ANNUAL REPORT FY2019/20

SINGAPORE AIRLINES

A STAR ALLIANCE MEMBER

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 2020.

In our opinion:

(a) the financial statements set out on pages 109 to 206 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 2020, 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, Singapore Financial Reporting Standards (International) and International 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)
Simon Cheong Sae Peng	(Independent)
David John Gledhill	(Independent)
Goh Swee Chen	(Independent)
Dominic Ho Chiu Fai	(Independent)
Hsieh Tsun-yan	(Independent)
Lee Kim Shin	(Independent)

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 April 2019**	**31 March 2020**	**1 April 2019**	**31 March 2020**
Interest in Singapore Airlines Limited				
Ordinary shares				
Peter Seah Lim Huat	–	24,800	–	–
Goh Choon Phong	981,379	1,132,149	–	–
Gautam Banerjee	–	7,100	–	–
Simon Cheong Sae Peng	1,870	6,870	–	–
David John Gledhill	–	2,700	–	–
Goh Swee Chen	–	1,300	–	–
Dominic Ho Chiu Fai	–	8,600	–	–
Hsieh Tsun-yan	–	6,100	–	–
Lee Kim Shin	–	5,300	–	–

DIRECTORS' STATEMENT

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

Name of Director	Direct interest 1 April 2019	Direct interest 31 March 2020	Deemed interest 1 April 2019	Deemed interest 31 March 2020
Interest in Singapore Airlines Limited (continued)				
Conditional award of restricted shares (note 1)				
Goh Choon Phong – Base Awards	60,000	75,000	–	–
– Final Awards (Pending Release)	78,300	55,800	–	–
Conditional award of performance shares (note 2)				
Goh Choon Phong – Base Awards	222,750	235,250	–	–
Conditional award of deferred restricted shares (note 3)				
Goh Choon Phong – Base Awards	57,460	44,600	–	–
Conditional award of transformation restricted shares (note 4)				
Goh Choon Phong – Base Awards	66,083	80,295	–	–
– Final Awards (Pending Release)	–	41,500	–	–
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 Ascott Residence Trust				
Units				
Simon Cheong Sae Peng	–	–	NA^	308,000^#
Interest in CapitaLand Commercial Trust				
Units				
Peter Seah Lim Huat	NA^	58,300^	–	–
Goh Choon Phong	NA^	6,700^	–	–
Interest in CapitaLand Mall Trust				
Units				
Peter Seah Lim Huat	NA^	148,000^	–	–
Gautam Banerjee	NA^	120,000^	–	–
Interest in CapitaLand Limited				
Ordinary shares				
Peter Seah Lim Huat	NA^	376,596^	–	–
Goh Choon Phong	NA^	35,000^	–	–
Goh Swee Chen	NA^	15,217^	NA^	5,000^*
Interest in CapitaLand Retail China Trust				
Units				
Peter Seah Lim Huat	NA^	98,721^	–	–
Simon Cheong Sae Peng	–	–	NA^	245,000^#
Interest in Mapletree Commercial Trust				
Units				
Simon Cheong Sae Peng	–	–	1,395,268*	1,395,268*

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

	Direct interest		Deemed interest	
Name of Director	**1 April 2019**	**31 March 2020**	**1 April 2019**	**31 March 2020**
Interest in Mapletree Industrial Trust				
Units				
David John Gledhill	100,000	–	–	–
Interest in Mapletree North Asia Commercial Trust				
Units				
Simon Cheong Sae Peng	–	–	295,000#	295,000#
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	543,325	–	–
Goh Choon Phong	6,000	6,000	–	–
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	–	–
Goh Swee Chen	–	–	–	5,000*
Hsieh Tsun-yan	–	–	47,000*	47,000*
Lee Kim Shin	190	190	–	–
Interest in StarHub Limited				
Ordinary shares				
Peter Seah Lim Huat	308,992	308,992	300,000*	300,000*
Interest in Telechoice International Limited				
Ordinary shares				
Peter Seah Lim Huat	50,000	50,000	–	–

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

Directors' deemed interests arise from corporations in which the Director has a controlling interest.

