1**	–
PT JAS Aero-Engineering Services[(1)+++(f)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	**38.1**	38.0

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For The Financial Year Ended 31 March 2018

23 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	Percentage of equity held by the Group 2017
Southern Airports Aircraft Maintenance Services Company Limited[(1)+++(b)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	**38.1**	38.0
Component Aerospace Singapore Pte. Ltd.[(1)++^]	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	**36.1**	36.0
JAMCO Aero Design & Engineering Private Limited[(1)(i)]	Providing turnkey solutions for aircraft interior modifications	Singapore	**35.0**	34.9
Panasonic Avionics Services Singapore Pte. Ltd.[(1)*]	Provide line maintenance and repair services of in-flight entertainment systems	Singapore	**33.1**	33.0
Goodrich Aerostructures Service Center-Asia Pte Ltd[(1)+++^]	Repair and overhaul of aircraft nacelles, thrust reservers and pylons	Singapore	**31.1**	31.1
Pan Asia Pacific Aviation Services Ltd[(1)(e)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	**31.1**	36.6
Safran Electronics & Defense Services Asia Pte. Ltd.[(1)+++(c)]	Provide avionics maintenance, repair and overhaul services	Singapore	**31.1**	31.1
Safran Landing Systems Services Singapore Pte. Ltd.[(1)+++(g)]	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	**31.1**	31.1
Asian Surface Technologies Pte Ltd[(1)+++(d)]	Repair and overhaul of aircraft engine fan blades	Singapore	**30.5**	30.4
International Aerospace Tubes-Asia Pte. Ltd.[(1)+++^]	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	**25.9**	25.9
Asian Compressor Technology Services Co Ltd[(1)+++^^@]	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	**–**	19.0
Turbine Coating Services Pte Ltd[(1)++^@]	Repair and overhaul of aircraft engine turbine airfoils	Singapore	**19.1**	19.0

23 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
Jamco Singapore Private Limited[(1)(i)@]	Manufacturing and sales of aircraft cabin equipment	Singapore	**15.6**	15.5
Air Black Box Asia Pacific Pte. Ltd.[(2)+++(h)@@]	Provision of support services to air transportation	Singapore	**13.0**	15.0

(1) *Held by SIA Engineering Company*

(2) *Held by Scoot Tigerair Pte. Ltd.*

* *Audited by KPMG LLP, Singapore*

** *Audited by member firms of KPMG International*

^ *Audited by PricewaterhouseCoopers LLP, Singapore*

^^ *Audited by member firms of PricewaterhouseCoopers*

(a) *Audited by Deloitte & Touche, Singapore*

(b) *Audited by member firms of Deloitte & Touche*

(c) *Audited by Ernst & Young LLP, Singapore*

(d) *Audited by RSM Chio Lim, Singapore*

(e) *Audited by BDO Limited, Hong Kong*

(f) *Audited by RSM AAJ, Indonesia*

(g) *Audited by Mazars LLP, Singapore*

(h) *Audited by Wong, Lee & Associates LLP*

(i) *Audited by Grant Thorton LLP, Singapore*

\# *Not required to be audited in the current financial year*

\+ *Financial year end 30 June*

++ *Financial year end 30 November*

+++ *Financial year end 31 December*

@ *The Group has significant influence in these entities through its holdings in SIAEC*

@@ *The Group has significant influence by virtue of the board representation*

The carrying amounts of the investment in associated companies are as follows:

	The Group 31 March 2018	2017
Virgin Australia Holdings Limited	**432.3**	490.1
Eagle Services Asia Private Limited ("ESA")	**175.3**	164.8
Other associated companies	**441.2**	402.0
	1,048.8	1,056.9

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

23 Associated Companies (in $ million) (continued)

The activities of the associated companies are strategic to the Group's activities.

The Group has two (2017: two) associated companies that are material and a number of associated companies that are individually immaterial to the Group. All are equity accounted. The following summarises the financial information of each of the Group's material associated companies based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisitions and differences in the Group's accounting policies.

Summarised statement of financial position

	VAH 31 March		ESA 31 March	
	2018	**2017**	**2018**	**2017**
Current assets	**1,711.5**	1,912.3	**367.4**	296.9
Non-current assets	**4,687.6**	4,813.1	**80.3**	52.4
Total assets	**6,399.1**	6,725.4	**447.7**	349.3
Current liabilities	**(2,310.0)**	(2,205.0)	**(86.4)**	(10.1)
Non-current liabilities	**(2,418.3)**	(2,692.8)	**(3.6)**	(2.9)
Total liabilities	**(4,728.3)**	(4,897.8)	**(90.0)**	(13.0)
Net assets	**1,670.8**	1,827.6	**357.7**	336.3

Summarised statement of comprehensive income

	VAH		ESA	
	FY2017/18	**FY2016/17**	**FY2017/18**	**FY2016/17**
(Loss)/Profit after tax	**(218.7)**	(373.7)	**59.2**	46.6
Other comprehensive income	**50.9**	69.5	**–**	–
Total comprehensive income	**(167.8)**	(304.2)	**59.2**	46.6

A reconciliation of the summarised financial information to the carrying amounts of VAH and ESA is as follows:

	The Group 31 March	
	2018	**2017**
VAH		
Group's share of net assets	**333.9**	369.8
Goodwill on acquisition	**117.1**	117.1
Other adjustments	**(18.7)**	3.2
	432.3	490.1
ESA		
Group's share of net assets	**175.3**	164.8

23 Associated Companies (in $ million) (continued)

Dividends of approximately $8.0 million (FY2016/17: $8.9 million) were received from ESA during the financial year.

The fair value of the Group's ownership interest in VAH, which is determined based on its quoted market price and the value of other contractual arrangements exceeds its carrying amount. The fair value is classified as Level 2 under the fair value hierarchy.

Aggregate information about the Group's share of the results of the associated companies that are not individually material is as follows:

Summarised statement of comprehensive income

	Immaterial associates	
	FY2017/18	FY2016/17
Profit/(Loss) after tax	**5.4**	(5.4)
Other comprehensive income	**12.0**	6.5
Total comprehensive income	**17.4**	1.1

24 Joint Venture Companies (in $ million)

	The Group 31 March	
	2018	2017
Investment in joint venture companies	**150.6**	160.2

The joint venture companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
Singapore Aero Engine Services Pte Ltd[1]	Repair and overhaul of aircraft engines	Singapore	**38.9**	38.8
NokScoot Airlines Co., Ltd.[2]	Air transportation	Thailand	**49.0**	49.0

(1) *Held by SIA Engineering Company, audited by KPMG LLP, Singapore, and financial year end of 31 December.*

(2) *Held by Scoot Tigerair Pte. Ltd., audited by Deloitte & Touche, Thailand, and financial year end of 31 December.*

The Group jointly controls all the joint venture companies with other partners under contractual agreements that require unanimous consent for all major decisions over the relevant activities; they are all equity accounted.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

24 Joint Venture Companies (in $ million) (continued)

The carrying amounts of the investments are as follows:

	The Group 31 March	
	2018	**2017**
Singapore Aero Engine Services Pte Ltd ("SAESL")	**151.9**	162.0
Other joint venture companies	**(1.3)**	(1.8)
	150.6	160.2

The activities of SAESL are strategic to the Group's activities.

Dividends of approximately $45.9 million (FY2016/17: $22.8 million) were received from SAESL during the financial year.

Summarised financial information in respect of SAESL, which is material to the Group, is as follows:

Summarised statement of financial position

	SAESL 31 March	
	2018	**2017**
Cash and short-term deposits	**45.6**	22.2
Other current assets	**642.1**	509.9
Total current assets	**687.7**	532.1
Non-current assets	**263.1**	282.7
Total assets	**950.8**	814.8
Current liabilities	**(437.8)**	(384.6)
Non-current liabilities	**(209.3)**	(106.2)
Total liabilities	**(647.1)**	(490.8)
Net assets	**303.7**	324.0

24 Joint Venture Companies (in $ million) (continued)

Summarised statement of comprehensive income

	SAESL	
	FY2017/18	**FY2016/17**
Revenue	**1,980.5**	1,578.5
Depreciation and amortisation	**(21.6)**	(21.3)
Interest income	**0.1**	0.1
Interest expense	**(4.8)**	(3.1)
Profit before tax	**85.8**	62.1
Taxation	**(5.2)**	(0.3)
Profit after tax	**80.6**	61.8
Other comprehensive income	**9.8**	1.7
Total comprehensive income	**90.4**	63.5

The summarised financial information presented is extracted from the financial statements of SAESL prepared in accordance with FRS.

Aggregate information about the Group's investment in the other joint venture companies that are not individually material is as follows:

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

	The Group 31 March	
	2018	**2017**
Assets and liabilities		
Current assets	**56.0**	54.7
Non-current assets	**0.9**	0.8
	56.9	55.5
Current liabilities	**(57.7)**	(57.0)
Non-current liabilities	**(0.5)**	(0.3)
	(1.3)	(1.8)

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

	The Group	
	FY2017/18	**FY2016/17**
Results		
Profit/(Loss) after tax and total comprehensive income	**0.7**	(10.0)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

25 Long-Term Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Quoted				
Non-equity investments	**76.3**	138.7	**76.3**	138.7
Unquoted				
Non-equity investments	**224.7**	221.9	**224.7**	221.9
Equity investments	**45.0**	45.1	**34.6**	34.7
	346.0	405.7	**335.6**	395.3

The Group's non-equity investments comprised investments in corporate bonds, certificates of deposits and investment funds.

The interest rates for quoted and unquoted non-equity investments range from 3.01% to 4.35% (FY2016/17: 2.37% to 3.80%) per annum and 1.00% (FY2016/17: 1.00% to 4.46%) per annum respectively.

26 Other Long-Term Assets (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Other receivables	**431.9**	435.7	**333.8**	354.3
Derivative assets	**290.8**	43.6	**290.8**	43.6
	722.7	479.3	**624.6**	397.9

The Group's other receivables are stated at amortised cost and are expected to be received over a period of two to 10 years.

27 Inventories (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Technical stocks and stores	**160.6**	160.1	**95.1**	94.6
Catering and general stocks	**18.7**	18.3	**12.9**	11.5
Total inventories at lower of cost and net realisable value	**179.3**	178.4	**108.0**	106.1

The cost of inventories recognised as an expense amounted to $126.8 million (FY2016/17: $109.9 million). In addition, the Group wrote down $7.4 million (FY2016/17: $5.8 million) of inventories, which is recognised as other operating expenses in the profit and loss account.

28 Trade Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Trade debtors	**1,271.4**	1,075.0	**831.9**	694.7
Accrued receivables	**103.2**	43.9	**–**	–
Amounts owing by associated companies	**8.0**	9.0	**0.5**	–
Amounts owing by joint venture companies	**19.6**	16.7	**4.3**	–
	1,402.2	1,144.6	**836.7**	694.7
Amounts owing by subsidiary companies	**–**	–	**140.1**	203.8
	1,402.2	1,144.6	**976.8**	898.5

Trade debtors are non-interest bearing. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless the Group writes off the amount ascertained to be uncollectible. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days ageing of debtor balances) are considered indicators that the trade debtor is impaired. Individual trade debtor is written off when Management deems the amount not to be collectible.

Accrued receivables pertain to services rendered which have not been billed.

Amounts owing by subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and are repayable on demand. The amounts are neither overdue nor impaired.

The table below is an analysis of trade debtors as at 31 March:

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Not past due and not impaired	**1,274.2**	1,013.3	**943.0**	868.4
Past due but not impaired	**124.0**	128.7	**29.8**	27.2
	1,398.2	1,142.0	**972.8**	895.6
Impaired trade debtors - collectively assessed	**7.0**	5.2	**4.5**	3.4
Less: Accumulated impairment losses	**(3.0)**	(2.6)	**(0.5)**	(0.5)
	4.0	2.6	**4.0**	2.9
Impaired trade debtors - individually assessed				
Customers in bankruptcy or other financial reorganisation	**–**	2.6	**–**	–
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	**1.2**	1.4	**1.2**	1.4
Less: Accumulated impairment losses	**(1.2)**	(4.0)	**(1.2)**	(1.4)
	–	–	**–**	–
Total trade debtors, net	**1,402.2**	1,144.6	**976.8**	898.5

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28 Trade Debtors (in $ million) (continued)

Included in trade and other debtors are amounts owing by related parties of $36.5 million (2017: $8.4 million) and $13.1 million (2017: $2.7 million) for the Group and Company respectively.

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

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Balance at 1 April	**6.6**	11.0	**1.9**	2.0
Provided/(Written back) during the year	**1.0**	(1.3)	**(0.1)**	0.5
Written off during the year	**(3.4)**	(2.7)	**(0.1)**	(0.6)
Impact of FRS 109 transferred to reserves	**–**	(0.4)	**–**	–
Balance at 31 March	**4.2**	6.6	**1.7**	1.9
Bad debts written off directly to profit and loss account, net of debts recovered	**0.8**	0.4	**0.1**	0.5

As at 31 March 2018, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 22.5% (2017: 13.0%), AUD – 12.2% (2017: 9.8%), EUR – 9.9% (2017: 6.5%), GBP – 7.1% (2017: 4.7%) and JPY – 3.7% (2017: 2.4%).

