SINGAPORE AIRLINES

A STAR ALLIANCE MEMBER

EMBARKING ON A TRANSFORMATIONAL JOURNEY

FINANCIAL STATEMENTS
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.

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)

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

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

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2018 (in $ million)

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

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

STATEMENTS OF CHANGES IN EQUITY

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

The Group

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

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

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

STATEMENTS OF CHANGES IN EQUITY

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

The Group

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

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

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

STATEMENTS OF CHANGES IN EQUITY

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

The Company

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

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

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2016		1,856.1	(381.5)	(5.1)	108.0	(470.9)	10,901.6	12,008.2
Effects of adopting FRS 109		–	–	–	–	(20.7)	33.0	12.3
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	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.

<u>IFRS 16 Leases</u>

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

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

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

(e) Basis of consolidation

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(e) Basis of consolidation (continued)

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

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

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

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

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

(f) Subsidiary, associated and joint venture companies

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

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

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

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

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

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

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

(g) Intangible assets

(i) Computer software

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

(ii) Deferred engine development cost

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

(iii) Brand and trademarks

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

(iv) Goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(g) Intangible assets (continued)

(v) Other intangible assets

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

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

(vi) Subsequent expenditure

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

(vii) Amortisation

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

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

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

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

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

(h) Foreign currencies

Foreign currency transactions

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

(h) Foreign currencies (continued)

Foreign operations

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

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Depreciation of property, plant and equipment

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

Freehold land, advance and progress payments are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(i) Property, plant and equipment (continued)

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

The estimated useful lives and residual values are as follows:

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

(j) Leases

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

(i) Finance lease – as lessee

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

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

2 Summary of Significant Accounting Policies (continued)

(j) Leases (continued)

(ii) Operating lease

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

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

(iii) Operating lease – as lessor

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

(k) Inventories

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

(l) Financial instruments

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

Financial assets

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

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

a) Amortised cost: A non-equity financial asset can be measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

b) FVOCI: A non-equity financial asset can be measured at FVOCI only if it meets both of the following conditions:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) FVTPL: All other financial assets are classified as measured at FVTPL. Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;

- How the performance of the portfolio is evaluated and reported to the Group's Management;

- The risks that affect the performance of the business model and how those risks are managed;

- How managers of the portfolio are compensated; and

- The frequency, volume and timing of disposals in prior periods, the reasons for such disposals and its expectations about future activity.

Assessment of whether contractual cash flows are solely payments of principal and interest

For assessment purposes, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contingent events, leverage features, modifications of the time value of money and other limiting terms in the contractual terms of the instrument, which could change the timing or amount of contractual cash flows such that the cash flows of the instrument would not be reflective of solely payments of principal and interest.

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing those financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of the (i) consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income, in respect of equity investment securities designated as at FVOCI, is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition, that is created or retained by the Group, is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(v) Impairment

Expected credit loss

The Group recognises loss allowances for expected credit loss ("ECL") on non-equity financial instruments that are not measured at FVTPL.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Non-equity financial instruments that are determined to have a low credit risk at the reporting date; and
- Other non-equity financial instruments (other than trade debtors) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade debtors are always measured at an amount equal to lifetime ECL.

The Group considers a non-equity financial instrument to have a low credit risk when its credit quality is rated to be of an investment grade by credit rating agencies.

12-month ECL is the portion of lifetime ECL that results from the default events on a financial instrument that are possible within the 12 months after the reporting date. The lifetime ECL is the expected credit loss over the term of the financial instrument, and is the shortfall of the probability weighted net present value of cash flows as compared to the carrying value of the non-equity financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether non-equity financial assets that are carried at amortised cost or FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(vi) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts, foreign currency option contracts, cross currency swap contracts, interest rate swap contracts, interest rate cap contracts, jet fuel option contracts, jet fuel, Brent and crack swap contracts and jet fuel collar contracts to hedge its risks associated with foreign currency, interest rate and jet fuel price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to the profit and loss account.

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Designation of hedges

The Group designates certain derivatives as well as non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedge, the economic relationship between the hedge instrument and the hedged item, the effects of credit risk on the hedge, the hedge ratio and the hedge type (cash flow or fair value).

Designation of a risk component of a hedged item is permitted when it is a separable identifiable component of the item, and the changes in the cash flows or the fair value of the item attributable to changes in the risk component is reliably measurable.

At the inception of the hedge relationship, the Group makes an assessment of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated. For a cash flow hedge of a forecast transaction, the Group also assesses whether the forecast transaction is highly probable to occur and if it presents an exposure to variations in cash flows that could ultimately affect profit or loss.

The hedge effectiveness assessment is an assessment of the economic relationship between the hedged item and the hedging instrument, and is therefore only forward looking. There is no prescribed quantitative hedge effectiveness threshold. Hedge effectiveness is the extent to which the fair value of the hedging instrument offsets changes in the fair value of the hedged item.

The time value of an option is excluded from the designation of a financial instrument and is accounted for as a cost of hedging. The fair value changes related to time value are recognised in other comprehensive income and depending on the nature of the hedged item, will either be transferred to profit and loss account in the same period that the underlying transaction affects profit or loss, or be capitalised into the initial carrying value of a hedged item.

Cash flow hedges

When a derivative is designated in a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the fair value reserve. Any ineffective portion of changes in the fair value of the derivative (i.e. the extent to which changes in the fair value of the hedge instrument do not match the changes in fair value of the hedged item) is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income, and depending on the nature of the hedged item, will either be transferred to the profit or loss in the same period that the underlying transaction affects the profit and loss account or be capitalised in the initial carrying amount of a hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued. The cumulative gain or loss previously recognised in the fair value reserve remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Designation of hedges (continued)

Fair value hedges

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(m) Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or its related CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For non-financial assets excluding goodwill and those with indefinite lives, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss account unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(n) Loans, notes payable and borrowings

Loans, notes payable and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

(o) Trade and other creditors

Trade and other creditors and amounts owing to subsidiary and associated companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

2 Summary of Significant Accounting Policies (continued)

(p) Provisions

Provisions are recognised when, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions for return costs to meet contractual minimum conditions for the return of aircraft, at the end of the lease terms for aircraft under operating leases, are recorded over the lease terms.

Other provisions include provisions for warranty claims, upgrade costs and end-of-lease liabilities. Provision for warranty claims is made for engine overhauls, repairs and maintenance of aircraft (excluding line maintenance), based on past experience of repairs.

(q) Share capital and share issuance expenses

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital, net of any tax effect.

(r) Treasury shares

When shares are reacquired by the Company, the amount of consideration paid which includes directly attributable costs, net of any tax effect, is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve. Voting rights related to treasury shares are nullified and no dividends are allocated to them.

(s) Taxation

(i) Current income tax

Tax recoverable and tax liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to, respectively, the tax authorities using tax rates enacted or substantively enacted at balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income taxes are recognised in the profit and loss account except to the extent that the tax relates to a business combination, or items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(s) Taxation (continued)

(ii) Deferred tax

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

Deferred tax assets and liabilities are not recognised for:

- Temporary differences on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- Temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future.

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

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

(t) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, net of discounts and rebates.