^ *CapitaLand Limited and its subsidiaries became related corporations of the Company with effect from 1 July 2019.*

DIRECTORS' STATEMENT

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

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.

4. The Awards of fully-paid ordinary shares will partially vest after a one-year performance period commencing from the date of the grant of the award. The actual number of Final Awards will range from 0% to 200% of the Base Awards and will vest over three years with 50% vesting after the end of the first year, and the balance at 25% over the next two years. On the final vesting date, an additional equity kicker equivalent to 20% of the Final Award will be settled with the participants.

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.

Changes in the above-mentioned interests between the end of the financial year and 21 April 2020 are as follows:

	Direct interest		Deemed interest	
Name of Director	**1 April 2020**	**21 April 2020**	**1 April 2020**	**21 April 2020**
Interest in Mapletree Commercial Trust				
Units				
Simon Cheong Sae Peng	–	–	1,395,268*	–

* *Director's deemed interests arise from holdings by the Director's spouse.*

4 Equity Compensation Plans of the Company

The Company has in place the SIA Restricted Share Plan 2014 ("RSP 2014") and the SIA Performance Share Plan 2014 ("PSP 2014").

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

Peter Seah Lim Huat – Chairman
Simon Cheong Sae Peng
Hsieh Tsun-yan

RSP 2014 and PSP 2014

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

At the Extraordinary General Meeting held on 30 July 2014, shareholders approved the adoption of the RSP 2014 and PSP 2014. The duration of the RSP 2014 and PSP 2014 is 10 years each, commencing 30 July 2014. At the Annual General Meeting held on 27 July 2018, shareholders approved alterations to the RSP 2014 to enable non-executive Directors of the Company and/or its subsidiaries to participate in the RSP 2014 (in addition to employees, including executive Directors of the Company and/or its subsidiaries).

4 **Equity Compensation Plans of the Company (continued)**

RSP 2014 and PSP 2014 (continued)

Under the 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 2014 shares to be awarded at the end of the respective performance periods ("Final Award").

Under the 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 2014 shares to be awarded at the end of the respective performance periods ("Final Award").

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

One-third of the 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. For the transformation awards of restricted shares granted in July 2018 under the RSP 2014, half of the 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. On the final vesting date, an additional equity kicker equivalent to 20% of the Final Award will be settled with the participant.

All the 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 2014 and 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 2014 and PSP 2014.

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

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

1. **RSP 2014 Share Awards Granted to Non-Executive Directors**

During the financial year, an aggregate of 60,900 shares were delivered pursuant to awards granted under the RSP 2014 to certain Non-Executive Directors as part of their Directors' Fees for the period 1 April 2018 to 31 March 2019 in lieu of cash. The share awards consisted of the grant of fully paid shares outright with no performance or vesting conditions attached, but with a selling moratorium of one year. Details are set out below.

Names of Non-Executive Directors	Share awards granted and vested during the financial year	Balance as at 31 March 2020	Aggregate share awards granted since commencement of the RSP 2014 to end of the financial year under review
Peter Seah Lim Huat	24,800	–	24,800
Gautam Banerjee	7,100	–	7,100
Simon Cheong Sae Peng	5,000	–	5,000
David John Gledhill	2,700	–	2,700
Goh Swee Chen	1,300	–	1,300
Dominic Ho Chiu Fai	8,600	–	8,600
Hsieh Tsun-yan	6,100	–	6,100
Lee Kim Shin	5,300	–	5,300

DIRECTORS' STATEMENT

4 Equity Compensation Plans of the Company (continued)

2. RSP 2014 Base Awards

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate Base Awards granted since commencement of RSP 2014 to end of financial year under review
Goh Choon Phong	60,000	75,000	60,000	75,000	297,000

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

Name of participant	Balance as at 1 April 2019	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2020	Aggregate ordinary shares released to participant since commencement of RSP 2014 to end of financial year under review
Goh Choon Phong	78,300	52,200	74,700	55,800	184,800