29 Deposits and Other Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Deposits	**22.7**	50.3	**8.4**	8.2
Other debtors	**65.1**	77.1	**32.3**	47.6
	87.8	127.4	**40.7**	55.8

Included in the Group's deposits as at 31 March 2017 was an amount of $34.2 million placed with a financial institution for the purpose of payment due at the time of exercise of purchase option at the end of the 15th year of the lease period for the outstanding finance lease (note 18). This deposit was applied against the end of lease obligation during the year.

30 Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Quoted				
Equity investments	**39.8**	37.6	**–**	–
Non-equity investments	**118.0**	502.3	**88.7**	469.9
	157.8	539.9	**88.7**	469.9

The Group's non-equity investments comprised investments in government securities, corporate bonds, certificates of deposits and money market funds. These investments are held to manage the Group's liquidity needs.

The interest rates for quoted non-equity investments range from 0.43% to 5.50% (FY2016/17: 0.51% to 5.50%) per annum.

31 Cash and Bank Balances (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Fixed deposits	**1,809.1**	2,386.9	**1,783.7**	2,364.9
Cash and bank balances	**759.2**	993.6	**360.9**	368.3
	2,568.3	3,380.5	**2,144.6**	2,733.2

As at 31 March 2018, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 29.8% (2017: 39.4%), EUR – 0.8% (2017: 2.9%), AUD – 2.7% (2017: 3.4%) and CNY – 3.8% (2017: 4.8%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 1.30% to 2.65% (FY2016/17: 0.86% to 2.01%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 1.65% (FY2016/17: 1.36%) per annum.

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For The Financial Year Ended 31 March 2018

32 Trade and Other Creditors (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Trade creditors	**2,762.2**	3,216.5	**1,825.2**	2,231.6
Accrued interest	**32.0**	17.6	**31.7**	17.0
Purchase option price payable to lessor	**–**	34.2	**–**	–
Amounts owing to associated companies	**23.0**	27.8	**2.0**	3.3
	2,817.2	3,296.1	**1,858.9**	2,251.9
Funds from subsidiary companies	**–**	–	**1,056.6**	1,174.6
Amounts owing to subsidiary companies	**–**	–	**233.8**	179.9
	–	–	**1,290.4**	1,354.5

Trade and other creditors are non-interest bearing. As at 31 March 2018, 19.5% (2017: 18.0%) of trade and other creditors were held in USD by the Group. Included in trade and other creditors are amounts owing to related parties of $188.2 million (2017: $169.2 million) and $112.3 million (2017: $127.2 million) for the Group and Company respectively.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which range from 0.60% to 1.60% (FY2016/17: 0.20% to 1.20%) per annum for SGD funds, and 1.58% to 2.28% (FY2016/17: 0.87% to 1.20%) per annum for USD funds.

As at 31 March 2018, 34.7% of the funds from subsidiary companies are denominated in USD (2017: USD 20.9%).

Amounts owing to related parties, subsidiary and associated companies are unsecured, trade-related, non-interest bearing and are repayable on demand.

33 Analysis of Capital Expenditure Cash Flow (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Purchase of property, plant and equipment	**5,246.0**	4,029.9
Property, plant and equipment acquired under credit terms	**(35.2)**	(14.9)
Property, plant and equipment settled by credit notes	**(1.3)**	(70.3)
Cash invested in capital expenditure	**5,209.5**	3,944.7
Purchase of intangible assets	**60.0**	44.5
Intangible assets acquired under credit terms	**(0.2)**	(0.9)
Cash invested in purchase of intangible assets	**59.8**	43.6

34 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated $24,629.9 million (2017: $21,021.9 million) for the Group and $19,756.4 million (2017: $15,293.5 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of associated companies' and joint venture companies' commitments for capital expenditure totalled $724.2 million (2017: $832.5 million) and $6.7 million (2017: $6.0 million) respectively.

(b) Operating lease commitments

As lessee

Aircraft

The Company has three B777-300ERs, 21 A330-300s and five A380-800s under operating leases at fixed rental rates. In three of the A380 lease agreements, lease rentals will be adjusted if the one-month LIBOR exceeds 6.50% per annum. The original lease terms range from eight to 12 years.

For flexibility in fleet planning, most leases include extension options. The extension options provide for lease renewals up to a maximum of five years. In addition, there are 15 early termination options that allow termination of the leases up to two years prior to original lease expiry. Sub-leasing is allowed under all the lease arrangements.

SilkAir has three A319-100s, eight A320-200s, and nine B737-800s under operating leases with fixed rental rates. The original lease terms for the three A319-100s range from 6.9 to 11.5 years, and SilkAir holds options to extend the leases for up to a maximum of three years. The original lease terms for the eight A320-200s range from 6.6 to 11.8 years and SilkAir holds options to extend the leases for one to five years. The original lease terms for the nine B737-800s range from 9.8 to 10.5 years, and SilkAir holds options to extend the leases for up to a maximum of four years. Sub-leasing is allowed under all the lease arrangements.

Budget Aviation Holdings ("BAH") Group has 29 A320-200s and two A319s under operating leases. The original lease terms on the aircraft are for 12 years. Sub-leasing is allowed under all the lease arrangements, subject to certain terms and conditions stated in the agreements.

Future minimum lease payments under non-cancellable operating leases are as follows:

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Not later than one year	**614.2**	775.5	**384.5**	549.3
Later than one year but not later than five years	**1,634.4**	2,228.3	**849.1**	1,348.9
Later than five years	**602.7**	859.5	**324.9**	383.6
	2,851.3	3,863.3	**1,558.5**	2,281.8

Engines

The Company has operating lease agreements for four GE90-115B engines and six Trent 800 engines with fixed rental rates. The basic lease term for each engine varies from five to six years with extension options.

BAH Group has three spare engines under operating leases. The original lease terms on the engines are for one to 14 years. Sub-leasing is allowed under all the lease arrangements.

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For The Financial Year Ended 31 March 2018

34 Capital and Other Commitments (in $ million) (continued)

(b) Operating lease commitments (continued)

As lessee (continued)

Engines (continued)

Future minimum lease payments under non-cancellable operating leases are as follows:

	The Group 31 March		The Company 31 March	
	2018	2017	2018	2017
Not later than one year	**16.1**	18.0	**13.6**	16.0
Later than one year but not later than five years	**3.2**	9.2	**–**	5.8
	19.3	27.2	**13.6**	21.8

Property and equipment

The Group has entered into operating lease agreements for office and computer equipment, leasehold land and buildings. These non-cancellable leases have lease terms of between one and 50 years.

Future minimum lease payments under non-cancellable operating leases are as follows:

	The Group 31 March		The Company 31 March	
	2018	2017	2018	2017
Not later than one year	**77.3**	74.0	**53.7**	53.9
Later than one year but not later than five years	**122.2**	109.2	**90.3**	79.6
Later than five years	**57.7**	61.2	**7.8**	12.1
	257.2	244.4	**151.8**	145.6

The minimum lease payments recognised in the profit and loss account amounted to $69.9 million (FY2016/17: $69.6 million) and $52.8 million (FY2016/17: $54.3 million) for the Group and the Company respectively.

As lessor

Aircraft

The Company leased four B777 aircraft for a lease term of five years each to NokScoot Airlines Co., Ltd. ("NokScoot"). The lease rental is fixed throughout the lease term and is non-cancellable.

BAH Group sub-leased two A320-200 aircraft to an external party. The sub-lease term for the aircraft is between eight and nine years. BAH Group also sub-leased one A320-200 aircraft to Tigerair Australia. The sub-lease term for the aircraft is eight years. VAH has provided a guarantee to BAH Group to cover obligations for the assets leased by Tigerair Australia.

34 Capital and Other Commitments (in $ million) (continued)

(b) Operating lease commitments (continued)

As lessor (continued)

Aircraft (continued)

Future minimum lease receivables under non-cancellable operating leases are as follows:

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Not later than one year	**59.2**	47.3	**47.8**	33.9
Later than one year but not later than five years	**135.7**	108.7	**100.6**	68.7
Later than five years	**4.1**	13.7	**–**	–
	199.0	169.7	**148.4**	102.6

35 Contingent Liabilities (in $ million)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions

In 2006 and thereafter, SIA Cargo and the Company were among several airlines that received notice of investigations by competition authorities in the United States, European Union, Australia, Canada, New Zealand, South Africa, South Korea and Switzerland as to whether surcharges, rates or other competitive aspects of air cargo service were lawfully determined (the "air cargo issues").

On 9 November 2010, the European Commission issued an adverse decision against 13 air cargo airlines, including SIA Cargo and the Company, in respect of fuel surcharges, security surcharges and commissions on surcharges. A fine of EUR74.8 million ($135.7 million) was imposed on SIA Cargo and the Company. SIA Cargo paid the fine in February 2011 in accordance with European Union laws. This amount was reflected as an exceptional item in the Group's accounts in FY2010/11. SIA Cargo and the Company filed an appeal to the European General Court seeking annulment of the decision. In December 2015, the European General Court annulled the decision of the European Commission in its entirety vis-à-vis SIA Cargo and the Company. In February 2016, EUR76.4 million ($119.1 million) comprising the fine amount and returns thereon was refunded to SIA Cargo. This refund was recognised as a non-operating item in the Group's FY2015/16 accounts. In March 2017, the European Commission re-adopted a decision in respect of the same case against the air cargo airlines, imposing a fine of EUR74.8 million ($111.8 million) against SIA Cargo and the Company. This amount was recognised as a non-operating item (note 9) in the Group's accounts in FY2016/17. SIA Cargo and the Company have filed an appeal to the European General Court seeking annulment of the re-adopted decision.

In January 2014, the Swiss Competition Commission announced a fine against SIA Cargo and the Company of CHF1.7 million ($2.3 million) in respect of the air cargo issues. This amount was reflected as an exceptional item in the Group's accounts in FY2013/14. SIA Cargo and the Company have filed an appeal to the Swiss Federal Administrative Tribunal seeking annulment of the decision.

The proceedings by competition authorities in the United States, South Korea, South Africa, Australia and New Zealand were resolved in previous financial periods.

After the investigations commenced, civil damage lawsuits were filed in the United States, Canada, Australia, South Korea, England, the Netherlands, Norway and Germany by private parties against several airlines, including SIA Cargo and the Company. Other lawsuits have been threatened by customers of SIA Cargo or shippers that purportedly contracted with SIA Cargo's customers.

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For The Financial Year Ended 31 March 2018

35 Contingent Liabilities (in $ million) (continued)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions (continued)

The plaintiffs in the South Korea proceedings withdrew their complaint in July 2011 and the proceedings were accordingly dismissed without prejudice. In January 2014, a shipper from South Korea which purportedly contracted with SIA Cargo's customers served a claim against SIA Cargo and other airlines. SIA Cargo is defending this proceeding.

In September 2016, one of SIA Cargo's customers filed a claim against SIA Cargo and the Company in the United States after opting out of SIA Cargo's and the Company's class action settlement.

In June 2017, without admitting any liability, SIA Cargo and the Company entered into a settlement of the above civil damages claim in the United States. At the same time, SIA Cargo and the Company settled the civil damages lawsuit filed in Germany, which was related to the opt-out claim in the United States.

Without admitting any liability, SIA Cargo and the Company have settled with class action plaintiffs in the United States class action, Australia and Canada to resolve all liabilities of SIA Cargo and the Company as concerns the civil damage or class action lawsuits filed in the relevant jurisdictions.

In addition, without admitting any liability, in 2012, 2013 and 2015, SIA Cargo reached settlements with certain customers to resolve all pending and potential future civil damage claims regarding the air cargo issues for those customers. The settlements in 2012, 2013, 2015 and 2017 have been reflected in the Group's financial statements in the previous financial years. The individual terms of all such settlements are required to be kept confidential.

Apart from the class actions in Canada, the United States and Australia, the opt-out claim in the United States and the lawsuit in Germany, the filed cases remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

Apart from the items recorded as non-operating items noted above, it is premature to make a provision in the financial statements for the other pending investigations, court proceedings, civil suits, or threatened claims as their respective outcomes are uncertain.

(b) Passengers: Civil Class Actions

The Company and several other airlines have been named in a civil class action lawsuit in Canada alleging an unlawful agreement to fix surcharges and fares on transpacific flights. The case is currently in the procedural stage and has not been tried thus far on its substantive legal merits. As the lawsuit has neither been tried nor alleged damages quantified, it is premature to make a provision in the financial statements.

In August 2014, without admitting any liability, the Company entered into a settlement agreement with the class action plaintiffs in the United States for USD9.2 million ($11.4 million) with respect to the passenger civil class action lawsuits filed in the United States. In accordance with the agreement, the Company paid the above amount into an escrow account pending court approval. Final approval of the settlement was granted by the court in June 2015. Subsequently, one of the class members filed an appeal against the court judgement approving the settlement. The class member's appeal was denied by the Court of Appeals and in December 2017, the United States Supreme Court denied the class member's petition for further review. The Company's settlement with the class action plaintiffs in the United States has thus become final.