Revenue is principally earned from the carriage of passengers, cargo and mail, engineering services, training of pilots, air charters and tour wholesaling and related activities. Revenue for the Group excludes dividends from subsidiary companies and intra-group transactions.

Passenger and cargo sales are recognised as operating revenue when the transportation is provided. The value of unutilised tickets and airway bills is included in current liabilities as sales in advance of carriage. The value of unutilised tickets is recognised as revenue by estimating a percentage of the breakage revenue upfront at flight date based on historical trends and experience. The value of airway bills is recognised as revenue if unused after one year.

2 Summary of Significant Accounting Policies (continued)

(t) Revenue (continued)

Revenue from repair and maintenance of aircraft, and engine and component overhaul is recognised based on the percentage of completion of the projects. The percentage of completion of the projects is determined based on the number of man-hours incurred to date against the estimated man-hours needed to complete the projects.

Rental income from the lease of aircraft is recognised on a straight-line basis over the lease term.

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage upon redemption, which is then used to project the expected utilisation of these benefits.

In addition, the Company also sells miles to programme partners for issuance to their programme members. For miles purchased by programme partners, revenue is deferred until awards are utilised. The deferrals are based on the expected utilisation of these awards.

(u) Income from investments

Dividend income from investments is recognised when the Group's right to receive the payment is established.

Interest income from investments and fixed deposits is recognised using the effective interest method.

(v) Employee benefits

(i) Equity compensation plans

The fair value determined at the grant date of the equity-settled share-based payment awards is recognised on a straight-line basis over the vesting period. In valuing the share options and share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company and non-vesting performance conditions.

Non-market vesting performance conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share-based compensation reserve, over the remaining vesting period.

No expense is recognised for options or awards that do not ultimately vest, except for options or awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

2 Summary of Significant Accounting Policies (continued)

(v) Employee benefits (continued)

(ii) Defined benefit plans

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Remeasurements comprising actuarial gains and losses, and the return on plan assets are recognised immediately in other comprehensive income in the period in which they arise. All expenses related to the defined benefit plans are recognised as an expense in profit or loss. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group.

(iii) Defined contribution plans

As required by law, the companies in Singapore make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Certain of the Group's subsidiary companies and overseas stations outside Singapore make contributions to their respective countries' defined contribution pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

(iv) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(w) Aircraft maintenance and overhaul costs

The Group recognises aircraft maintenance and overhaul expenses (except heavy maintenance visits, engine overhaul and landing gear overhaul expenses) on an incurred basis. For engine overhaul costs covered by power-by-hour third-party maintenance agreements, a portion of the cost is expensed at a fixed rate per hour during the terms of the agreements. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised in the future. Upon completion of an overhaul, these amounts are transferred to property, plant and equipment and depreciated over their useful lives.

(x) Borrowing costs

Borrowing costs incurred to finance advance and progress payments for aircraft are capitalised as part of advance and progress payments until the aircraft are commissioned for operation or the projects are completed. All other borrowing costs are recognised as finance charges in the period in which they are incurred.

2 Summary of Significant Accounting Policies (continued)

(y) Segment reporting

(i) Business segment

For management purposes, the Group is organised into operating segments based on the nature of the services provided which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to corporate management who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

(ii) Geographical segment

The analysis of revenue by area of original sale from airline operations is derived by allocating revenue to the area in which the sale was made. Revenue from other operations, which consist principally of engineering services and cargo operations, is derived in East Asia and is therefore, not shown.

Assets, which consist principally of flight and ground equipment, support the entire worldwide transportation system, and are mainly located in Singapore. An analysis of assets and capital expenditure of the Group by geographical distribution has therefore not been included.

3 Significant Accounting Estimates and Critical Judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income, expenses, and disclosures made. Actual results may differ from these estimates. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

(a) Impairment of property, plant and equipment – aircraft fleet

Impairment is recognised when events and circumstances indicate that the aircraft may be impaired and the carrying amounts of the aircraft exceed the recoverable amounts. Recoverable amount is defined as the higher of an aircraft's fair value less costs to sell and its value-in-use. When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on financial budgets approved by the Management covering a specified period.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Determination of a CGU requires judgement, as it requires identification of the lowest aggregation of assets that generate largely independent cash flows.

(b) Depreciation of property, plant and equipment – aircraft fleet

Aircraft are depreciated on a straight-line basis at rates which are calculated to write down their cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of the fleet are made by the Group based on past experience and these are in line with the industry. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2018 was $12,754.2 million (2017: $10,829.1 million) and $9,239.7 million (2017: $7,898.8 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

3 Significant Accounting Estimates and Critical Judgements (continued)

(c) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the statement of financial position. Certain estimates are made by the Group's passenger airlines with regards to the expected ticket breakage (tickets sold and not uplifted at flight date) to determine the amount of revenue to be recognised as revenue in the current financial year pertaining to tickets that will never be utilised.

In the previous financial year, the Group revised certain estimates to recognise passenger ticket breakage revenue from expected unutilised tickets on flight date, resulting in a one-time increase in revenue of approximately $151.2 million. Effects in future periods have not been disclosed because the estimates rely on future flown revenue information.

The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2018 was $2,425.6 million (2017: $1,634.3 million) and $2,197.5 million (2017: $1,465.9 million) respectively.

(d) Frequent flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage upon redemption, which is then used to project the expected utilisation of these benefits.

In addition, the Company also sells miles to programme partners for issuance to their programme members. For miles purchased by programme partners, revenue is deferred until awards are utilised. The deferrals are based on the expected utilisation of these awards.

During the year, the Company reviewed the actual expiry of miles against the expected breakage rate determined in financial year 2013/14, when the Pay With Miles option to the KrisFlyer programme was introduced. The impact of the revision in estimates is an increase of approximately $178.2 million in revenue. Effects in future periods have not been disclosed because the estimates rely on future flown revenue information.

The carrying amount of the Group's and the Company's deferred revenue at 31 March 2018 was $556.1 million (2017: $707.8 million).

(e) Aircraft maintenance and overhaul expenditure under power-by-hour agreements

The Group has entered into several power-by-hour ("PBH") engine maintenance agreements with original equipment manufacturers of aircraft engines. The monthly payments are based on the number of flying hours flown. A portion of the cost is expensed at a fixed rate per hour during the term of the PBH agreement. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised through future maintenance activities, if any, or capitalised upon completion of an overhaul.

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate of the proportion of day-to-day maintenance compared to maintenance which extends the useful lives of the engine. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2018 was $1,072.0 million (2017: $783.3 million) and $836.2 million (2017: $611.9 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to $56.6 million (FY2016/17: $70.9 million) for the Group and $21.4 million (FY2016/17: $28.1 million) for the Company.

3 Significant Accounting Estimates and Critical Judgements (continued)

(f) Provision for lease return costs

Prior to the return of aircraft leased by the Group entities to the lessor, the Group entities are required to fulfil certain lease return conditions which may include the completion of certain maintenance activities to the airframe and engines and the reconfiguration of seats within the aircraft. The provision for lease return costs for these leased aircraft is determined based on the best estimate of the costs that will be incurred to fulfil the stipulated lease return conditions. The carrying amount of the provision for the Group and the Company at 31 March 2018 was $1,100.8 million (2017: $1,137.2 million) and $833.1 million (2017: $886.3 million) respectively.