4. PSP 2014 Base Awards [R2]

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	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	222,750	95,000	82,500	235,250	400,250	20,630

5. Deferred RSP 2014 ("DSA")

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

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

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2020	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	57,460	–	12,860	44,600	90,200	49,780

4 **Equity Compensation Plans of the Company (continued)**

6. **Transformation RSP 2014 ("TSA")**

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

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

(a) **TSA Base Awards**

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate Base Awards granted since commencement of TSA to end of financial year under review
Goh Choon Phong	66,083	80,295	66,083	80,295	146,378

(b) **TSA Final Awards (Pending Release) R3**

Name of participant	Balance as at 1 April 2019	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2020	Aggregate ordinary shares released to participant since commencement of TSA to end of financial year under review
Goh Choon Phong	–	83,000	41,500	41,500	41,500

R1 *The actual number of 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 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.*

R3 *The actual number of TSA 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 one-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.

DIRECTORS' STATEMENT

5 Equity Compensation Plans of Subsidiaries

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

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

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").

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

6 Audit Committee

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

Gautam Banerjee - Chairman
Dominic Ho Chiu Fai
Hsieh Tsun-yan
Goh Swee Chen

The Audit Committee performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, the SGX-ST 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 Board of Directors 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, and the effectiveness, independence and objectivity of the external auditors;

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

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

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

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 System. In the review of the audited financial statements of the Group and the Company, the Audit Committee had discussed with management and the external auditors the accounting principles that were applied and their judgement on the items that might affect the financial statements. Based on the review and discussions with management and the external auditors, the Audit Committee is of the view that the financial statements are fairly presented in conformity with generally accepted accounting principles in all material aspects.

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-ST Listing Manual.

7 Auditors

The external 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 29th day of May 2020

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 2020, 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 109 to 206.

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"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") 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 2020 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.

Accounting for passenger revenue and sales in advance of carriage

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 ticket breakage (tickets sold but not utilised at flight date), discounts and rebates. The global Covid-19 outbreak was declared by the World Health Organisation on 11 March 2020 to be a pandemic and many countries have put in place travel restrictions and passenger requirements in response. These travel restrictions have resulted in a significant decline in global travel demand, and consequently, the Group has cancelled a significant number of its passenger flights in the near-term. These flight cancellations have caused a significant reduction in passenger revenue and forward bookings and also necessitated the payment of certain customer refunds. In addition, the Group has initiated changes in ticketing terms and conditions for certain affected ticket holders which include the extension of the ticket validities, amongst other measures. With these measures, historical trend information which has been used in the past, including to assist in our analysis of the reasonableness of passenger revenue and sales in advance of carriage and estimated ticket breakage rates requires re-examination. In addition, 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 these complexities, this is a key focus area in our audit.	We held discussions with senior management to understand the Group's plans regarding ticket holders impacted by cancelled flights arising from the Covid-19 pandemic. Through these discussions, and reviews of the Group's announcements and documented internal policies and approvals, we understood the Group's changes to the ticketing terms for these affected ticket holders. To analyse the financial impact of cancelled and disrupted flights arising as a result of the Covid-19 pandemic, we performed data and analytical routines over passenger revenue recognised during the flight cancellation period as well as an analysis of the impact of flight cancellations on forward bookings that are recorded as sales in advance of carriage. We also performed test of details over a sample of passenger revenue to ascertain its appropriate recognition on flight date. In addition, we recomputed the underlying operating statistics of the Group to enable us to perform an analytical review of passenger revenue balances given the significant changes witnessed as compared to historical periods arising from the impact of Covid-19. We assessed the revised ticket breakage estimates taking into account revisions to ticket terms. To check the accuracy of the revenue recorded by the passenger revenue systems, we tested the relevant computer system controls, including 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 were designed, and whether they were 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 obtained direct assistance from the Group's internal auditors to test the effectiveness of key controls in the passenger revenue accounting process at various overseas stations. Procedures we performed included planning the work to be performed by the Group's internal auditors, identifying the controls to be tested, and reviewing the work of the Group's internal auditors.