(c) Guarantee to a Joint Venture Company

As at 31 March 2018, the Company had provided a guarantee of THB600.0 million ($25.2 million) in respect of a revolving credit facility granted by a lender to NokScoot.

36 Financial Instruments (in $ million)

Classification and fair values of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in note 2 describe how the classes of financial instruments are measured, and how revenue and expenses, including fair value gains and losses, are recognised. The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as per the following tables.

Financial assets and financial liabilities that are classified as measured at amortised cost with carrying amounts being a reasonable approximation of their fair values are not presented in these tables. These financial assets include trade debtors, deposits and other debtors, amounts owing by subsidiary companies and cash and bank balances. These financial liabilities include deposits received from lessee, trade and other creditors, amounts owing to subsidiary companies and loans.

	Carrying amount				Fair value		
31 March 2018 **The Group**	**Amortised Cost**	**FVTPL**	**FVOCI**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	76.3	–	–	76.3	76.8	–	–
Unquoted							
Non-equity investments*	–	224.7	–	224.7	–	224.7	–
Equity investments	–	43.7	1.3	45.0	–	–	45.0
Other long-term receivables	431.9	–	–	431.9	–	–	429.5
Derivative assets*	–	642.2	–	642.2	–	642.2	–
Investments							
Quoted							
Equity investments*	–	39.8	–	39.8	39.8	–	–
Non-equity investments*	–	29.3	–	29.3	29.3	–	–
Non-equity investments	88.7	–	–	88.7	88.7	–	–
	596.9	979.7	1.3	1,577.9	234.6	866.9	474.5
Financial liabilities							
Derivative liabilities*	–	230.8	–	230.8	–	230.8	–
Notes payable	3,030.1	–	–	3,030.1	3,025.9	–	–
	3,030.1	230.8	–	3,260.9	3,025.9	230.8	–

* Mandatorily measured at FVTPL

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2018 The Company	Carrying amount Amortised Cost	FVTPL	FVOCI	Total	Fair value Level 1	Level 2	Level 3
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	76.3	–	–	76.3	76.8	–	–
Unquoted							
Non-equity investments*	–	224.7	–	224.7	–	224.7	–
Equity investments	–	33.4	1.2	34.6	–	–	34.6
Other long-term receivables	333.8	–	–	333.8	–	–	333.8
Derivative assets*	–	642.0	–	642.0	–	642.0	–
Investments							
Quoted							
Non-equity investments	88.7	–	–	88.7	88.7	–	–
	498.8	900.1	1.2	1,400.1	165.5	866.7	368.4
Financial liabilities							
Derivative liabilities*	–	230.8	–	230.8	–	230.8	–
Notes payable	3,030.1	–	–	3,030.1	3,025.9	–	–
	3,030.1	230.8	–	3,260.9	3,025.9	230.8	–

* Mandatorily measured at FVTPL

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

	Carrying amount				Fair value		
31 March 2017 **The Group**	**Amortised Cost**	**FVTPL**	**FVOCI**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	138.7	–	–	138.7	140.6	–	–
Unquoted							
Non-equity investments*	–	221.9	–	221.9	–	221.9	–
Equity investments	–	43.7	1.4	45.1	–	–	45.1
Other long-term receivables	435.7	–	–	435.7	–	–	432.8
Derivative assets*	–	128.6	–	128.6	–	128.6	–
Investments							
Quoted							
Equity investments*	–	37.6	–	37.6	37.6	–	–
Non-equity investments*	469.9	–	–	469.9	466.3	–	–
Non-equity investments	–	32.4	–	32.4	32.4	–	–
	1,044.3	464.2	1.4	1,509.9	676.9	350.5	477.9
Financial liabilities							
Derivative liabilities*	–	369.3	–	369.3	–	369.3	–
Notes payable	1,430.0	–	–	1,430.0	1,469.2	–	–
	1,430.0	369.3	–	1,799.3	1,469.2	369.3	–

* Mandatorily measured at FVTPL

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2017 The Company	Carrying amount Amortised Cost	FVTPL	FVOCI	Total	Fair value Level 1	Level 2	Level 3
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	138.7	–	–	138.7	140.6	–	–
Unquoted							
Non-equity investments*	–	221.9	–	221.9	–	221.9	–
Equity investments	–	33.4	1.3	34.7	–	–	34.7
Other long-term receivables	354.3	–	–	354.3	–	–	354.3
Derivative assets*	–	125.7	–	125.7	–	125.7	–
Investments							
Quoted							
Non-equity investments	469.9	–	–	469.9	466.3	–	–
	962.9	381.0	1.3	1,345.2	606.9	347.6	389.0
Financial liabilities							
Derivative liabilities*	–	369.3	–	369.3	–	369.3	–
Notes payable	1,430.0	–	–	1,430.0	1,469.2	–	–
	1,430.0	369.3	–	1,799.3	1,469.2	369.3	–

* Mandatorily measured at FVTPL

Financial instruments carried at fair value

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 – Unobservable inputs for the asset or liability

There has been no transfer between Level 1 and Level 2 during the financial year.

36 Financial Instruments (in $ million) (continued)

Financial instruments carried at fair value (continued)

Determination of fair value

The fair values of the financial instruments are determined as follows:

- Jet fuel swap contracts – mark-to-market valuations.
- InterContinental Exchange ("ICE") Brent swap and Brent-MOPS crack swap contracts – by reference to available market information and the marked-to-market values of these swap contracts. As the Group hedges with ICE Brent and Brent-MOPS crack contracts, the ICE Brent futures contract price and its differential relative to MOPS price are used as the mark-to-market prices.
- Forward currency contracts – by reference to current forward prices for contracts with similar maturity profiles.
- Cross currency swap contracts – by reference to market prices for existing cash flow profiles pre-agreed with counterparties at trade inception.
- Quoted investments – by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques that are commonly used by market participants.
- Other long-term receivables – by discounting expected future cash flows at market incremental lending rate for similar types of lending at the end of the reporting period.
- Notes payable – by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group also enters into netting arrangements with International Air Transport Association ("IATA").

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

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For The Financial Year Ended 31 March 2018

36 Financial Instruments (in $ million) (continued)

Master netting or similar agreements (continued)

The Group	Effects of offsetting in the statements of financial position			Related amounts not offset	
	Gross amounts	Gross amounts set-off in the statements of financial position	Net amounts presented in the statements of financial position	Amounts subject to master netting arrangements	Net amount
31 March 2018					
Derivative assets	642.2	–	642.2	(140.1)	502.1
Trade debtors	1,423.6	(21.4)	1,402.2	–	1,402.2
	2,065.8	(21.4)	2,044.4	(140.1)	1,904.3
Derivative liabilities	230.8	–	230.8	(140.1)	90.7
Trade and other creditors	2,838.6	(21.4)	2,817.2	–	2,817.2
	3,069.4	(21.4)	3,048.0	(140.1)	2,907.9
31 March 2017					
Derivative assets	128.6	–	128.6	(107.5)	21.1
Trade debtors	1,155.5	(10.9)	1,144.6	–	1,144.6
	1,284.1	(10.9)	1,273.2	(107.5)	1,165.7
Derivative liabilities	369.3	–	369.3	(107.5)	261.8
Trade and other creditors	3,307.0	(10.9)	3,296.1	–	3,296.1
	3,676.3	(10.9)	3,665.4	(107.5)	3,557.9

36 Financial Instruments (in $ million) (continued)

Master netting or similar agreements (continued)

The Company	Effects of offsetting in the statements of financial position			Related amounts not offset	
	Gross amounts	Gross amounts set-off in the statements of financial position	Net amounts presented in the statements of financial position	Amounts subject to master netting arrangements	Net amount
31 March 2018					
Derivative assets	642.0	–	642.0	(140.1)	501.9
Trade debtors	858.1	(21.4)	836.7	–	836.7
Amounts owing by subsidiary companies	330.4	(190.3)	140.1	–	140.1
	1,830.5	(211.7)	1,618.8	(140.1)	1,478.7
Derivative liabilities	230.8	–	230.8	(140.1)	90.7
Trade and other creditors	1,880.3	(21.4)	1,858.9	–	1,858.9
Amounts owing to subsidiary companies	1,480.7	(190.3)	1,290.4	–	1,290.4
	3,591.8	(211.7)	3,380.1	(140.1)	3,240.0
31 March 2017					
Derivative assets	125.7	–	125.7	(107.5)	18.2
Trade debtors	705.6	(10.9)	694.7	–	694.7
Amounts owing by subsidiary companies	363.8	(160.0)	203.8	–	203.8
	1,195.1	(170.9)	1,024.2	(107.5)	916.7
Derivative liabilities	369.3	–	369.3	(107.5)	261.8
Trade and other creditors	2,262.8	(10.9)	2,251.9	–	2,251.9
Amounts owing to subsidiary companies	1,514.5	(160.0)	1,354.5	–	1,354.5
	4,146.6	(170.9)	3,975.7	(107.5)	3,868.2

37 Financial Risk Management Objectives and Policies (in $ million)

The Group operates globally and generates revenue in various currencies. The Group's airline operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of its investments. The Group's overall risk management approach is to moderate the effects of such volatility on its financial performance through the use of derivatives to hedge specific exposures.

As derivatives are used for the purpose of risk management, they do not expose the Group to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenues or expenses being hedged. Moreover, counterparty credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore, the possibility of a material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

Financial risk management policies are periodically reviewed and approved by the Board Executive Committee ("BEC").

Derivative financial instruments for cash flow hedges included in the statements of financial position are as follows:

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Derivative assets				
Current				
Currency hedging contracts	**13.5**	38.4	**13.3**	38.3
Fuel hedging contracts	**337.9**	45.1	**337.9**	43.8
Cross currency swap contracts	**–**	1.5	**–**	–
	351.4	85.0	**351.2**	82.1
Non-current				
Currency hedging contracts	**0.5**	9.8	**0.5**	9.8
Fuel hedging contracts	**286.3**	26.7	**286.3**	26.7
Cross currency swap contracts	**4.0**	7.1	**4.0**	7.1
	290.8	43.6	**290.8**	43.6
	642.2	128.6	**642.0**	125.7
Derivative liabilities				
Current				
Currency hedging contracts	**161.8**	52.8	**161.8**	52.8
Fuel hedging contracts	**0.1**	66.9	**0.1**	66.9
	161.9	119.7	**161.9**	119.7
Non-current				
Currency hedging contracts	**42.3**	15.1	**42.3**	15.1
Fuel hedging contracts	**11.8**	228.6	**11.8**	228.6
Cross currency swap contracts	**14.8**	5.9	**14.8**	5.9
	68.9	249.6	**68.9**	249.6
	230.8	369.3	**230.8**	369.3

(a) Jet fuel price risk

The Group's earnings are affected by changes in the price of jet fuel. The Group's strategy for managing the risk on fuel price, as defined by the BEC, aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps, options and collars with approved counterparties and within approved credit limits to hedge approved range of anticipated jet fuel purchases over a specified time frame.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(a) Jet fuel price risk (continued)

Cash flow hedges

The Group manages this fuel price risk by using swap, option and collar contracts and hedging up to 20 quarters forward using jet fuel swap, option and collar contracts, ICE Brent swap contracts and Brent-MOPS crack swap contracts.

The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain before tax of $597.2 million (2017: loss before tax of $241.0 million), with a related deferred tax of $101.5 million (2017: deferred tax credit of $40.9 million), was included in the fair value reserve in respect of these contracts.

The table below sets out the movements for fuel hedges:

	The Group		The Company	
	FY2017/18	FY2016/17	FY2017/18	FY2016/17
Change in fair value of hedging instrument	**935.3**	(236.5)	**936.6**	(239.2)
Change in fair value of hedged item	**(935.3)**	236.5	**(936.6)**	239.2
Hedge ineffectiveness recognised in profit or loss	**–**	–	**–**	–

For the financial year ended 31 March 2017, ineffectiveness of $36.4 million related to hedge designations made under FRS 39 were de-designated on 30 September 2016.

As at 31 March 2018, the Group had entered into longer dated Brent hedges with maturities extending to the financial year 2022-23 that cover up to 46% of the Group's projected annual fuel consumption, at average prices ranging from USD55 to USD58 per barrel.

Jet fuel price sensitivity analysis

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one USD per barrel of jet fuel affects the Group's and the Company's annual fuel costs by $53.2 million and $40.7 million (FY2016/17: $55.7 million and $43.1 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are still outstanding as at the end of the reporting period and assumes that all jet fuel, Brent and crack hedges are highly effective. Under these assumptions, with an increase or decrease in jet fuel prices, each by one USD per barrel, the before tax effects on equity are set out in the table below.