4 Segment Information (in $ million)

Following the Group's multi-brand portfolio strategy and integration activities of Tiger Airways and Scoot, Management has determined that the Group has the following reportable segments:

(i) The Singapore Airlines segment provides passenger air transportation under the Singapore Airlines brand with a focus on full-service passenger segment serving short and long haul markets.

(ii) The SilkAir segment provides passenger air transportation under the SilkAir brand with a focus on full-service passenger segment serving regional markets.

(iii) The Budget Aviation segment provides passenger air transportation under the Tiger Airways and Scoot brands with a focus on the low-cost passenger segment.

(iv) SIAEC segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management. It also manufactures aircraft cabin equipment, refurbishes aircraft galleys, provides technical and non-technical handling services and repair and overhaul of hydro-mechanical aircraft equipment.

(v) Singapore Airlines Cargo ("SIA Cargo") segment is involved in air cargo transportation and related activities.

Other services provided by the Group, such as the training of pilots, air charters and tour wholesaling, have been aggregated under the segment "Others". None of these segments meets any of the quantitative thresholds for determining reportable segments in FY2017/18 or FY2016/17.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transactions carried out between operating segments during the financial year are in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

4 Segment Information (in $ million) (continued)

Business segments

The Group's business is organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial years ended 31 March 2018 and 2017 and certain assets and liabilities information of the business segments as at those dates.

	Singapore Airlines FY2017/18	SilkAir FY2017/18	Budget Aviation FY2017/18	SIAEC FY2017/18	SIA Cargo FY2017/18	Others FY2017/18	Total of segments FY2017/18	Elimination* FY2017/18	Consolidated FY2017/18
TOTAL REVENUE									
External revenue	10,544.2	998.9	1,533.8	480.9	2,216.4	31.9	15,806.1	–	15,806.1
Inter-segment revenue	1,039.6	21.4	47.3	614.0	3.7	84.5	1,810.5	(1,810.5)	–
	11,583.8	1,020.3	1,581.1	1,094.9	2,220.1	116.4	17,616.6	(1,810.5)	15,806.1
RESULTS									
Segment result	703.2	42.5	77.4	76.4	148.1	21.1	1,068.7	(11.4)	1,057.3
Finance charges	(95.8)	–	(31.8)	(0.8)	(0.2)	–	(128.6)	38.8	(89.8)
Interest income	87.8	2.5	1.3	4.9	2.5	0.5	99.5	(38.6)	60.9
Surplus on disposal of aircraft, spares and spare engines	15.4	–	0.7	–	–	–	16.1	–	16.1
Dividends from long-term investments	6.2	–	–	–	–	–	6.2	–	6.2
Other non-operating items	13.1	(7.2)	(0.3)	16.1	(3.1)	–	18.6	–	18.6
Share of profits of joint venture companies	–	–	0.7	40.3	–	–	41.0	–	41.0
Share of (losses)/profits of associated companies	(78.5)	–	(0.3)	69.5	–	–	(9.3)	–	(9.3)
Taxation	(112.1)	(9.3)	(8.4)	(21.1)	(9.7)	(3.6)	(164.2)	–	(164.2)
Profit for the financial year	539.3	28.5	39.3	185.3	137.6	18.0	948.0	(11.2)	936.8
Attributable to:									
Owners of the Company									892.9
Non-controlling interests									43.9
									936.8

* *Relates to inter-segment transactions eliminated on consolidation.*

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines FY2016/17	SilkAir FY2016/17	Budget Aviation FY2016/17	SIAEC FY2016/17	SIA Cargo FY2016/17	Others FY2016/17	Total of segments FY2016/17	Elimination* FY2016/17	Consolidated FY2016/17
TOTAL REVENUE									
External revenue	10,134.2	969.2	1,349.1	429.4	1,950.2	36.4	14,868.5	–	14,868.5
Inter-segment revenue	960.0	21.1	39.6	674.7	5.4	48.1	1,748.9	(1,748.9)	–
	11,094.2	990.3	1,388.7	1,104.1	1,955.6	84.5	16,617.4	(1,748.9)	14,868.5
RESULTS									
Segment result	386.4	100.8	67.4	72.0	3.1	9.6	639.3	(16.5)	622.8
Finance charges	(47.6)	–	(28.0)	(0.7)	–	–	(76.3)	30.2	(46.1)
Interest income	99.1	2.8	5.0	4.0	1.4	0.3	112.6	(38.7)	73.9
Loss on disposal of aircraft, spares and spare engines	(2.9)	(25.9)	(0.8)	–	(1.2)	(0.9)	(31.7)	–	(31.7)
Dividends from long-term investments	5.2	0.3	–	–	–	–	5.5	–	5.5
Dividends from asset held for sale	–	–	–	39.5	–	–	39.5	–	39.5
Other non-operating items	12.1	(0.8)	(127.5)	143.8	(131.9)	0.1	(104.2)	1.0	(103.2)
Share of (losses)/profits of joint venture companies	–	–	(10.7)	31.6	–	–	20.9	–	20.9
Share of (losses)/profits of associated companies	(127.5)	–	(0.4)	64.9	–	–	(63.0)	–	(63.0)
Taxation	(65.3)	(18.1)	7.4	(17.9)	1.3	(1.0)	(93.6)	16.9	(76.7)
Profit/(Loss) for the financial year	259.5	59.1	(87.6)	337.2	(127.3)	8.1	449.0	(7.1)	441.9
Attributable to:									
Owners of the Company									360.4
Non-controlling interests									81.5
									441.9

* *Relates to inter-segment transactions eliminated on consolidation.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines 2018	SilkAir 2018	Budget Aviation 2018	SIAEC 2018	SIA Cargo 2018	Others 2018	Total of segments 2018	Elimination* 2018	Consolidated 2018
OTHER INFORMATION AS AT 31 MARCH									
Segment assets	19,562.7	1,500.1	3,572.7	1,274.2	1,429.6	188.4	27,527.7	(1,523.9)	26,003.8
Investments in associated and joint venture companies	656.3	–	(1.3)	544.4	–	–	1,199.4	–	1,199.4
Long-term investments	335.6	0.6	–	–	–	9.8	346.0	–	346.0
Total assets	20,554.6	1,500.7	3,571.4	1,818.6	1,429.6	198.2	29,073.1	(1,523.9)	27,549.2
Segment liabilities	6,234.3	275.0	593.2	222.1	378.0	58.1	7,760.7	(1,611.8)	6,148.9
Long-term liabilities	84.3	–	8.8	–	–	–	93.1	–	93.1
Provisions	902.5	67.6	219.8	0.7	–	–	1,190.6	–	1,190.6
Defined benefit plans	104.8	0.5	–	–	7.9	–	113.2	–	113.2
Borrowings	3,030.1	–	75.3	21.9	–	–	3,127.3	–	3,127.3
Tax liabilities	1,729.6	119.8	184.8	46.7	171.0	4.9	2,256.8	–	2,256.8
Total liabilities	12,085.6	462.9	1,081.9	291.4	556.9	63.0	14,541.7	(1,611.8)	12,929.9
Capital expenditure	4,253.7	287.1	570.4	31.6	66.5	0.3	5,209.6	–	5,209.6
Purchase of intangible assets	42.9	2.2	2.3	11.5	0.7	0.2	59.8	–	59.8
Depreciation	1,264.5	65.5	125.0	50.9	133.1	1.0	1,640.0	(0.4)	1,639.6
Impairment of property, plant and equipment	26.7	7.9	–	3.5	–	–	38.1	–	38.1
Amortisation of intangible assets	32.4	2.5	3.0	5.4	0.6	0.5	44.4	–	44.4
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	6.0	2.3	1.8	8.6	4.4	0.6	23.7	–	23.7