Findings

No significant exceptions were noted in the testing performed over passenger revenue and sales in advance of carriage. Changes in ticketing terms have appeared to be incorporated in a balanced manner in the Group's estimate of ticket breakage.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Accounting for the fair value and expiry of KrisFlyer miles

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 the Company 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, after taking into account the expected utilisation of the miles. Revenue is subsequently recognised when KrisFlyer members fly, or utilise other redemption options for goods or services. Significant judgement is required in the following aspects: • The number of miles that will expire without use – The Company relies on historical expiry patterns in determining these estimates; and • The determination of the fair value of frequent flyer miles – The Company 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 inherently judgemental. These judgements are further heightened by the global travel restrictions caused by the Covid-19 pandemic and the resulting revisions to the KrisFlyer frequent flyer programme. Similarly, the estimation of the fair value of miles awarded in the KrisFlyer frequent flyer programme inherently requires judgement. As a result, the validity of historical data typically used in determining these estimates requires re-assessment. These are key focus areas of our audit.	We held discussions with senior management to understand the revisions to the KrisFlyer programme arising from the Covid-19 pandemic. Through these discussions, and reviews of the Group's announcements and documented internal policies and approvals, we understood the Group's changes to the KrisFlyer programme. 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 the Company's published market air fares. We also tested the controls implemented over the models.

Findings

Given the recency of the Covid-19 related travel restrictions, we found the estimate of the percentage of miles that will not be used to be balanced. We found the estimate for the fair value of miles awards to be balanced.

Accounting for the carrying values of aircraft and related assets

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

The key audit matter	How the matter was addressed in our audit
The accounting for the carrying value of aircraft and related assets has a material impact on the Group due to the significant cumulative value of the aircraft and long-lived nature of these assets. These aircraft and aircraft related assets belong to the full service and cargo operations ("FSC") and low cost airline ("LCC") cash generating units ("CGUs"). The Covid-19 pandemic has resulted in a significant amount of economic uncertainty in the current and future economic environment in which the Group operates. The Group's near-term cashflows have been negatively impacted due to global travel restrictions and the resultant global decrease in travel demand. The duration and severity of the crisis is dependent on events which are continuously unfolding and are beyond the control of the Group. As a result, there is a high degree of estimation uncertainty inherent in estimating the duration and severity of the economic downturn caused by the Covid-19 pandemic, and the pattern of any expected recovery. As a result, the estimates and assumptions used in the cashflow projections which form the basis of the recoverable amounts attributable to the two CGUs require significant judgement. These judgements require estimates to be made over areas including those relating to future revenues (yield), operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates and discount rates for each of the two CGUs. Because of the inherent difficulties and limitations in obtaining audit evidence on an event that has recently surfaced and on which developments continue to unfold, this is a key area of focus for our audit.	We studied publicly available aviation industry reports relating to the impact Covid-19 pandemic has on global passenger demand, to understand the possible recovery scenarios. We held discussions with senior management to understand the basis of the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the FSC and LCC CGUs. These estimates include those relating to yield, operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates and discount rates. We challenged these estimates based on our knowledge of the business and the aviation industry and our understanding of the different possible recovery scenarios of global passenger demand based on the degree of sensitivity of these scenarios. We performed sensitivity analyses over certain inputs, being long term growth rates and yield, used in assessing the recoverable amount of the FSC and LCC CGUs. We assessed the arithmetical accuracy of the computations used in assessing the recoverable amount of the FSC and LCC CGUs.