Sensitivity analysis on outstanding fuel hedging contracts:

	The Group 31 March		The Company 31 March	
	2018	2017	2018	2017
	Effect on equity		Effect on equity	
Increase in one USD per barrel	**110.7**	125.2	**83.0**	94.7
Decrease in one USD per barrel	**(110.7)**	(125.2)	**(83.0)**	(94.7)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For the financial year ended 31 March 2018, these accounted for 56.8% of total revenue (FY2016/17: 49.9%) and 53.0% of total operating expenses (FY2016/17: 53.6%). The Group's largest exposures are from United States Dollar, Euro, UK Sterling Pound, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan and Korean Won. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for USD or SGD. The Group also uses foreign currency forward and option contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell currencies at predetermined forward rates, buying either USD or SGD depending on forecast requirements, with settlement dates up to 24 months. The Company also uses cross currency swap contracts to hedge a portion of its fixed future foreign exchange exposure in USD. The cross currency swap contracts provide for the Company to exchange surplus currency, specifically JPY and EUR into USD predetermined costs. The Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements. The Group also uses short-term deposits in foreign currencies to hedge a portion of the forecast USD capital expenditure in the next 12 months.

<u>Cash flow hedges</u>

a) Net operating and other exposures

The Group and Company held cash flow hedges to manage net operating exposures to foreign currencies. As at 31 March 2018, the carrying amounts of these hedges consisted of $17.4 million (2017: $34.7 million) derivative assets and $60.8 million (2017: $45.3 million) derivative liabilities for the Group, and $17.2 million (2017: $33.1 million) derivative assets and $60.8 million (2017: $45.3 million) derivative liabilities for the Company. During the financial year, the amount reclassified from the cash flow hedge reserve to profit or loss (classified under 'Other operating expenses') is $62.1 million (2017: $36.6 million) for the Group and $42.2 million (2017: $34.7 million) for the Company, and no ineffectiveness has been recognised in the profit or loss for the Group or Company.

The Company held currency swaps for the principal amounts outstanding on foreign currency denominated bonds until December 2017. In the prior year, the hedge was assessed to be highly effective on a prospective basis and a net fair value gain of $0.6 million was included in the fair value reserve with respect to these contracts.

The Company also holds cross currency swap contracts to hedge expected future lease commitments in USD and foreign currency risk of expected future JPY and EUR surpluses until August 2021. As at 31 March 2018, the hedges were assessed to be effective and a net fair value loss of $10.8 million (2017: gain of $1.2 million), with a related deferred tax credit of $1.8 million (2017: deferred tax of $0.2 million), is included in the fair value reserve with respect to these contracts.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk (continued)

Cash flow hedges (continued)

b) Capital expenditure exposures

The Group and the Company designate cash flow hedges to manage the exposure to USD-denominated capital expenditure commitments. As at 31 March 2018, the total nominal amount of these cash flow hedges over the next two years was USD3,042.6 million (2017: USD2,592.3 million) with a hedged rate range of SGD/USD 1.29 – 1.45 (2017: SGD/USD 1.29 – 1.45) for the Group and USD2,784.3 million (2017: USD2,260.4 million) with a hedged rate range of SGD/USD 1.29 – 1.45 (2017: SGD/USD 1.29 – 1.45) for the Company.

As at 31 March 2018, the Company held USD154.1 million (2017: USD756.2 million) in short-term deposits to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 12 months. A fair value loss of $2.9 million (2017: loss of $11.4 million) was included in the fair value reserve in respect of these contracts.

During the financial year, the Company also entered into new foreign currency forward contracts to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 24 months. As at 31 March 2018, a fair value loss of $123.9 million (2017: loss of $6.1 million) was included in the fair value reserve in respect of these contracts.

The table below sets out the derivative positions and movements for these cash flow hedges:

	The Group and the Company 31 March	
	2018	**2017**
Fixed deposits	**202.2**	1,056.6
Derivative assets	**0.6**	22.1
Derivative liabilities	**(158.1)**	(28.5)

	The Group and the Company	
	FY2017/18	**FY2016/17**
Change in fair value of hedging instrument	**(232.6)**	(17.8)
Change in fair value of hedged item	**232.6**	17.8
Hedge ineffectiveness recognised in profit or loss	**–**	–

For the financial year ended 31 March 2018 and 31 March 2017, there was no realised foreign currency hedging gain/(loss) reclassified to profit or loss for the Group or Company as it had been capitalised in the carrying value of non-financial assets.

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

The following table details the sensitivity of a 1% strengthening of SGD against the respective foreign currencies. The sensitivity analysis includes only outstanding foreign currency hedging contracts and significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis:

	The Group 31 March			
	2018		2017	
	Effect on equity R1	Effect on profit before taxation R2	Effect on equity R1	Effect on profit before taxation R2
AUD	**3.0**	**(1.9)**	2.3	(1.5)
EUR	**1.3**	**(0.8)**	1.4	–
GBP	**1.4**	**(0.8)**	1.7	(0.5)
JPY	**1.8**	**(0.2)**	2.4	(0.3)
USD	**(61.4)**	**(3.9)**	(51.8)	0.8

	The Company 31 March			
	2018		2017	
	Effect on equity R1	Effect on profit before taxation R2	Effect on equity R1	Effect on profit before taxation R2
AUD	**2.6**	**(1.7)**	1.8	(1.3)
EUR	**0.9**	**(0.3)**	0.9	(0.1)
GBP	**1.1**	**(0.6)**	1.4	(0.4)
JPY	**1.7**	**(0.1)**	2.3	(0.2)
USD	**(55.1)**	**(0.3)**	(43.3)	3.6

R1 *Sensitivity analysis on outstanding foreign currency hedging contracts and fuel hedging contracts denominated in foreign currency*

R2 *Sensitivity analysis on significant outstanding foreign currency denominated monetary items*

If the relevant foreign currency strengthens by 1% against SGD, equity and profit before taxation would change by the same amounts in the opposite direction.

(c) Interest rate risk

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

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(c) Interest rate risk (continued)

Cash flow hedges

In FY2013/14, the Company entered into interest rate swap contracts to protect a portion of the future operating lease rent payments from exposure to fluctuations in interest rates. These contracts were settled in FY2014/15. The balance in the fair value reserve was recognised in the profit and loss account over the lease term of the respective aircraft and had been fully recognised in the prior year. In the prior year, a net fair value loss before tax of $0.3 million with a related deferred tax credit of $0.1 million was included in the fair value reserve in respect of these contracts.

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the end of the reporting period.

Under these assumptions, an increase or decrease in market interest rates of 10 basis points for all currencies in which the Group has derivative financial instruments and variable rate assets and liabilities at 31 March 2018 will have the effects as set out in the table below.

Sensitivity analysis:

	The Group 31 March			
	2018		2017	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in 10 basis points in market interest rates	**–**	**2.5**	–	3.3
Decrease in 10 basis points in market interest rates	**–**	**(2.5)**	–	(3.3)

	The Company 31 March			
	2018		2017	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in 10 basis points in market interest rates	**–**	**1.1**	–	1.6
Decrease in 10 basis points in market interest rates	**–**	**(1.1)**	–	(1.6)

R1 *Sensitivity analysis on derivative financial instruments. There are no outstanding interest rate derivative financial instruments outstanding as at 31 March 2018.*

R2 *Sensitivity analysis on variable rate assets and liabilities.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(d) Market rate risk

At 31 March 2018, the Group and the Company own investments of $503.8 million (2017: $945.6 million) and $424.3 million (2017: $865.2 million) respectively, out of which $338.8 million (2017: $337.0 million) and $259.3 million (2017: $256.6 million) are subject to market risk, being the potential loss resulting from a decrease in market prices.

Market price sensitivity analysis

If prices for these investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity are set out in the table below.

Sensitivity analysis on investments:

	The Group 31 March			
	2018		2017	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	**–**	**3.4**	–	3.4
Decrease in 1% of quoted prices	**–**	**(3.4)**	–	(3.4)

	The Company 31 March			
	2018		2017	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	**–**	**2.6**	–	2.6
Decrease in 1% of quoted prices	**–**	**(2.6)**	–	(2.6)

(e) Liquidity risk

At 31 March 2018, the Group has at its disposal, cash and short-term deposits amounting to $2,568.3 million (2017: $3,380.5 million). In addition, the Group has available short-term credit facilities of about $1,649.3 million (2017: $475.0 million). The Group also has a Medium Term Note Programme under which it may issue notes up to $5,000.0 million (2017: $2,000.0 million) and as of 31 March 2018, $1,970.0 million (2017: $570.0 million) remained unutilised. Under this Programme, notes issued by the Company may have varying maturities as contracted with the relevant financial institutions.

The Group's holdings of cash and short-term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for the Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The Group's policies in this regard are in line with the funding policies of other major airlines.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(e) Liquidity risk (continued)

The maturity profile of the financial liabilities of the Group and the Company is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

31 March 2018	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	96.5	96.5	588.4	277.3	74.1	2,577.4	3,710.2
Loans	23.2	22.6	22.7	22.5	12.7	1.0	104.7
Maintenance reserve	–	5.2	9.0	–	1.2	–	15.4
Deposit received from a lessee	–	–	–	–	–	8.8	8.8
Trade and other creditors	2,817.2	–	–	–	–	–	2,817.2
Derivative financial instruments:							
Currency hedging contracts	161.8	42.3	–	–	–	–	204.1
Fuel hedging contracts	0.1	–	0.7	11.0	0.1	–	11.9
Cross currency swap contracts	5.4	3.9	2.3	0.6	–	–	12.2
	3,104.2	170.5	623.1	311.4	88.1	2,587.2	6,884.5
The Company							
Notes payable	96.5	96.5	588.4	277.3	74.1	2,577.4	3,710.2
Maintenance reserve	–	5.2	9.0	–	1.2	–	15.4
Trade and other creditors	1,858.9	–	–	–	–	–	1,858.9
Amounts owing to subsidiary companies	1,290.4	–	–	–	–	–	1,290.4
Derivative financial instruments:							
Currency hedging contracts	161.8	42.3	–	–	–	–	204.1
Fuel hedging contracts	0.1	–	0.7	11.0	0.1	–	11.9
Cross currency swap contracts	5.4	3.9	2.3	0.6	–	–	12.2
	3,413.1	147.9	600.4	288.9	75.4	2,577.4	7,103.1

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For The Financial Year Ended 31 March 2018

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(e) Liquidity risk (continued)

31 March 2017	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	47.1	47.1	47.1	539.0	227.9	825.4	1,733.6
Loans	21.5	20.9	22.8	23.0	22.8	13.7	124.7
Finance lease commitments	24.5	–	–	–	–	–	24.5
Maintenance reserve	–	–	3.7	6.1	–	–	9.8
Purchase option payable to lessor	35.1	–	–	–	–	–	35.1
Deposit received from a lessee	–	0.1	–	–	–	9.4	9.5
Trade and other creditors	3,261.9	–	–	–	–	–	3,261.9
Derivative financial instruments:							
Currency hedging contracts	52.8	15.1	–	–	–	–	67.9
Fuel hedging contracts	66.9	17.7	56.7	88.2	66.1	–	295.6
Cross currency swap contracts	2.4	1.5	0.9	0.4	0.1	–	5.3
	3,512.2	102.4	131.2	656.7	316.9	848.5	5,567.9
The Company							
Notes payable	47.1	47.1	47.1	539.0	227.9	825.4	1,733.6
Maintenance reserve	–	–	3.7	6.1	–	–	9.8
Trade and other creditors	2,251.9	–	–	–	–	–	2,251.9
Amounts owing to subsidiary companies	1,354.5	–	–	–	–	–	1,354.5
Derivative financial instruments:							
Currency hedging contracts	52.8	15.1	–	–	–	–	67.9
Fuel hedging contracts	66.9	17.7	56.6	88.2	66.1	–	295.5
Cross currency swap contracts	2.4	1.5	0.9	0.4	0.1	–	5.3
	3,775.6	81.4	108.3	633.7	294.1	825.4	5,718.5

(f) Credit risk

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

The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset in the statement of financial position.

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

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to broad diversification. In specific instances, the contract may require special collateral.