* *Relates to inter-segment transactions eliminated on consolidation.*

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines 2017	SilkAir 2017	Budget Aviation 2017	SIAEC 2017	SIA Cargo 2017	Others 2017	Total of segments 2017	Elimination* 2017	Consolidated 2017
OTHER INFORMATION AS AT 31 MARCH									
Segment assets	17,213.4	1,425.4	3,198.6	1,376.3	1,426.0	193.0	24,832.7	(1,735.5)	23,097.2
Investments in associated and joint venture companies	676.2	–	(1.1)	542.0	–	–	1,217.1	–	1,217.1
Long-term investments	395.3	0.6	–	–	–	9.8	405.7	–	405.7
Total assets	18,284.9	1,426.0	3,197.5	1,918.3	1,426.0	202.8	26,455.5	(1,735.5)	24,720.0
Segment liabilities	6,191.0	255.6	506.2	258.7	496.6	77.3	7,785.4	(1,707.0)	6,078.4
Long-term liabilities	259.4	–	9.5	–	–	–	268.9	–	268.9
Provisions	946.8	57.3	219.5	0.9	8.2	–	1,232.7	–	1,232.7
Defined benefit plans	122.3	0.5	–	–	8.4	–	131.2	–	131.2
Borrowings	1,430.0	–	88.2	25.9	23.7	–	1,567.8	–	1,567.8
Tax liabilities	1,512.4	99.4	160.3	44.8	152.2	1.7	1,970.8	–	1,970.8
Total liabilities	10,461.9	412.8	983.7	330.3	689.1	79.0	12,956.8	(1,707.0)	11,249.8
Capital expenditure	3,120.5	314.1	471.1	38.3	84.9	1.0	4,029.9	–	4,029.9
Purchase of intangible assets	30.4	3.2	3.6	5.2	0.8	1.3	44.5	–	44.5
Depreciation	1,219.3	57.6	100.6	47.6	125.7	1.2	1,552.0	0.1	1,552.1
Impairment of property, plant and equipment	3.9	–	21.2	–	–	–	25.1	–	25.1
Amortisation of intangible assets	27.9	2.1	3.4	5.2	0.7	0.5	39.8	–	39.8
Provision for competition related fines and settlement	–	–	–	–	131.9	–	131.9	–	131.9
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	3.2	3.4	(1.6)	(1.8)	(0.4)	0.2	3.0	–	3.0

* *Relates to inter-segment transactions eliminated on consolidation.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

4 Segment Information (in $ million) (continued)

Geographical segments

The following table presents revenue information on airline operations by geographical areas for the financial years ended 31 March 2018 and 2017.

	By area of original sale	
	FY2017/18	**FY2016/17**
East Asia	**7,179.3**	6,930.8
Europe	**1,685.3**	1,667.8
South West Pacific	**1,873.1**	1,736.7
Americas	**681.4**	640.6
West Asia and Africa	**840.5**	854.7
Systemwide	**12,259.6**	11,830.6
Non-scheduled services and incidental revenue	**1,925.6**	1,642.6
	14,185.2	13,473.2

There was no single customer who contributed to more than 10% of the Group's revenue during the financial years ended 31 March 2018 and 2017.

5 Staff Costs (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Salary, bonuses and other costs	**2,494.3**	2,409.0
CPF, other defined contributions and defined benefit expense	**201.6**	192.0
Share-based compensation expense	**13.1**	15.2
	2,709.0	2,616.2

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expense for the Group was $11.0 million for FY2017/18 (FY2016/17: $11.3 million). As this is not material to the total staff costs of the Group for FY2017/18 and FY2016/17, additional disclosures of the defined benefit plans are not shown.

Share-based compensation arrangements

As at 31 March 2018, the Group has the following share-based payment arrangements:

(a) Share option plans (equity-settled)

Singapore Airlines Limited Employee Share Option Plan ("ESOP") which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, were approved by shareholders on 8 March 2000 and modified at the Extraordinary General Meetings of the Company held on 14 July 2001, 26 July 2003 and 31 July 2009.

Following the expiry of the share option plans in March 2010, the Company ceased to grant options under ESOP.

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(b) Share-based incentive plans (equity-settled)

The Singapore Airlines Limited Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans for senior executives and key Senior Management, which were first approved by the shareholders of the Company on 28 July 2005. On 30 July 2014, the shareholders of the Company approved the RSP 2014 and PSP 2014, to replace the RSP and PSP respectively which expired on 27 July 2015.

The RSP/RSP 2014 awards fully paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of the performance period based on medium-term Group and Company objectives.

The PSP/PSP 2014 awards fully paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives.

Key terms and conditions related to the grants under these programmes are as follows:

Plans	Vesting Conditions	Performance conditions^	Payout
Senior Executive Share Option Scheme@	• 25% per annum of total ordinary shares subject to the options.	None	100%
Employee Share Option Scheme@	• Two years service from grant date.	None	100%
RSP/RSP 2014	Awards granted prior to FY2016/17 • Based on meeting stated performance conditions over a two-year performance period, 50% of award vests. Awards granted in and after FY2016/17 • Based on meeting stated performance conditions over a one-year performance period, 33% of award vests. • Balance vests equally over the subsequent two years with fulfilment of service requirements.	At both Company and Group level • EBITDAR# Margin • Value Added per $ Employment Cost	0% - 150%*
PSP/PSP 2014	• Based on meeting stated performance conditions over a three-year performance period.	• Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") • Relative TSR against selected airline peer index companies	0% - 200%*
Deferred share award	• Awards cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition and provided that individual performance remains satisfactory.	None	100%

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(b) Share-based incentive plans (equity-settled) (continued)

@ *The share options have contractual life of no longer than 10 years from grant date.*

EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Rentals on leased aircraft.

* *The payout depends on the achievement of pre-set performance targets over the performance period.*

^ *For non-market conditions, achievement factors are determined based on inputs from the Board Compensation & Industrial Relations Committee for the purpose of accrual for the share-based incentive plans until the achievement of the targets can be accurately ascertained.*

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices of, and movements in, the ESOP during the financial year:

	FY2017/18		FY2016/17	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	**16,723,550**	**$13.83**	21,113,197	$13.03
Cancelled	**(9,002,746)**	**$15.35**	(2,079,636)	$10.64
Exercised	**–**	**–**	(2,310,011)	$9.34
Balance at 31 March	**7,720,804**	**$12.07**	16,723,550	$13.83
Exercisable at 31 March	**7,720,804**	**$12.07**	16,723,550	$13.83

The exercise price for options outstanding at the end of the year is $12.07 (FY2016/17: $12.07 to $15.46).