Findings

The shorter term economic and regulatory environment that the Group operates in has been significantly disrupted by the global Covid-19 pandemic. The key inputs including yield, discount rates, growth rates and fuel prices used in assessing the recoverable amount of the FSC and LCC CGUs are subject to significant amounts of volatility and uncertainty. Nevertheless, we found the estimates underpinning the cashflow projections involved in the computation of the recoverable amount of the FSC and LCC CGUs to be reasonable in the context of currently available relevant information.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Accounting for fuel hedges

Refer to note 2(l) "Financial Instruments" for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
The Group uses a variety of derivative financial instruments to hedge its risks associated with jet fuel price fluctuations. The significant decline in oil prices in March 2020 has resulted in significant fair value losses on the Group's open fuel derivative financial instruments. The cancellation of passenger flights in the near-term and the expectations of passenger capacity in FY2020/21 impacted by the travel restrictions associated with the Covid-19 pandemic has resulted in the previously hedged forecasted fuel consumption exceeding the current forecasted fuel consumption. Cumulative changes in fair value of fuel derivative financial instruments relating to the excess hedges for FY2020/21 have been recognised in profit or loss at 31 March 2020. Due to the high degree of estimation uncertainty inherent in assessing the duration and severity of the economic downturn caused by the Covid-19 pandemic and the consequent lifting of global travel restrictions, determining the associated recovery and forecasted future fuel consumption requires significant judgement. Because of these inherent difficulties and limitations in obtaining audit evidence on an event that has recently surfaced and on which developments continue to unfold, this is a key area of focus for our audit.	We studied publicly available aviation industry reports relating to the impact Covid-19 pandemic has on global passenger demand, to understand the possible recovery scenarios. We held discussions with senior management to understand the basis of the assumptions used in forming the forecasted future fuel consumption. We challenged these estimates based on our understanding of the different possible Covid-19 recovery scenarios. We checked the accuracy of forecasted future fuel consumption based on management's estimated aircraft capacity usage and the calculation of the associated losses at 31 March 2020. We checked the accuracy of the fair value losses of the underlying derivative instruments.

Findings

We found the key assumptions used in the forecasted future fuel consumption for FY2020/21 and associated fair value losses accounted for at 31 March 2020 to be reasonable in the context of all available relevant information.

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 *Chairman's Letter to Shareholders, Environment, Community Engagement, Corporate Governance Report, Membership and Attendance of Singapore Airlines Limited, Information on Shareholdings, The Group Fleet Profile, and Use of Proceeds from Issue of Rights Shares and Mandatory Convertible Bonds* ("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, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Auditors' responsibilities for the audit of the financial statements (continued)

- 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 29th day of May 2020
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Financial Year Ended 31 March 2020 (in $ million)

	Notes	The Group FY2019/20	FY2018/19*
REVENUE	4	**15,975.9**	16,323.2
EXPENDITURE			
Staff costs	5	**2,563.6**	2,816.9
Fuel costs		**4,636.5**	4,587.1
Fuel hedging ineffectiveness	41(a)	**709.8**	–
Depreciation	21, 22	**2,134.2**	1,327.9
Impairment of property, plant and equipment	21	**14.2**	–
Amortisation of intangible assets	23	**57.5**	61.9
Aircraft maintenance and overhaul costs		**835.4**	899.2
Commission and incentives		**489.8**	472.5
Landing, parking and overflying charges		**886.4**	884.0
Handling charges		**1,276.7**	1,315.0
Rentals on leased aircraft		**79.2**	679.7
Inflight meals		**539.0**	550.4
Advertising and sales costs		**334.2**	331.8
Company accommodation and utilities		**50.2**	93.5
Other passenger costs		**187.7**	188.0
Crew expenses		**172.4**	168.1
Impairment of amount owing by a joint venture company		**61.6**	–
Other operating expenses		**888.4**	880.1
		15,916.8	15,256.1
OPERATING PROFIT	6	**59.1**	1,067.1
Finance charges	7	**(220.9)**	(116.1)
Interest income	8	**42.1**	41.9
Surplus/(Loss) on disposal of aircraft, spares and spare engines		**6.9**	(5.8)
Dividends from long-term investments		**3.2**	3.1
Other non-operating items	9	**(31.9)**	(47.4)
Share of profits of joint venture companies		**46.4**	23.2
Share of losses of associated companies		**(125.1)**	(97.4)
(LOSS)/PROFIT BEFORE TAXATION		**(220.2)**	868.6
TAXATION	10	**50.8**	(147.0)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(169.4)**	721.6
(LOSS)/PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		**(212.0)**	682.7
NON-CONTROLLING INTERESTS		**42.6**	38.9
		(169.4)	721.6
BASIC (LOSS)/EARNINGS PER SHARE (CENTS)	11	**(17.9)**	57.7
DILUTED (LOSS)/EARNINGS PER SHARE (CENTS)	11	**(17.9)**	57.4