37 Financial Risk Management Objectives and Policies (in $ million) (continued)

(f) Credit risk (continued)

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collateral requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

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

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2018	2017	2018	2017	2018	2017	2018	2017
Counterparty profiles								
By industry:								
Travel agencies	**535.6**	436.8	**9.4%**	7.1%	**273.0**	227.6	**5.9%**	4.5%
Airlines	**236.0**	151.5	**4.2%**	2.4%	**70.5**	21.8	**1.5%**	0.4%
Financial institutions	**3,442.0**	3,727.2	**60.8%**	60.3%	**3,004.1**	3,058.8	**65.5%**	60.6%
Others	**1,177.0**	1,590.9	**20.8%**	25.7%	**945.1**	1,339.2	**20.6%**	26.5%
	5,390.6	5,906.4	**95.2%**	95.5%	**4,292.7**	4,647.4	**93.5%**	92.0%
By region:								
East Asia	**2,815.1**	3,096.8	**49.7%**	50.1%	**2,151.9**	2,321.0	**46.9%**	45.9%
Europe	**1,669.3**	1,449.8	**29.5%**	23.4%	**1,379.8**	1,211.3	**30.0%**	24.0%
South West Pacific	**491.6**	1,011.1	**8.7%**	16.4%	**454.4**	961.4	**9.9%**	19.0%
Americas	**189.0**	260.0	**3.3%**	4.2%	**125.1**	104.2	**2.7%**	2.1%
West Asia and Africa	**225.6**	88.7	**4.0%**	1.4%	**181.5**	49.5	**4.0%**	1.0%
	5,390.6	5,906.4	**95.2%**	95.5%	**4,292.7**	4,647.4	**93.5%**	92.0%
By Moody's credit ratings:								
Investment grade (A to Aaa)	**3,836.5**	4,125.1	**67.8%**	66.7%	**3,425.1**	3,472.4	**74.6%**	68.8%
Investment grade (Baa)	**7.0**	19.1	**0.1%**	0.3%	**1.2**	–	**0.0%**	0.0%
Non-rated	**1,547.1**	1,762.2	**27.3%**	28.5%	**866.4**	1,175.0	**18.9%**	23.2%
	5,390.6	5,906.4	**95.2%**	95.5%	**4,292.7**	4,647.4	**93.5%**	92.0%

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

38 Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

					Non-cash changes		
	1 April 2017	Proceeds	Repayments	Interest payments	Interest Expense	Foreign exchange movement	31 March 2018
Notes payable	1,430.0	1,600.0	–	–	0.1	–	3,030.1
Loans	114.1	5.0	(20.3)	–	–	(1.6)	97.2
Finance lease commitments	23.7	–	(23.7)	–	–	–	–
Accrued interest	17.6	–	–	(75.7)	89.7	0.4	32.0

39 Capital Management (in $ million)

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

During the financial year ended 31 March 2018, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

	The Group 31 March		The Company 31 March	
	2018	2017	2018	2017
Notes payable	**3,030.1**	1,430.0	**3,030.1**	1,430.0
Finance lease commitments	**–**	23.7	**–**	–
Loans	**97.2**	114.1	**–**	–
Total debt	**3,127.3**	1,567.8	**3,030.1**	1,430.0
Share capital	**1,856.1**	1,856.1	**1,856.1**	1,856.1
Reserves	**12,395.1**	11,226.9	**11,615.9**	10,657.5
Total capital	**14,251.2**	13,083.0	**13,472.0**	12,513.6
Gearing ratio (times)	**0.22**	0.12	**0.22**	0.11

40 Related Party Transactions (in $ million)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key Management Personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer and Executive Vice Presidents of the Company to be Key Management Personnel of the Company.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business during the financial year:

	The Group	
	FY2017/18	**FY2016/17**
Purchases of services from associated companies	**142.5**	118.5
Services rendered to associated companies	**(38.7)**	(59.3)
Purchases of services from joint venture companies	**4.9**	0.9
Services rendered to joint venture companies	**(60.9)**	(44.6)
Purchases of services from related parties	**1,331.7**	1,188.6
Services rendered to related parties	**(25.7)**	(13.9)
Professional fees paid to a firm of which a Director is a member	**0.4**	1.4

Key Management Personnel remuneration of the Group

	The Group	
	FY2017/18	**FY2016/17**
Directors		
Salary, bonuses, fee and other costs	**5.2**	5.3
CPF and other defined contributions	*****	*
Share-based compensation expense	**1.4**	1.6
	6.6	6.9
Key executives (excluding executive Directors)		
Salary, bonuses, fee and other costs	**3.0**	3.1
CPF and other defined contributions	*****	*
Share-based compensation expense	**1.3**	1.5
	4.3	4.6

* Amount less than $0.1 million

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

40 Related Party Transactions (in $ million) (continued)

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

Name of participant	Aggregate options granted since commencement of scheme up to end of financial year under review	Aggregate options exercised since commencement of scheme up to end of financial year under review	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	444,075	444,075	–
Mak Swee Wah	362,750	362,750	–
Ng Chin Hwee	214,025	214,025	–

Conditional awards granted to a Director and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

RSP/RSP 2014 Base Awards

Name of Participant	Balance as at 1 April 2017	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2018	Aggregate Base Awards granted since commencement of RSP/RSP 2014 to end of financial year under review
Goh Choon Phong	120,000	42,000	120,000	42,000	442,232
Mak Swee Wah	60,000	21,000	60,000	21,000	256,674
Ng Chin Hwee	60,000	21,000	60,000	21,000	240,756

RSP/RSP 2014 Final Awards (Pending Release) [R1]

Name of Participant	Balance as at 1 April 2017	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2018	Aggregate ordinary shares released to participant since commencement of RSP/RSP 2014 to end of financial year under review*
Goh Choon Phong	50,117	125,400	82,932	92,585	262,367
Mak Swee Wah	25,060	62,700	41,468	46,292	164,636
Ng Chin Hwee	25,060	62,700	41,468	46,292	145,705

40 Related Party Transactions (in $ million) (continued)

Deferred RSP/RSP 2014 Awards

Name of Participant	Balance as at 1 April 2017	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2018	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Goh Choon Phong	45,600	21,270	19,570	47,300	67,037
Mak Swee Wah	23,810	9,930	7,510	26,230	26,548
Ng Chin Hwee	26,260	9,930	11,270	24,920	30,638

PSP/PSP 2014 Base Awards [R2]

Name of Participant	Balance as at 1 April 2017	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2018	Aggregate Base Awards granted since commencement of PSP/PSP 2014 to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP/PSP 2014 to end of financial year under review*
Goh Choon Phong	249,546	57,750	84,546	222,750	568,978	124,902
Mak Swee Wah	99,818	23,100	33,818	89,100	272,278	97,253
Ng Chin Hwee	99,818	23,100	33,818	89,100	257,572	81,040

R1 *The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the two-year performance periods relating to the relevant awards.*

R2 *The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.*

Final Awards granted during the financial year is determined by applying the achievement factor to the Base Awards that have vested during the financial year.

* *During the financial year, 165,868, 41,750 and 38,060 treasury shares were issued to a Director and key executives of the Company pursuant to the RSP, DSA and PSP respectively.*

41 Subsequent Events

On 1 April 2018, SIA Cargo was successfully re-integrated to the Company. All assets and liabilities, other than cash balances, of SIA Cargo were transferred to the Company at their book values. The impact to the Company is a decrease of net assets of $940.4 million. There is no impact to the consolidated net assets of the Group.

On 6 April 2018, Scoot Tigerair Pte. Ltd. ("Scoot"), a subsidiary of the Company, raised $480 million via secured term loan from banks. The loan is secured on specific aircraft assets of Scoot and bears fixed interest of 2.924% per annum. The loan is repayable over 10 years.

GROUP CORPORATE STRUCTURE

At 31 March 2018

SINGAPORE AIRLINES LIMITED

- 77.8% SIA Engineering Company Limited
  - 100% Aircraft Maintenance Services Australia Pty. Ltd.
  - 100% NexGen Network (1) Holding Pte. Ltd.
  - 100% NexGen Network (2) Holding Pte. Ltd.
  - 100% SIAEC Global Private Limited
  - 100% SIA Engineering (USA), Inc.
  - 100% SIA Engineering Japan Corporation
  - 80% Singapore Jamco Services Private Limited
  - 65% SIA Engineering (Philippines) Corporation
  - 65% Heavy Maintenance Singapore Services Pte. Ltd.
  - 51% Aerospace Component Engineering Services Pte. Limited
  - 51% Aviation Partnership (Philippines) Corporation
  - 50% Singapore Aero Engine Services Pte Ltd
  - 49% Moog Aircraft Services Asia Pte. Ltd.
  - 49% Boeing Asia Pacific Aviation Services Pte. Ltd.
  - 49% Eagle Services Asia Private Limited
  - 49% Fuel Accessory Service Technologies Pte Ltd
  - 49% Southern Airports Aircraft Maintenance Services Company Limited
  - 49% PT JAS Aero-Engineering Services
  - 46.4% Component Aerospace Singapore Pte. Ltd.
  - 45% JAMCO Aero Design & Engineering Private Limited
  - 42.5% Panasonic Avionic Services Singapore Pte. Ltd.
  - 40% Safran Electronics & Defence Services Asia Pte. Ltd.
  - 40% Pan Asia Pacific Aviation Services Ltd
  - 40% Goodrich Aerostructures Service Centre-Asia Pte Ltd
  - 40% Safran Landing Systems Services Singapore Pte. Ltd.
  - 39.2% Asian Surface Technologies Pte Ltd
  - 33.3% International Aerospace Tubes-Asia Pte. Ltd.
  - 24.5% Turbine Coating Services Pte Ltd
  - 20% Jamco Singapore Private Limited
- 100% SilkAir (Singapore) Private Limited
  - 100% Tradewinds Tours & Travel Private Limited
- 100% Budget Aviation Holdings Pte. Ltd.
  - 100% Tiger Airways Holdings Pte. Ltd.
    - 100% Scoot Tigerair Pte. Ltd. (Previously known as Tiger Airways Singapore Pte. Ltd.)
      - 49% NokScoot Airlines Co., Ltd.
      - 13% Air Black Box Asia Pacific Pte. Ltd.
    - 100% Roar Aviation Pte. Ltd.
    - 100% Roar Aviation II Pte. Ltd.
    - 100% Roar Aviation III Pte. Ltd.
    - 100% Simple Holidays Pte. Ltd.
    - 100% Falcon Aircraft Limited
    - 100% Winnie Aircraft Limited
- 100% Singapore Airlines Cargo Pte Ltd
  - 51% Cargo Community Network Pte Ltd
    - 100% Cargo Community (Shanghai) Co. Ltd.
- 100% Singapore Aviation and General Insurance Company (Pte) Limited
- 100% Singapore Flying College Pte Ltd
- 100% Sing-Bi Funds Private Limited
- 100% SIA (Mauritius) Ltd
- 76% Singapore Airport Duty-Free Emporium (Private) Limited
- 49% Tata SIA Airlines Limited
- 45% Airbus Asia Training Centre Pte. Ltd.
- 20% Virgin Australia Holdings Limited
- 20% Ritz-Carlton, Millenia Singapore Properties Private Limited

QUARTERLY RESULTS OF THE GROUP

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
TOTAL REVENUE						
2017/18	($ million)	**3,864.2**	**3,847.9**	**4,076.7**	**4,017.3**	**15,806.1**
2016/17	($ million)	3,657.7	3,653.0	3,846.9	3,710.9	14,868.5
TOTAL EXPENDITURE						
2017/18	($ million)	**3,583.4**	**3,615.3**	**3,747.3**	**3,802.8**	**14,748.8**
2016/17	($ million)	3,464.5	3,543.9	3,554.0	3,683.3	14,245.7
OPERATING PROFIT						
2017/18	($ million)	**280.8**	**232.6**	**329.4**	**214.5**	**1,057.3**
2016/17	($ million)	193.2	109.1	292.9	27.6	622.8
PROFIT/(LOSS) BEFORE TAXATION						
2017/18	($ million)	**292.9**	**222.6**	**349.0**	**236.5**	**1,101.0**
2016/17	($ million)	341.3	82.7	226.7	(132.1)	518.6
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY						
2017/18	($ million)	**235.1**	**189.9**	**286.1**	**181.8**	**892.9**
2016/17	($ million)	256.6	64.9	177.2	(138.3)	360.4
EARNINGS/(LOSS) PER SHARE - BASIC						
2017/18	(cents)	**19.9**	**16.1**	**24.2**	**15.4**	**75.5**
2016/17	(cents)	21.7	5.5	15.0	(11.7)	30.5
EARNINGS/(LOSS) PER SHARE - DILUTED						
2017/18	(cents)	**19.8**	**16.0**	**24.1**	**15.3**	**75.3**
2016/17	(cents)	21.6	5.5	14.9	(11.7)	30.3