There were no options exercised during the year. The weighted average share price for options exercised in FY2016/17 was $10.40. The weighted average remaining contractual life for these options is 0.25 years (FY2016/17: 0.73 years).

Movement of share awards during the financial year

	Number of Restricted Shares				
Date of grant	Balance at 01.04.2017/ date of grant	Adjustment#	Cancelled	Vested	Balance at 31.03.2018
RSP/RSP 2014					
15.07.2013	85,930	–	–	(85,930)	**–**
03.07.2014	373,085	–	–	(188,312)	**184,773**
03.07.2015	709,692	43,628	(2,970)	(386,700)	**363,650**
18.07.2016	790,696	(8,747)	(3,927)	(264,483)	**513,539**
19.07.2017	787,664	–	(4,158)	–	**783,506**
	2,747,067	34,881	(11,055)	(925,425)	**1,845,468**

5 Staff Costs (in $ million) (continued)

(b) Share-based incentive plans (equity-settled) (continued)

Movement of share awards during the financial year (continued)

Date of grant	Number of Performance Shares: Balance at 01.04.2017/ date of grant	Adjustment#	Vested	Balance at 31.03.2018
PSP/PSP 2014				
03.07.2014	248,568	(194,098)	(54,470)	**–**
03.07.2015	239,700	–	–	**239,700**
18.07.2016	240,900	–	–	**240,900**
19.07.2017	217,426	–	–	**217,426**
	946,594	(194,098)	(54,470)	**698,026**

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

Deferred RSP/RSP 2014 Awards ("DSA")

Movement of DSA during the financial year

Date of grant	Number of Deferred RSP/RSP 2014 Awards: Balance at 01.04.2017/ date of grant	Adjustment*	Vested	Balance at 31.03.2018
DSA				
28.08.2014	73,470	5,460	(78,930)	**–**
10.09.2015	74,790	–	–	**74,790**
01.09.2016	65,740	–	–	**65,740**
06.09.2017	94,070	–	–	**94,070**
	308,070	5,460	(78,930)	**234,600**

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

Since the commencement of the RSP 2014 and PSP 2014 plans in July 2014, 3,303,706 awards have been granted.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

5 Staff Costs (in $ million) (continued)

(c) Measurement of fair values

The methods and inputs used in the measurement of fair values at grant date of the equity-settled share-based incentive plans were as follows:

	FY2017/18			FY2016/17		
	RSP 2014	PSP 2014	DSA	RSP 2014	PSP 2014	DSA
Valuation Method	Monte Carlo Simulation					
Expected dividend paid yield (%)	Management's forecast in line with dividend policy					
Expected volatility (%)	11.65 – 15.77	15.77	15.82	15.53 – 17.52	16.25	15.92
Risk-free interest rate (%)	1.11 – 1.32	1.32	1.37	0.81 – 1.08	1.08	1.03
Expected term (years)	0.95 – 2.95	3.00	3.00	0.95 – 2.95	3.00	3.00
Share price at date of grant ($)	10.29	10.29	10.23	11.08	11.08	10.62
Estimated fair value ($)	9.65 – 10.08	8.23	9.56	9.82 – 10.65	11.30	9.53

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurating with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

6 Operating Profit (in $ million)

Operating profit for the financial year was arrived at after charging/(crediting):

	The Group	
	FY2017/18	FY2016/17
Compensation for changes in aircraft delivery slots	**(101.5)**	(36.8)
Interest income from short-term investments	**(1.0)**	(0.9)
Dividend income from short-term investments	**(0.8)**	(0.9)
Income from operating lease of aircraft	**(57.2)**	(45.1)
Amortisation of deferred gain on sale and operating leaseback transactions	**(3.9)**	(6.0)
Loss on disposal of short-term investments	**0.2**	0.8
Remuneration for auditors of the Company		
Audit fees	**1.6**	1.6
Non-audit fees	**0.3**	0.3
Bad debts written off	**0.8**	1.9
Impairment/(Writeback of impairment) of trade debtors	**1.0**	(1.3)
Writedown of inventories	**7.4**	5.8
Exchange loss, net	**31.6**	26.9
Currency hedging loss	**62.1**	36.6
Fuel hedging (gain)/loss recognised in "Fuel costs"	**(99.2)**	376.3
Ineffectiveness of fuel hedging contracts recognised in "Fuel costs"	**–**	(36.4)
Net gain on financial assets mandatorily measured at FVTPL	**(6.3)**	(1.6)

7 Finance Charges (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Notes payable	**83.9**	38.4
Bank loans	**3.5**	6.6
Finance lease commitments	**0.2**	–
Other receivables measured at amortised cost	**0.1**	–
Commitment fees	**2.1**	1.1
	89.8	46.1

8 Interest Income (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Interest income from fixed deposits and investments	**60.9**	73.8
Amortised interest income from other receivables	**–**	0.1
	60.9	73.9

9 Other Non-Operating Items (in $ million)

	The Group	
	FY2017/18	**FY2016/17**
Impairment of aircraft	**(7.9)**	(21.2)
Impairment of intangible assets	**–**	(98.2)
Impairment of long term investments	**(0.1)**	–
Surplus on disposal of asset held for sale	**–**	141.6
Surplus/(Loss) on disposal of other property, plant and equipment	**8.5**	(0.2)
Surplus on partial disposal of associated companies	**–**	2.4
Surplus on disposal of an associated company	**14.3**	–
Loss on disposal of a long term investment	**–**	(6.1)
Net gain on financial assets mandatorily measured at FVTPL	**4.7**	1.5
Writeback of provision for expected credit losses on investments and guarantees	**1.1**	1.8
Provision of competition-related fines and settlement	**–**	(131.9)
Surplus on dilution of interest in an associated company	**0.9**	9.7
Restructuring costs	**(3.1)**	–
Writeback/(Provision) for onerous aircraft leases	**0.2**	(2.6)
	18.6	(103.2)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

10 Taxation (in $ million)

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2018 and 2017 are:

	The Group	
	FY2017/18	**FY2016/17**
Current taxation		
Provision for the year	**75.4**	36.5
Over provision in respect of prior years	**(26.4)**	(15.9)
	49.0	20.6
Deferred taxation		
Movement in temporary differences	**102.6**	56.0
Under provision in respect of prior years	**12.6**	0.1
	115.2	56.1
	164.2	76.7

Deferred taxation related to other comprehensive income:

	The Group	
	FY2017/18	**FY2016/17**
Financial assets measured at FVOCI	**(0.9)**	0.9
Cash flow hedges	**109.7**	70.1
Actuarial gain/(loss) on revaluation of defined benefit plans	**2.1**	(1.0)
	110.9	70.0

The Group has tax losses and deductible temporary differences (of which no deferred tax asset has been recognised) of approximately $58.7 million (2017: $41.8 million) and $0.7 million (2017: $2.4 million) respectively that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset.