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2017/18	2016/17	2015/16	2014/15	2013/14
PROFIT AND LOSS ACCOUNT ($ million)					
Total revenue	**15,806.1**	14,868.5	15,238.7	15,565.5	15,243.9
Total expenditure	**(14,748.8)**	(14,245.7)	(14,557.5)	(15,156.1)	(14,984.6)
Operating profit	**1,057.3**	622.8	681.2	409.4	259.3
Finance charges	**(89.8)**	(46.1)	(50.3)	(49.6)	(37.3)
Interest income	**60.9**	73.9	70.7	74.9	62.7
Surplus/(Loss) on disposal of aircraft, spares and spare engines	**16.1**	(31.7)	52.7	51.9	51.2
Dividend from long-term investments	**6.2**	45.0	115.3	13.2	19.6
Other non-operating items	**18.6**	(103.2)	91.1	(14.3)	1.9
Share of profits of joint venture companies	**41.0**	20.9	22.8	52.0	94.0
Share of losses of associated companies	**(9.3)**	(63.0)	(11.1)	(129.1)	(45.2)
Profit before exceptional items	**1,101.0**	518.6	972.4	408.4	406.2
Exceptional items					
Remeasurement gain from consolidation of Tiger Airways	**–**	–	–	119.8	–
Impairment of China Cargo Airlines	**–**	–	–	(63.6)	–
Gain on divestment of an associated company	**–**	–	–	7.3	371.5
Impairment of freighters	**–**	–	–	(7.0)	(293.4)
Writeback of impairment/(Impairment) of property, plant and equipment of Singapore Flying College	**–**	–	–	2.1	(29.4)
Competition-related fines and settlements	**–**	–	–	(24.1)	(87.0)
Profit before taxation	**1,101.0**	518.6	972.4	442.9	367.9
Profit attributable to owners of the Company	**892.9**	360.4	804.4	367.9	359.5
STATEMENT OF FINANCIAL POSITION ($ million)					
Share capital	**1,856.1**	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	**(183.5)**	(194.7)	(381.5)	(326.3)	(262.2)
Capital reserve	**(139.4)**	(147.6)	(129.2)	215.9	123.7
Foreign currency translation reserve	**(175.4)**	(123.7)	(151.3)	(135.7)	(101.5)
Share-based compensation reserve	**79.5**	88.5	123.7	113.2	134.5
Fair value reserve	**313.5**	(234.4)	(498.6)	(706.2)	(40.4)
General reserve	**12,500.4**	11,838.8	11,935.5	11,446.6	11,527.0
Equity attributable to owners of the Company	**14,251.2**	13,083.0	12,754.7	12,463.6	13,237.2
Non-controlling interests	**368.1**	387.2	378.2	466.5	337.4
Total equity	**14,619.3**	13,470.2	13,132.9	12,930.1	13,574.6
Property, plant and equipment	**19,824.6**	16,433.3	14,143.5	13,523.2	13,026.7
Intangible assets	**435.3**	423.5	515.8	497.6	223.4
Associated companies	**1,048.8**	1,056.9	901.9	922.2	729.4
Joint venture companies	**150.6**	160.2	156.3	167.9	126.5
Long-term investments	**346.0**	405.7	773.1	927.6	1,125.2
Other non-current assets	**775.6**	540.4	562.0	630.2	100.6
Current assets	**4,968.3**	5,700.0	6,794.0	7,252.9	7,310.7
Total assets	**27,549.2**	24,720.0	23,846.6	23,921.6	22,642.5
Deferred account	**123.3**	234.5	255.0	141.7	226.4
Deferred taxation	**2,122.7**	1,890.5	1,681.7	1,599.6	1,788.9
Other non-current liabilities	**4,134.5**	2,836.2	2,289.8	2,609.8	1,661.2
Current liabilities	**6,549.4**	6,288.6	6,487.2	6,640.4	5,391.4
Total liabilities	**12,929.9**	11,249.8	10,713.7	10,991.5	9,067.9
Net assets	**14,619.3**	13,470.2	13,132.9	12,930.1	13,574.6

	2017/18	2016/17	2015/16	2014/15	2013/14
CASH FLOW ($ million)					
Cash flow from operations	**2,745.6**	2,583.4	2,929.9	2,193.9	2,241.6
Internally generated cash flow [R1]	**2,958.5**	2,707.2	3,501.4	3,306.0	3,221.7
Capital expenditure	**5,209.5**	3,944.7	2,909.0	2,600.2	2,574.6
PER SHARE DATA					
Earnings - basic (cents)	**75.5**	30.5	69.0	31.4	30.6
Earnings - diluted (cents)	**75.3**	30.3	68.7	31.2	30.3
Cash earnings ($) [R2]	**2.21**	1.67	2.06	1.65	1.68
Net asset value ($)	**12.05**	11.07	10.96	10.66	11.26
SHARE PRICE ($)					
High	**11.50**	11.67	12.24	12.91	11.45
Low	**9.66**	9.60	9.57	9.57	9.44
Closing	**10.84**	10.07	11.42	11.95	10.47
DIVIDENDS					
Gross dividends (cents per share)	**40.0**	20.0	45.0	22.0	46.0[R3]
Dividend cover (times)	**1.9**	1.5	1.5	1.4	0.7
PROFITABILITY RATIOS (%)					
Return on equity holders' funds [R4]	**6.5**	2.8	6.4	2.9	2.7
Return on total assets [R5]	**3.6**	1.8	3.6	1.7	1.9
Return on turnover [R6]	**5.9**	3.0	5.6	2.6	2.8
PRODUCTIVITY AND EMPLOYEE DATA					
Value added ($ million)	**5,614.8**	4,843.1	5,030.9	4,396.8	4,370.1
Value added per employee ($) [R7]	**216,779**	192,232	206,608	183,483	184,268
Revenue per employee ($) [R7]	**610,251**	590,160	625,819	649,564	642,769
Average employee strength	**25,901**	25,194	24,350	23,963	23,716
SGD per USD exchange rate as at 31 March	**1.3120**	1.3973	1.3494	1.3752	1.2606

R1 *Internally generated cash flow comprises cash generated from operations, dividends from associated and joint venture companies, and proceeds from sale of aircraft and other property, plant and equipment.*

R2 *Cash earnings is defined as profit attributable to owners of the Company plus depreciation and amortisation.*

R3 *Includes 25.0 cents per share special dividend.*

R4 *Return on equity holders' funds is the profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds.*

R5 *Return on total assets is the profit-after-tax expressed as a percentage of the average total assets.*

R6 *Return on turnover is the profit after tax expressed as a percentage of the total revenue.*

R7 *Based on average staff strength.*

TEN-YEAR STATISTICAL RECORD

		2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
SINGAPORE AIRLINES											
FINANCIAL											
Total revenue	($ million)	**11,583.8**	11,094.2	11,686.1	12,418.4	12,479.7	12,387.0	12,070.1	11,739.1	10,145.0	13,049.5
Total expenditure	($ million)	**10,880.6**	10,707.8	11,201.0	12,078.2	12,224.1	12,199.8	11,889.5	10,887.8	10,183.6	12,226.6
Operating profit /(loss)	($ million)	**703.2**	386.4	485.1	340.2	255.6	187.2	180.6	851.3	(38.6)	822.9
Profit/(Loss) before taxation	($ million)	**901.4**	579.3	766.2	563.1	536.4	(682.4)	413.3	1,194.0	233.3	1,252.4
Profit/(Loss) after taxation	($ million)	**789.3**	514.0	672.0	540.3	538.5	(694.1)	390.2	1,011.2	279.8	1,218.7
Capital disbursements [R1]	($ million)	**4,358.1**	3,425.5	2,309.0	1,788.5	2,251.1	1,648.2	1,762.7	981.9	1,372.4	1,698.6
Passenger - yield	(cents/pkm)	**10.2**	10.3	10.6	11.2	11.1	11.4	11.8	11.9	10.4	12.5
- unit yield	(cents/ask)	**8.3**	8.2	8.4	8.8	8.8	9.0	9.1	9.3	8.2	9.6
- unit cost	(cents/ask)	**8.4**	8.3	8.5	8.9	9.1	9.2	9.2	8.9	8.6	9.2
- breakeven load factor	(%)	**82.4**	80.6	80.2	79.5	82.0	80.7	78.0	74.8	82.7	73.6
OPERATING PASSENGER FLEET											
Aircraft	(numbers)	**107**	106	102	105	103	101	100	108	108	103
Average age	(months)	**88**	92	89	85	81	80	74	75	75	74
PASSENGER PRODUCTION											
Destination cities	(numbers)	**62**	61	60	60	62	63	63	64	68	66
Distance flown	(million km)	**402.9**	388.6	382.3	384.4	392.2	386.3	374.6	354.1	342.4	379.8
Time flown	(hours)	**529,907**	512,439	506,757	508,591	517,987	507,562	490,261	460,096	443,141	492,103
Available seat-km	(million)	**118,126.7**	117,662.3	118,366.5	120,000.8	120,502.8	118,264.4	113,409.7	108,060.2	105,673.7	117,788.7
TRAFFIC											
Passengers carried	('000)	**19,505**	18,990	19,029	18,737	18,628	18,210	17,155	16,647	16,480	18,293
Revenue passenger-km	(million)	**95,855.0**	92,913.8	94,267.4	94,209.2	95,064.3	93,765.6	87,824.0	84,801.3	82,882.5	90,128.1
Passenger load factor	(%)	**81.1**	79.0	79.6	78.5	78.9	79.3	77.4	78.5	78.4	76.5
STAFF											
Average strength	(numbers)	**14,765**	14,423	13,983	14,040	14,240	14,156	13,893	13,588	13,934	14,343
Seat capacity per employee [R2]	(seat-km)	**8,000,451**	8,157,963	8,465,029	8,547,066	8,462,275	8,354,366	8,163,082	7,952,620	7,583,874	8,212,278
Passenger load carried per employee [R3]	(tonne-km)	**602,123**	598,451	626,572	625,516	625,995	619,969	594,663	588,714	563,318	598,047
Revenue per employee	($)	**784,545**	769,202	835,736	884,501	876,383	875,035	868,790	863,931	728,075	909,817
Value added per employee	($)	**276,539**	246,183	261,861	242,970	242,184	159,593	237,472	310,480	219,678	294,666
SILKAIR											
Passengers carried	('000)	**4,687**	4,106	3,836	3,553	3,411	3,295	3,032	2,764	2,356	1,954
Revenue passenger-km	(million)	**8,343.5**	7,138.0	6,516.2	5,864.9	5,516.1	5,223.1	4,469.4	4,039.6	3,466.4	3,158.6
Available seat-km	(million)	**11,365.9**	10,086.3	9,117.8	8,355.2	7,926.9	7,096.3	5,904.8	5,285.1	4,495.9	4,355.2
Passenger load factor	(%)	**73.4**	70.8	71.5	70.2	69.6	73.6	75.7	76.4	77.1	72.5
Passenger yield	(cents/pkm)	**11.5**	13.0	13.5	13.9	13.7	14.1	14.5	14.1	13.1	15.0
Revenue per available seat-km	(cents/ask)	**8.4**	9.2	9.6	9.8	9.5	10.4	11.0	10.8	10.1	10.9
Passenger unit cost	(cents/ask)	**8.4**	8.6	9.0	9.7	9.8	9.9	10.1	9.4	9.9	10.9
Passenger breakeven load factor	(%)	**73.0**	66.2	66.7	69.8	71.5	70.2	69.7	66.7	75.6	72.7

		2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
SCOOT [R4]											
Passengers carried	('000)	**9,467**	8,503	7,540	7,018						
Revenue passenger-km	(million)	**25,599.8**	22,083.8	18,225.0	16,415.0						
Available seat-km	(million)	**29,888.4**	26,792.8	21,732.8	19,983.0						
Passenger load factor	(%)	**85.7**	82.4	83.9	82.1						
Revenue per revenue seat-km	(cents/pkm)	**5.8**	5.9	6.3	6.3						
Revenue per available seat-km	(cents/ask)	**5.0**	4.8	5.3	5.2						
Cost per available seat-km	(cents/ask)	**4.9**	4.8	5.3	5.9						
Breakeven load factor	(%)	**84.5**	81.4	84.1	93.7						
SIA CARGO											
Cargo and mail carried	(million kg)	**1,301.2**	1,248.1	1,170.1	1,124.0	1,117.8	1,144.6	1,205.8	1,156.4	1,122.4	1,219.5
Cargo load	(million tonne-km)	**7,260.3**	6,895.8	6,510.9	6,347.2	6,419.3	6,763.6	7,198.2	7,174.0	6,659.1	7,299.3
Gross capacity	(million tonne-km)	**11,126.7**	10,912.3	10,513.3	10,024.9	10,273.6	10,661.0	11,286.5	11,208.5	10,510.1	12,292.5
Cargo load factor	(%)	**65.3**	63.2	61.9	63.3	62.5	63.4	63.8	64.0	63.4	59.4
Cargo yield	(cents/ltk)	**28.2**	25.9	29.0	32.8	32.7	33.4	34.9	36.2	32.0	38.2
Cargo unit cost	(cents/ctk)	**17.4**	16.8	18.9	21.4	21.9	23.2	23.5	22.3	21.9	24.9
Cargo breakeven load factor	(%)	**61.7**	64.9	65.2	65.2	67.0	69.5	67.3	61.6	68.4	65.2
GROUP AIRLINES (PASSENGERS)											
Passengers carried	('000)	**33,659**	31,599	30,405	29,308	22,039	21,505	20,187	19,411	18,836	20,247
Revenue passenger-km	(million)	**129,798.3**	122,135.6	119,008.6	116,489.1	100,580.4	98,988.7	92,293.4	88,840.9	86,348.9	93,286.7
Available seat-km	(million)	**159,381.0**	154,541.4	149,217.1	148,339.0	128,429.7	125,360.7	119,314.5	113,345.3	110,169.6	122,143.9
Passenger load factor	(%)	**81.4**	79.0	79.8	78.5	78.3	79.0	77.4	78.4	78.4	76.4

R1 *Capital disbursements comprised capital expenditure in property, plant and equipment, intangible assets, investments in subsidiary, associated companies and joint venture companies, and additional long-term equity investments.*

R2 *Seat capacity per employee is available seat capacity divided by Singapore Airlines' average staff strength.*

R3 *Passenger load carried per employee is defined as passenger load and excess baggage carried divided by Singapore Airlines' average staff strength.*

R4 *Operating statistics for Scoot only shown with effect from FY2014/15.*

THE GROUP FLEET PROFILE

As at 31 March 2018, Singapore Airlines Group's operating fleet consisted of 186 aircraft - 179 passenger aircraft and 7 freighters.

Aircraft type	Owned	Operating Lease	Total	Average age in years (y) and months (m)	On firm order	On option
Singapore Airlines:						
777-200	8		8	14 y 7 m		
777-200ER	8		8	15 y 11 m		
777-300	5		5	14 y 4 m		
777-300ER	24	3	27	8 y 6 m		
A380-800	12	5	17	6 y 7 m	3	
A330-300		21	21	5 y 2 m		
A350-900 XWB	21		21	1 y 1 m	46	
787-10					48	6
777-9					20	6
Sub-total	78	29	107 [R1]	7 y 4 m	117	12
SIA Cargo:						
747-400F	7		7	14 y 4 m		
SilkAir :						
A319		3	3	9 y 6 m		
A320	1	8	9	7 y 4 m		
737-800	8	9	17	3 y 1 m		
737 MAX 8	3		3	0 y 5 m	34	14 [R2]
Sub-total	12	20	32	4 y 7 m	34	14
Scoot:						
787-8	10		10	1 y 8 m		
787-9	6		6	2 y 11 m	4	
A319		2	2	9 y 2 m		
A320	4	18	22	6 y 2 m		
A320neo					39	11
Sub-total	20	20	40 [R3]	4 y 8 m	43	11
Total	**117**	**69**	**186**	**6 y 7 m**	**194**	**37**

[R1] *This excludes five 777-200s on lease to other carriers.*

[R2] *These are purchase rights for Boeing model 737 MAX aircraft including 737 MAX 7, 737 MAX 8 or 737 MAX 9.*

[R3] *This excludes aircraft on lease to other carriers.*

INFORMATION ON SHAREHOLDINGS

As At 1 June 2018

No. of Issued Shares	:	1,199,851,019
No. of Issued Shares (excluding Treasury Shares)	:	1,182,532,842
No./ Percentage of Treasury Shares	:	17,318,177 (1.44%)
No./ Percentage of Subsidiary Holdings[1]	:	0 (0%)
Class of Shares	:	Ordinary shares One Special share held by the Minister for Finance
Voting Rights (excluding Treasury Shares)	:	1 vote for 1 share

Range of shareholdings	Number of shareholders	%	Number of shares	%
1-99	417	1.14	14,698	0.00
100-1,000	14,684	40.15	12,104,144	1.02
1,001 - 10,000	18,975	51.88	67,959,821	5.75
10,001 - 1,000,000	2,485	6.79	79,915,766	6.76
1,000,001 and above	15	0.04	1,022,538,413	86.47
Total	36,576	100.00	1,182,532,842	100.00

Twenty largest shareholders

	Name	Number of shares	%[2]
1	Temasek Holdings (Private) Limited	657,306,600	55.58
2	Citibank Nominees Singapore Pte Ltd	127,519,131	10.78
3	DBS Nominees (Private) Limited	121,564,847	10.28
4	HSBC (Singapore) Nominees Pte Ltd	38,035,841	3.22
5	DBSN Services Pte Ltd	30,038,422	2.54
6	Raffles Nominees (Pte) Limited	15,373,541	1.30
7	United Overseas Bank Nominees (Private) Limited	11,736,339	0.99
8	BPSS Nominees Singapore (Pte.) Ltd.	7,452,868	0.63
9	DB Nominees (Singapore) Pte Ltd	3,472,284	0.29
10	Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,290,522	0.20
11	OCBC Nominees Singapore Private Limited	2,052,998	0.17
12	Estate of Chang Shyh Jin, Deceased	2,007,940	0.17
13	Merrill Lynch (Singapore) Pte Ltd	1,329,718	0.11
14	Societe Generale Singapore Branch	1,185,439	0.10
15	UOB Kay Hian Private Limited	1,171,923	0.10
16	Goh Kia Seng	975,800	0.08
17	Phillip Securities Pte Ltd	939,635	0.08
18	OCBC Securities Private Limited	800,482	0.07
19	Tan Kim Siah	800,000	0.07
20	HL Bank Nominees (Singapore) Pte Ltd	792,200	0.07
	Total	1,026,846,530	86.83

INFORMATION ON SHAREHOLDINGS

As At 1 June 2018

Substantial shareholder (as shown in the Register of Substantial Shareholders)

	Number of shares			
Substantial shareholder	**Direct Interest**	**%[2]**	**Deemed Interest[3]**	**%[2]**
Temasek Holdings (Private) Limited	657,306,600	55.58	1,508,705	0.13

1 'Subsidiary holdings' is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.

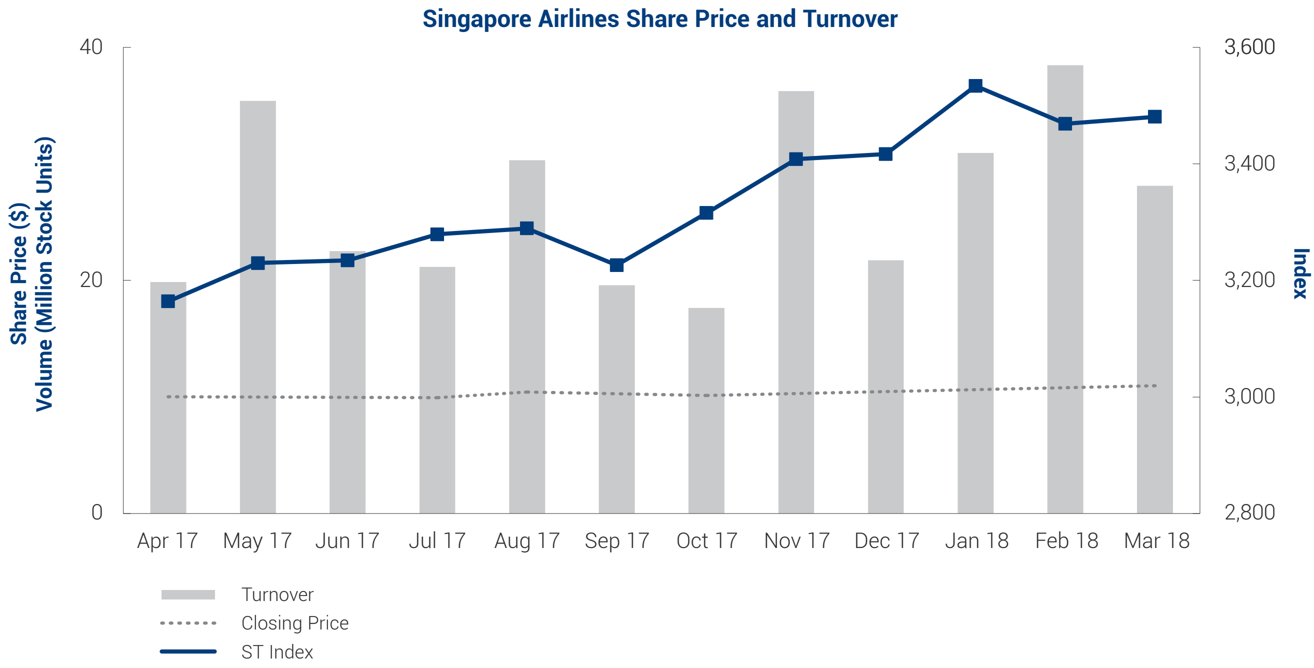
2 Based on 1,182,532,841 ordinary shares issued as at 1 June 2018 (this is based on 1,199,851,018 ordinary shares issued as at 1 June 2018, excluding the 17,318,177 Treasury shares as at 1 June 2018).

3 Temasek Holdings (Private) Limited is deemed interested in 1,508,705 ordinary shares in which its subsidiary and associated company have direct or deemed interests.

Shareholdings held by the public

Based on the information available to the Company as at 1 June 2018, 44.21% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

SHARE PRICE AND TURNOVER



Share Price ($)	**2017/18**	**2016/17**
High	**11.50**	11.67
Low	**9.66**	9.60
Closing	**10.84**	10.07
Market Value Ratios [R1]		
Price/Earnings	**14.36**	33.02
Price/Book value	**0.90**	0.91
Price/Cash earnings [R2]	**4.90**	6.03

R1 *Based on closing price on 31 March and Group numbers.*

R2 *Cash earnings is defined as profit attributable to owners of the Company plus depreciation and amortisation.*

ADDITIONAL INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES

1. Interested Person Transactions

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the Financial Year 2017/18 are as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) (S$)
Certis CISCO Group		
- Quann Asia Pacific Pte Ltd	–	1,450,000
- Synergy FMI	–	4,064,122
PT Bank Danamon Indonesia TBK	–	1,091,472
SATS Ltd Group		
- Air India SATS Airport Services Private Limited	–	8,066,106
- Asia Airfreight Terminal Co Ltd	–	3,804,263
- DFASS SATS Pte Ltd	–	10,607,703
- MacroAsia Catering Services Inc.	–	4,016,316
- Maldives Inflight Catering Private Limited	–	1,843,773
- PT Jas Aero-Engineering Services	–	1,520,926
- PT Jasa Angkasa Semesta Tbk	–	18,779,935
- SATS Aero Laundry Pte. Ltd.	–	13,722,531
- SATS Aerolog Express Pte Ltd	–	551,798
- SATS HK Limited	–	6,004,538
- SATS Ltd	–	739,143,920
- SATS Security Services Private Limited	–	25,366,378
- Taj Madras Flight Kitchen Private Limited	–	634,952
- Taj SATS Air Catering Ltd	–	5,172,295
- TFK Corporation	–	8,145,082
Singapore Telecommunications Limited Group		
- Optus Networks Pty Limited	–	500,076
- Singapore Telecommunications Limited	–	2,782,206
StarHub Ltd Group		
- Accel Systems & Technologies Pte. Ltd.	–	1,222,553
- StarHub Ltd	–	818,536

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) (S$)
Temasek Holdings (Private) Limited and Associates		
- Ascendas Hotel Investment Company Pty Ltd	–	3,337,028
- Fullerton Fund Management Company Ltd*	1,878,000	–
- MediaCorp Pte Ltd	–	747,049
- SingEx Venues International Pte Ltd	–	138,080
- ST Asset Management Ltd*	1,233,000	–
- Trusted Source Pte Ltd	–	119,000
Total Interested Person Transactions	**3,111,000**	**863,650,638**

* *Fullerton Fund Management Company Ltd and ST Asset Management Ltd subscribed to Fixed Rate Notes issued by Singapore Airlines Limited under its S$5 Billion Multicurrency Medium Term Note Programme. Pursuant to Rule 909(3) of the SGX Listing Manual, the values of the transactions are the interest payable on the borowings.*

2. Material Contracts

Except as disclosed above and in the financial statements for the financial year ended 31 March 2018, there were no material contracts entered into by the Company and its subsidiary companies involving the interests of the Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

NOTICE OF ANNUAL GENERAL MEETING

SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 197200078R

Notice is hereby given that the Forty-Sixth Annual General Meeting of Singapore Airlines Limited ("the **Company**") will be held at Orchard Grand Ballroom, Level 3, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Friday, 27 July 2018 at 10.00 a.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 March 2018 and the Auditors' Report thereon.

2. To declare a final dividend of 30 cents per ordinary share for the year ended 31 March 2018.

3. To re-elect the following Directors who are retiring by rotation in accordance with Article 91 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   (a) Mr Gautam Banerjee
   (b) Mr Goh Choon Phong
   (c) Mr Hsieh Tsun-yan

4. To approve Directors' emoluments of up to $2,300,000 for the financial year ending 31 March 2019 (FY2017/18: up to $2,300,000).

5. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

Special Business

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

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

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

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

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

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

   provided that:

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 5% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

  (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

  (ii) any subsequent bonus issue or consolidation or subdivision of shares,

  and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

7. That:

(a) existing Rules 2, 3, 4, 5, 6, 7, 8, 12 and 13 of the SIA Restricted Share Plan 2014 be altered by deleting and respectively substituting them with the corresponding Rules set out in Appendix 1 to the Letter to Shareholders dated 28 June 2018; and

(b) the Directors of the Company be and are hereby authorised to:

  (i) grant awards in accordance with the provisions of the SIA Performance Share Plan 2014 and/or the SIA Restricted Share Plan 2014 (as altered); and

  (ii) allot and issue from time to time such number of fully paid-up ordinary shares as may be required to be delivered pursuant to the vesting of awards under the SIA Performance Share Plan 2014 and/or the SIA Restricted Share Plan 2014 (as altered),

  provided that:

  (1) the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, (ii) existing ordinary shares (including ordinary shares held in treasury) delivered and/or to be delivered, and (iii) ordinary shares released and/or to be released in the form of cash in lieu of ordinary shares, pursuant to the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 (as altered), shall not exceed 5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time;

  (2) the aggregate number of ordinary shares under awards to be granted pursuant to the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 (as altered) respectively during the period (the "**Relevant Year**") commencing from this Annual General Meeting and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 0.5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time (the "**Yearly Limit**"); and

NOTICE OF ANNUAL GENERAL MEETING

SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 197200078R

(3) if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used for the grant of awards under the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 (as altered) in subsequent years, for the duration of the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 (as altered) respectively,

and in this Resolution, "subsidiary holdings" has the meaning given to it in the Listing Manual of the Singapore Exchange Securities Trading Limited.