10 Taxation (in $ million) (continued)

A reconciliation between taxation expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 March is as follows:

	The Group	
	FY2017/18	**FY2016/17**
Profit before taxation	**1,101.0**	518.6
Less: Share of (profits)/losses of associated and joint venture companies	**(31.7)**	42.1
	1,069.3	560.7
Taxation at statutory corporate tax rate of 17.0%	**181.8**	95.3
Adjustments		
Income not subject to tax	**(37.7)**	(36.5)
Expenses not deductible for tax purposes	**22.7**	33.4
Higher effective tax rates of other countries	**8.6**	7.3
Over provision in respect of prior years, net	**(13.8)**	(15.8)
Income subject to concessionary tax rate	**(1.8)**	(1.9)
Tax benefit not recognised	**3.9**	2.4
Previously unrecognised tax benefits	**–**	(6.7)
Others	**0.5**	(0.8)
Taxation	**164.2**	76.7

11 Earnings Per Share

	The Group			
	FY2017/18		**FY2016/17**	
	Basic	**Diluted**	**Basic**	**Diluted**
Profit attributable to owners of the Company (in $ million)	**892.9**	**892.9**	360.4	360.4
Adjustment for dilutive potential ordinary shares of subsidiary companies (in $ million)	**–**	**(0.3)**	–	(0.5)
Adjusted net profit attributable to owners of the Company (in $ million)	**892.9**	**892.6**	360.4	359.9
Weighted average number of ordinary shares in issue (in million)	**1,182.2**	**1,182.2**	1,182.6	1,182.6
Adjustment for dilutive potential ordinary shares (in million)	**–**	**3.9**	–	4.4
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	**1,182.2**	**1,186.1**	1,182.6	1,187.0
Earnings per share (cents)	**75.5**	**75.3**	30.5	30.3

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

11 Earnings Per Share (continued)

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the profit attributable to owners of the Company is adjusted to take into account effects of dilutive potential ordinary shares of subsidiary companies and the weighted average number of ordinary shares of the Company in issue is adjusted to take into account effects of dilutive options and share-based incentive plans of the Company.

7.9 million (FY2016/17: 17.0 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous year presented.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

12 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	FY2017/18	**FY2016/17**
The following tax exempt (one-tier) dividends were declared and paid by the Group and Company to the owners of the Company:		
Final dividend of 11.0 cents per share in respect of FY2016/17 (FY2016/17: 35.0 cents per share in respect of FY2015/16)	**130.1**	415.0
Interim dividend of 10.0 cents per share in respect of FY2017/18 (FY2016/17: 9.0 cents per share in respect of FY2016/17)	**118.2**	106.3
	248.3	521.3

The Directors propose that a final tax exempt (one-tier) dividend of 30.0 cents per share amounting to $354.8 million be paid for the financial year ended 31 March 2018.

During the financial year, total dividends of $50.1 million (FY2016/17: $37.6 million) were paid to non-controlling interests.

13 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2018	**2017**	**2018**	**2017**
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April and 31 March	**1,199,851,018**	1,199,851,018	**1,856.1**	1,856.1
Special share				
Balance at 1 April and 31 March	**1**	1	**#**	#

The value is $0.50

13 Share Capital (in $ million) (continued)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have no par value, carry one vote per share without restriction. All shares rank equally with regards to the Group's residual assets.

The Company's ability to operate its existing route network and flight frequency is derived solely from and dependent entirely on the Air Service Agreements ("ASAs") concluded between the Government of Singapore and the governments of other countries. ASAs are therefore critical to the Company's operations. In almost all the ASAs, it is a condition that the Company must at all times be "effectively controlled" and "substantially owned" by Singapore nationals for the tenure of the respective ASAs.

In order to comply with the above requirement, one non-tradeable Special Share was issued to the Ministry of Finance. The Special Share enjoys all the rights attached to ordinary shares. In addition, pursuant to Article 3A of the Articles of Association, no resolution may be passed on certain matters without prior written approval of the Special Member.

The Company can also issue non-tradeable redeemable cumulative preference shares, which carry full voting rights ("ASA shares"). When issued, the ASA shares will be paid at $0.01 each and will carry equal voting rights as those of ordinary shares. These shares will be issued only when the Directors determine that the Company's operating rights under any of the ASAs are threatened by reason of the nationality of the majority shareholders.

During the financial year, the Company did not issue any shares (FY2016/17: nil) upon exercise of options granted under the ESOP, or vesting of share-based incentive plans.

14 Treasury Shares (in $ million)

	The Group and the Company	
	31 March	
	2018	**2017**
Balance at 1 April	**(194.7)**	(381.5)
Purchase of treasury shares	**–**	(134.3)
Treasury shares reissued pursuant to the VGO of Tiger Airways:		
- For cash on exercise of options	**–**	301.2
- Transferred from share-based compensation reserve	**–**	11.4
- Gain on reissuance of treasury shares	**–**	(25.8)
	–	286.8
Treasury shares reissued pursuant to equity compensation plans:		
- For cash on exercise of employee share options	**–**	21.6
- Transferred from share-based compensation reserve	**11.2**	16.0
- Gain on reissuance of treasury shares	**–**	(3.3)
	11.2	34.3
Balance at 31 March	**(183.5)**	(194.7)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

14 Treasury Shares (in $ million) (continued)

During the financial year, the Company did not purchase any treasury shares. In FY2016/17, the Company purchased 12,665,700 of its ordinary shares by way of on-market purchases at share prices ranging from $10.38 to $11.06. The total amount paid to purchase the shares was $134.3 million and this was presented as a component within equity attributable to owners of the Company.

The Company did not reissue any treasury shares pursuant to its employee share option plans during the year. In FY2016/17, the Company issued 2,310,011 treasury shares at a weighted average exercise price of $9.34 each. In addition, 925,425 (FY2016/17: 646,084) shares, 54,470 (FY2016/17: 105,420) shares and 78,930 (FY2016/17: 166,167) shares were reissued pursuant to the RSP, PSP, and DSA respectively. No shares were reissued pursuant to the time-based RSP (FY2016/17: 5,426). The number of treasury shares as at 31 March 2018 was 17,318,177 (2017: 18,377,002).

15 Other Reserves (in $ million)

	The Group 31 March		The Company 31 March	
	2018	**2017**	**2018**	**2017**
Capital reserve	**(139.4)**	(147.6)	**26.7**	25.7
Foreign currency translation reserve	**(175.4)**	(123.7)	**–**	–
Share-based compensation reserve	**79.5**	88.5	**74.6**	76.7
Fair value reserve	**313.5**	(234.4)	**206.7**	(189.6)
General reserve	**12,500.4**	11,838.8	**11,491.4**	10,939.4
	12,578.6	11,421.6	**11,799.4**	10,852.2

(a) Capital reserve

Capital reserve mainly arose from the loss on the acquisition of non-controlling interests in a subsidiary company, revaluation of land and buildings owned by Ritz-Carlton Millenia Properties Private Limited, an associated company, the share of other changes in equity of Virgin Australia Holdings Limited ("VAH"), an associated company, and the gains or losses on the reissuance of treasury shares.

(b) Foreign currency translation reserve

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

(c) Share-based compensation reserve

Share-based compensation reserve consists of equity-settled share options and awards granted to employees, that is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and awards.

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of financial assets measured at FVOCI and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges.