8. That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the Singapore Exchange Securities Trading Limited for the Company, its subsidiaries and associated companies that are "entities at risk" (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 2 to the Letter to Shareholders dated 28 June 2018 (the "**Letter**") with any party who is of the class of interested persons described in Appendix 2 to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "**IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

9. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out herein) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing 5% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed, whether pursuant to a market purchase or an off-market purchase, 105% of the Average Closing Price of the Shares; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

Closure of Books

Notice is hereby given that, subject to the approval of shareholders to the final dividend being obtained at the Forty-Sixth Annual General Meeting to be held on 27 July 2018, the Transfer Books and the Register of Members of the Company will be closed on 3 August 2018 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 2 August 2018 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 of the Company as at 5.00 p.m. on 2 August 2018 will be entitled to the final dividend.

The final dividend, if so approved by shareholders, will be paid on 15 August 2018.

By Order of the Board

Brenton Wu
Company Secretary
28 June 2018
Singapore

NOTICE OF ANNUAL GENERAL MEETING

SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 197200078R

Explanatory notes

1. In relation to Ordinary Resolution Nos. 3(a), 3(b) and 3(c), Mr Gautam Banerjee will, upon re-election, continue to serve as Chairman of the Board Audit Committee and a member of the Board Executive Committee. Mr Goh Choon Phong will, upon re-election, continue to serve as a member of the Board Executive Committee and the Board Nominating Committee. Mr Hsieh Tsun-yan will, upon re-election, continue to serve as a member of the Board Executive Committee, the Board Audit Committee and the Board Compensation and Industrial Relations Committee. Mr Banerjee and Mr Hsieh are considered independent Directors. Mr Goh is considered a non-independent Director. Please refer to the sections on Board of Directors and Corporate Governance in the Annual Report for further details on Mr Banerjee, Mr Goh and Mr Hsieh, respectively.

2. Ordinary Resolution No. 4, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during the financial year ending 31 March 2019 ("**FY2018/19**"). Directors' fees are computed based on the anticipated number of Board and Committee meetings for FY2018/19, assuming full attendance by all of the non-executive Directors. The amount also caters for any fee increases and unforeseen circumstances, for example, the appointment of additional Directors, additional unscheduled Board meetings and/or the formation of additional Board Committees. The amount also includes transport and travel benefits to be provided to the non-executive Directors. In the event that the amount proposed is insufficient, approval will be sought at the next Annual General Meeting in year 2019 ("**2019 AGM**") before payments are made to Directors for the shortfall. Mr Goh Choon Phong, being the Chief Executive Officer, does not receive any Director's fees.

   The current intention is that, subject to the passing of Ordinary Resolution No. 7 (to approve alterations to the SIA Restricted Share Plan 2014 to (*inter alia*) permit grants of fully paid shares to be made to non-executive Directors as part of their remuneration), the Directors' fees for non-executive Directors for FY2018/19 will comprise a cash component and a share component, with approximately 30% being paid out in the form of awards under the SIA Restricted Share Plan 2014 (as altered). Any such award would typically consist of the grant of fully paid shares outright with no performance or vesting conditions attached, but with a selling moratorium of one year. Non-executive Directors would eventually be required to hold shares (including shares obtained by other means) worth a minimum of the annual basic retainer fees (currently $90,000) as the shares paid out to them as part of their remuneration in lieu of cash accumulate over time.

   The cash component of the Directors' fees for FY2018/19 is intended to be paid quarterly in arrears. The share component of the Directors' fees for FY2018/19 is intended to be paid after the 2019 AGM has been held. The actual number of shares to be awarded to each non-executive Director holding office at the time of the payment is intended to be determined by reference to the volume weighted average price of a share on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") over the 10 trading days from (and including) the day on which the shares are first quoted ex-dividend after the 2019 AGM (or, if no final dividend is proposed at the 2019 AGM, or the resolution to approve any such final dividend is not approved at the 2019 AGM, over the 10 trading days immediately following the date of the 2019 AGM). The number of shares to be awarded will be rounded down to the nearest hundred and any residual balance will be settled in cash. A non-executive Director who steps down before the payment of the share component will receive all of his Directors' fees for FY2018/19 (calculated on a pro-rated basis, where applicable) in cash.

3. Ordinary Resolution No. 6, if passed, will empower the Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments. The number of shares which the Directors may issue under this Resolution will not exceed 50% of the issued shares (excluding treasury shares and subsidiary holdings), with a sub-limit of 5% for issues other than on a *pro rata* basis. The 5% sub-limit for non-*pro rata* issues is lower than the 20% sub-limit allowed under the Listing Manual of the SGX-ST. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed and (b) any subsequent bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares. As at 1 June 2018, the Company had 17,318,177 treasury shares and no subsidiary holdings.

4. Ordinary Resolution No. 7, if passed, will:

   (a) approve alterations to the SIA Restricted Share Plan 2014 to enable non-executive Directors of the Company and/or its subsidiaries to participate in the SIA Restricted Share Plan 2014; and

   (b) empower the Directors to grant awards pursuant to the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 (as altered), and to allot and issue ordinary shares of the Company pursuant to the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 (as altered).

   The SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 were adopted at the Extraordinary General Meeting of the Company held on 30 July 2014.

The purpose of the proposed alterations to the SIA Restricted Share Plan 2014 is to (*inter alia*) permit grants of fully paid shares to be made to non-executive Directors of the Company as part of their remuneration in respect of their office as such in lieu of cash, in order to improve the alignment of the interests of the non-executive Directors with the interests of shareholders. Please refer to the Letter to Shareholders dated 28 June 2018 (the "**Letter**") for more details. See, also, the explanatory notes to Ordinary Resolution No. 4 above on the current intention to pay out approximately 30% of the Directors' fees for FY2018/19 in the form of awards under the SIA Restricted Share Plan 2014 (as altered).

The total number of ordinary shares which may be delivered pursuant to awards granted under the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 (as altered) (whether in the form of ordinary shares or in the form of cash in lieu of ordinary shares) shall not exceed 5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time. In addition, Ordinary Resolution No. 7 will also provide that the total number of ordinary shares under awards to be granted pursuant to the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 (as altered) from this Annual General Meeting to the next Annual General Meeting (the "**Relevant Year**") shall not exceed 0.5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time (the "**Yearly Limit**"), provided that if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used by the Directors to make grants of awards under the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 (as altered) in subsequent years, for the duration of the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 (as altered) respectively.

5. Ordinary Resolution No. 8, if passed, will renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST) or any of them, to enter into certain interested person transactions with certain classes of interested persons as described in Appendix 2 to the Letter. The authority will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company. Please refer to the Letter for more details.

6. Ordinary Resolution No. 9, if passed, will renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution.

   The Company may use internal or external sources of funds to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired, the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

   The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Buy Back Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 March 2018, based on certain assumptions, are set out in paragraph 4.7 of the Letter.

   Please refer to the Letter for more details.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. The proxy form (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 not less than 72 hours before the time fixed for holding the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 197200078R

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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CORPORATE DATA

BOARD OF DIRECTORS

Chairman Peter Seah Lim Huat

Members Gautam Banerjee
William Fung Kwok Lun
(until 28 July 2017)
Goh Choon Phong
Hsieh Tsun-yan
Lee Kim Shin
Helmut Gunter Wilhelm Panke
Dominic Ho Chiu Fai
(from 1 May 2017)
Simon Cheong Sae Peng
(from 1 June 2017)

BOARD COMMITTEES

Board Executive Committee

Chairman Peter Seah Lim Huat

Members Gautam Banerjee
Goh Choon Phong
Hsieh Tsun-yan

Board Audit Committee

Chairman Gautam Banerjee

Members William Fung Kwok Lun
(until 28 July 2017)
Hsieh Tsun-yan
Dominic Ho Chiu Fai
(from 1 May 2017)

Board Compensation and Industrial Relations Committee

Chairman Peter Seah Lim Huat

Members Hsieh Tsun-yan
Helmut Gunter Wilhelm Panke
Simon Cheong Sae Peng
(from 1 June 2017)

Board Nominating Committee

Chairman Peter Seah Lim Huat

Members Goh Choon Phong
Lee Kim Shin

Board Safety and Risk Committee

Chairman Helmut Gunter Wilhelm Panke

Members Lee Kim Shin
Peter Seah Lim Huat
Dominic Ho Chiu Fai
(from 1 June 2017)

Company Secretary Brenton Wu Ming-Kaye

Share Registrar M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Auditors KPMG LLP
Public Accountants and
Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Audit Partner Malcolm Ramsay
(from the audit of the financial statements for the year ended 31 March 2018)

Registered Office Airline House
25 Airline Road
Singapore 819829

EXECUTIVE MANAGEMENT

Head Office

Goh Choon Phong
Chief Executive Officer

Mak Swee Wah
Executive Vice President
Commercial

Ng Chin Hwee
Executive Vice President
Human Resources & Operations

Tan Pee Teck
Senior Vice President
Cabin Crew

Chin Yau Seng
Senior Vice President
Cargo
(from 1 April 2018)

Lee Wen Fen
Senior Vice President
Corporate Planning

Yeoh Phee Teik
Acting Senior Vice President
Customer Experience
(from 16 October 2017)

Marvin Tan Meng Hung
Senior Vice President Customer Services & Operations
(from 16 October 2017)

Lau Hwa Peng
Senior Vice President
Engineering

Stephen Barnes
Senior Vice President Finance

Quay Chew Eng
Senior Vice President Flight Operations

Christopher Cheng Kian Hai
Senior Vice President Human Resources
(until 16 October 2017)

Vanessa Ng
Senior Vice President Human Resources
(from 17 October 2017)

George Wang Wei Jun
Senior Vice President
Information Technology

Tan Kai Ping
Senior Vice President Marketing Planning

Marvin Tan Meng Hung
Senior Vice President Product & Services
(until 15 October 2017)

Campbell David McGregor Wilson
Senior Vice President Sales & Marketing

Christopher Cheng Kian Hai
Senior Vice President Special Projects
(from 17 October 2017)

Overseas Regions

Lee Sek Eng
Regional Vice President
Americas

Subhas Menon
Regional Vice President
Europe

Lim Wee Kok
Regional Vice President
North Asia
(until 7 December 2017)

Tan Tiow Kor
Regional Vice President
North Asia
(from 8 December 2017)

Philip Goh Ser Miang
Regional Vice President
South East Asia
(until 7 December 2017)

Lim Wee Kok
Regional Vice President
South East Asia
(from 8 December 2017)

Tan Tiow Kor
Regional Vice President
South West Pacific
(until 7 December 2017)

Philip Goh Ser Miang
Regional Vice President
South West Pacific
(from 8 December 2017)

Joey Seow Eng Wan
Regional Vice President
West Asia & Africa

SENIOR MANAGEMENT, MAJOR SUBSIDIARIES

Png Kim Chiang
Chief Executive Officer
SIA Engineering Company Limited

Lee Lik Hsin
Chief Executive Officer
Budget Aviation Holdings Pte. Ltd.

Foo Chai Woo
Chief Executive
SilkAir (Singapore) Private Limited

Chin Yau Seng
President
Singapore Airlines Cargo Pte Ltd
(until 31 March 2018)

FINANCIAL CALENDAR

- **31 March 2018**
  Financial Year End
- **17 May 2018**
  Announcement of FY2017/18 Full Year Results
- **28 June 2018**
  Publication of Annual Report and Letter to Shareholders
- **26 July 2018**
  Announcement of FY2018/19 First Quarter Results
- **27 July 2018**
  Annual General Meeting
- **15 August 2018**
  Payment of Final Dividend for the FY2017/18 (subject to shareholders' approval at AGM)
- **13 November 2018**
  Announcement of FY2018/19 Second Quarter and Half-Year Results

SINGAPORE AIRLINES

A STAR ALLIANCE MEMBER

www.singaporeair.com

SINGAPORE AIRLINES LIMITED
MCI (P) 106/05/2018
Singapore Company Reg. No.: 197200078R
Airline House
25 Airline Road
Singapore 819829

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Brenton Wu
Tel: +65 6541 5314
Fax: +65 6546 7469
Email: brenton_wu@singaporeair.com.sg

INVESTOR RELATIONS
Tel: +65 6541 4885
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PUBLIC AFFAIRS
Tel: +65 6541 5880
Email: public_affairs@singaporeair.com.sg