15 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

Breakdown of the fair value reserves as follows:

	The Group 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

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For The Financial Year Ended 31 March 2018

20 Property, Plant and Equipment (in $ million) (continued)

Assets held under finance leases

	The Group 31 March	
	2018	**2017**
Net book value of property, plant and equipment acquired under finance leases:		
- aircraft	–	124.7
- plant and equipment	–	0.1
	–	124.8

Assets held as security

Tiger Airways Holdings Pte Ltd's ("TAH") aircraft with carrying amount of $120.2 million (2017: $133.6 million) are mortgaged to the banks under ECA financing (note 18).

SilkAir (Singapore) Private Limited's ("SilkAir") spare engines with carrying amounts of $13.2 million (2017: $25.9 million) are pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to SilkAir.

Impairment of aircraft

In the financial year ended 31 March 2018, an impairment loss of $7.9 million (FY2016/17: $21.2 million) was recognised on one Airbus 320 (FY2016/17: two Boeing 777-200) aircraft that was removed from the operating fleet. The recoverable amount was based on the estimated disposal value. This amount was recognised as a non-operating item (note 9). The estimated disposal value was classified as Level 1 under the fair value hierarchy.

In addition, an impairment loss of $26.4 million was recognised on one Boeing 777-200 damaged beyond economic repair. The damage costs are recoverable through insurance.

21 Intangible Assets (in $ million)

The Group

	Goodwill	Brand	Trademarks	Computer software and others	Deferred engine development cost	Advance and progress payments	Total
Cost							
At 1 April 2016	170.4	75.9	25.0	560.2	58.2	10.5	900.2
Additions	–	–	–	12.5	1.6	30.4	44.5
Disposals	–	–	–	(1.4)	(3.1)	–	(4.5)
Transfers	–	–	–	27.2	–	(27.2)	–
Exchange differences	–	–	–	–	2.1	–	2.1
At 31 March 2017	170.4	75.9	25.0	598.5	58.8	13.7	942.3
Additions	–	–	–	11.0	7.0	42.0	60.0
Disposals	–	–	–	(32.2)	–	–	(32.2)
Transfers	–	–	–	29.0	–	(29.0)	–
Exchange differences	–	–	–	(0.1)	(4.0)	–	(4.1)
At 31 March 2018	170.4	75.9	25.0	606.2	61.8	26.7	966.0
Accumulated amortisation and impairment losses							
At 1 April 2016	–	–	1.6	382.8	–	–	384.4
Amortisation	–	–	1.1	35.4	3.3	–	39.8
Impairment losses	–	75.9	22.3	–	–	–	98.2
Disposals	–	–	–	(0.7)	(2.9)	–	(3.6)
At 31 March 2017	–	75.9	25.0	417.5	0.4	–	518.8
Amortisation	–	–	–	41.1	3.3	–	44.4
Disposals	–	–	–	(32.1)	–	–	(32.1)
Exchange differences	–	–	–	–	(0.4)	–	(0.4)
At 31 March 2018	–	75.9	25.0	426.5	3.3	–	530.7
Net book value							
At 31 March 2017	170.4	–	–	181.0	58.4	13.7	423.5
At 31 March 2018	170.4	–	–	179.7	58.5	26.7	435.3

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

21 Intangible Assets (in $ million) (continued)

The Company

	Computer software and others	Advance and progress payments	Total
Cost			
At 1 April 2016	468.3	5.1	473.4
Additions	9.7	20.7	30.4
Transfers	17.5	(17.5)	–
At 31 March 2017	495.5	8.3	503.8
Additions	10.4	32.4	42.8
Disposals	(23.2)	–	(23.2)
Transfers	21.6	(21.6)	–
At 31 March 2018	504.3	19.1	523.4
Accumulated amortisation			
At 1 April 2016	306.4	–	306.4
Amortisation	27.9	–	27.9
At 31 March 2017	334.3	–	334.3
Amortisation	32.4	–	32.4
Disposals	(23.1)	–	(23.1)
At 31 March 2018	343.6	–	343.6
Net book value			
At 31 March 2017	161.2	8.3	169.5
At 31 March 2018	160.7	19.1	179.8

Impairment testing of goodwill, brand and trademarks

The goodwill acquired through the acquisition of TAH has an indefinite useful life and is included in the "Low-cost Airlines" CGU. The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a four-year period (2017: five-year period). The post-tax discount rate applied to cash flow projections is 7.0% (2017: 7.0%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the four-year period (2017: five-year period) is 4.5% (2017: 3.5%).

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:

Post-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Growth rate – The forecast long-term growth rate is based on published industry research and does not exceed the long-term average growth rate for the industry.

A reasonable change to the assumptions used by Management to determine the impairment required, particularly the discount rate and long-term growth rate, would not significantly affect the results.

In the prior financial year, there was a $75.9 million write-down for the brand and $22.3 million write-down for trademarks as the use of the Tiger brand was discontinued following the integration of Tiger Airways' and Scoot's operations under a single brand "Scoot".

22 Subsidiary Companies (in $ million)

	The Company 31 March	
	2018	**2017**
Investment in subsidiary companies	**3,380.9**	3,380.9
Accumulated impairment losses	**(52.7)**	(52.7)
	3,328.2	3,328.2
Long-term loans to a subsidiary company	**1,517.5**	1,289.5
Accumulated impairment loss	**(4.9)**	(7.6)
	4,840.8	4,610.1

During the financial year:

1. SIAEC incorporated a subsidiary, SIA Engineering Japan Corporation ("SEJC") on 19 May 2017. As at year end, the total capital contribution in SEJC was approximately $2.7 million. SIAEC holds 100% equity stake in SEJC.

2. In May 2017, with the completion of redemption and cancellation of all outstanding Perpetual Convertible Capital Securities, Tiger Airways Holdings Limited no longer has any outstanding securities nor any intention to issue any securities on the Mainboard of the Singapore Exchange. Hence, the Board has resolved for the conversion of Tiger Airways Holdings Limited from a public limited company to a private company, and to be known henceforth as Tiger Airways Holdings Pte. Ltd..

3. Scoot Pte. Ltd. and Tiger Airways Singapore Pte. Ltd. amalgamated on 25 July 2017, with Tiger Airways Singapore Pte. Ltd. continuing as the amalgamated company and being renamed Scoot Tigerair Pte. Ltd..

4. SIA (Mauritius) Ltd, a company incorporated in the Republic of Mauritius, has been placed under members' voluntary liquidation pursuant to the laws of the Republic of Mauritius on 20 October 2017.

5. SIAEC invested approximately $6.5 million in NexGen Network (2) Holding Pte. Ltd..

6. SIAEC invested approximately $3.1 million in Heavy Maintenance Singapore Services Pte. Ltd..

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
SIA Engineering Company Limited*	Engineering services	Singapore	**77.8**	77.7
Aircraft Maintenance Services Australia Pty. Ltd.(1)**	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	**77.8**	77.7
NexGen Network (1) Holding Pte. Ltd.(1)*	Investment holding	Singapore	**77.8**	77.7
NexGen Network (2) Holding Pte. Ltd.(1)*	Investment holding	Singapore	**77.8**	77.7
SIA Engineering (USA), Inc.(1)@	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	**77.8**	77.7
SIAEC Global Private Limited(1)*	Investment holding	Singapore	**77.8**	77.7
SIA Engineering Japan Corporation(1)@@	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Japan	**77.8**	–
Singapore Jamco Services Private Limited(1)*	Maintenance, repair and overhaul of aircraft and cabin components/systems	Singapore	**62.2**	62.1
SIA Engineering (Philippines) Corporation(1)**	Provide airframe maintenance and component overhaul services	Philippines	**50.6**	50.5
Heavy Maintenance Singapore Services Pte. Ltd.(1)*	Provide airframe maintenance and component overhaul services	Singapore	**50.6**	50.5
Aerospace Component Engineering Services Pte. Limited(1) (2)*	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	**39.7**	39.6

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	2017
Aviation Partnership (Philippines) Corporation(1) (2)**	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	**39.7**	39.6
Singapore Airlines Cargo Pte Ltd*	Air cargo transportation	Singapore	**100.0**	100.0
Cargo Community Network Pte Ltd(3)*	Providing and marketing of cargo community systems	Singapore	**51.0**	51.0
Cargo Community (Shanghai) Co. Ltd.(4)***+	Marketing and support of portal services for the air cargo industry	People's Republic of China	**51.0**	51.0
SilkAir (Singapore) Private Limited*	Air transportation	Singapore	**100.0**	100.0
Tradewinds Tours & Travel Private Limited(5)*	Tour wholesaling	Singapore	**100.0**	100.0
Budget Aviation Holdings Pte. Ltd.*	Investment holding	Singapore	**100.0**	100.0
Tiger Airways Holdings Pte. Ltd.(6)*	Investment holding	Singapore	**100.0**	100.0
Scoot Tigerair Pte. Ltd. (Previously known as Tiger Airways Singapore Pte. Ltd.)(7)*	Air transportation	Singapore	**100.0**	100.0
Roar Aviation Pte. Ltd.(7)*	Investment holding	Singapore	**100.0**	100.0
Roar Aviation II Pte. Ltd.(7)@@	Investment holding	Singapore	**100.0**	100.0
Roar Aviation III Pte. Ltd.(7)@@	Investment holding	Singapore	**100.0**	100.0
Simple Holidays Pte. Ltd.(7)*	Reservation service activities	Singapore	**100.0**	100.0
Singapore Aviation and General Insurance Company (Pte) Limited*	Aviation insurance	Singapore	**100.0**	100.0
Singapore Flying College Pte Ltd*	Training of pilots	Singapore	**100.0**	100.0
Sing-Bi Funds Private Limited*	Investment holding	Singapore	**100.0**	100.0

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2018	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		ESA	
	31 March		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	The Group 31 March 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	SAESL 31 March 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)

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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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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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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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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

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36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2018 The Company	Carrying amount Amortised Cost	FVTPL	FVOCI	Total	Fair value Level 1	Level 2	Level 3
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	76.3	–	–	76.3	76.8	–	–
Unquoted							
Non-equity investments*	–	224.7	–	224.7	–	224.7	–
Equity investments	–	33.4	1.2	34.6	–	–	34.6
Other long-term receivables	333.8	–	–	333.8	–	–	333.8
Derivative assets*	–	642.0	–	642.0	–	642.0	–
Investments							
Quoted							
Non-equity investments	88.7	–	–	88.7	88.7	–	–
	498.8	900.1	1.2	1,400.1	165.5	866.7	368.4
Financial liabilities							
Derivative liabilities*	–	230.8	–	230.8	–	230.8	–
Notes payable	3,030.1	–	–	3,030.1	3,025.9	–	–
	3,030.1	230.8	–	3,260.9	3,025.9	230.8	–

* Mandatorily measured at FVTPL

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2017 The Group	Carrying amount Amortised Cost	 FVTPL	 FVOCI	 Total	Fair value Level 1	 Level 2	 Level 3
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	138.7	–	–	138.7	140.6	–	–
Unquoted							
Non-equity investments*	–	221.9	–	221.9	–	221.9	–
Equity investments	–	43.7	1.4	45.1	–	–	45.1
Other long-term receivables	435.7	–	–	435.7	–	–	432.8
Derivative assets*	–	128.6	–	128.6	–	128.6	–
Investments							
Quoted							
Equity investments*	–	37.6	–	37.6	37.6	–	–
Non-equity investments*	469.9	–	–	469.9	466.3	–	–
Non-equity investments	–	32.4	–	32.4	32.4	–	–
	1,044.3	464.2	1.4	1,509.9	676.9	350.5	477.9
Financial liabilities							
Derivative liabilities*	–	369.3	–	369.3	–	369.3	–
Notes payable	1,430.0	–	–	1,430.0	1,469.2	–	–
	1,430.0	369.3	–	1,799.3	1,469.2	369.3	–

* Mandatorily measured at FVTPL

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

36 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2017 The Company	Carrying amount Amortised Cost	FVTPL	FVOCI	Total	Fair value Level 1	Level 2	Level 3
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	138.7	–	–	138.7	140.6	–	–
Unquoted							
Non-equity investments*	–	221.9	–	221.9	–	221.9	–
Equity investments	–	33.4	1.3	34.7	–	–	34.7
Other long-term receivables	354.3	–	–	354.3	–	–	354.3
Derivative assets*	–	125.7	–	125.7	–	125.7	–
Investments							
Quoted							
Non-equity investments	469.9	–	–	469.9	466.3	–	–
	962.9	381.0	1.3	1,345.2	606.9	347.6	389.0
Financial liabilities							
Derivative liabilities*	–	369.3	–	369.3	–	369.3	–
Notes payable	1,430.0	–	–	1,430.0	1,469.2	–	–
	1,430.0	369.3	–	1,799.3	1,469.2	369.3	–

* Mandatorily measured at FVTPL

Financial instruments carried at fair value

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 – Unobservable inputs for the asset or liability

There has been no transfer between Level 1 and Level 2 during the financial year.

36 Financial Instruments (in $ million) (continued)

Financial instruments carried at fair value (continued)

Determination of fair value

The fair values of the financial instruments are determined as follows:

- Jet fuel swap contracts – mark-to-market valuations.
- InterContinental Exchange ("ICE") Brent swap and Brent-MOPS crack swap contracts – by reference to available market information and the marked-to-market values of these swap contracts. As the Group hedges with ICE Brent and Brent-MOPS crack contracts, the ICE Brent futures contract price and its differential relative to MOPS price are used as the mark-to-market prices.
- Forward currency contracts – by reference to current forward prices for contracts with similar maturity profiles.
- Cross currency swap contracts – by reference to market prices for existing cash flow profiles pre-agreed with counterparties at trade inception.
- Quoted investments – by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques that are commonly used by market participants.
- Other long-term receivables – by discounting expected future cash flows at market incremental lending rate for similar types of lending at the end of the reporting period.
- Notes payable – by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group also enters into netting arrangements with International Air Transport Association ("IATA").

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2018

36 Financial Instruments (in $ million) (continued)

Master netting or similar agreements (continued)

	Effects of offsetting in the statements of financial position			Related amounts not offset	
The Group	**Gross amounts**	**Gross amounts set-off in the statements of financial position**	**Net amounts presented in the statements of financial position**	**Amounts subject to master netting arrangements**	**Net amount**
31 March 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)

		Effects of offsetting in the statements of financial position		Related amounts not offset	
The Company	**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)

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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.

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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.*

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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.

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