* Refer to note 2(b) for the initial application of IFRS 16.

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 2020 (in $ million)

	The Group	
	FY2019/20	**FY2018/19***
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	**(169.4)**	721.6
OTHER COMPREHENSIVE INCOME:		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences	**35.5**	20.3
Net fair value changes on cash flow hedges	**(2,603.3)**	158.2
Share of other comprehensive income of associated and joint venture companies	**5.2**	12.0
Realisation of foreign currency translation reserves on liquidation of an associated company	**0.2**	–
Realisation of foreign currency translation reserves on disposal of a subsidiary company	**–**	(0.1)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on revaluation of defined benefit plans	**(5.3)**	(5.5)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX	**(2,567.7)**	184.9
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**(2,737.1)**	906.5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE COMPANY	**(2,786.4)**	863.4
NON-CONTROLLING INTERESTS	**49.3**	43.1
	(2,737.1)	906.5

* Refer to note 2(b) for the initial application of IFRS 16.

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

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2020 (in $ million)

	Notes	The Group 31 March 2020	The Group 31 March 2019*	The Company 31 March 2020	The Company 31 March 2019*
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	**(156.0)**	(171.5)	**(156.0)**	(171.5)
Other reserves	15	**7,614.0**	11,602.2	**7,162.6**	10,088.8
		9,314.1	13,286.8	**8,862.7**	11,773.4
NON-CONTROLLING INTERESTS		**418.6**	396.4	**–**	–
TOTAL EQUITY		**9,732.7**	13,683.2	**8,862.7**	11,773.4
DEFERRED ACCOUNT	16	**33.3**	83.9	**33.3**	75.1
DEFERRED TAXATION	17	**1,335.3**	2,040.3	**1,292.2**	1,750.2
LONG-TERM LEASE LIABILITIES		**1,467.6**	–	**700.6**	–
BORROWINGS	18	**7,162.9**	6,423.3	**6,810.3**	5,973.6
OTHER LONG-TERM LIABILITIES	19	**1,875.7**	89.1	**1,860.7**	85.0
PROVISIONS	20	**990.7**	702.5	**308.3**	429.8
DEFINED BENEFIT PLANS		**112.5**	104.5	**111.9**	103.9
		22,710.7	23,126.8	**19,980.0**	20,191.0
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	21	**25,485.8**	22,176.3	**20,315.6**	17,311.5
RIGHT-OF-USE ASSETS	22	**1,477.7**	–	**745.7**	–
INTANGIBLE ASSETS	23	**487.0**	451.3	**216.6**	194.1
SUBSIDIARY COMPANIES	24	**–**	–	**4,769.9**	3,591.2
ASSOCIATED COMPANIES	25	**817.0**	1,104.5	**120.3**	555.2
JOINT VENTURE COMPANIES	26	**191.5**	171.7	**32.3**	30.6
LONG-TERM INVESTMENTS	27	**65.2**	343.9	**54.8**	333.5
OTHER LONG-TERM ASSETS	28	**345.7**	713.7	**167.4**	543.7
DEFERRED ACCOUNT	16	**–**	44.1	**–**	37.0
CURRENT ASSETS					
Deferred account	16	**–**	8.9	**–**	6.6
Derivative assets	41	**169.3**	371.4	**169.3**	371.4
Inventories	29	**239.3**	229.9	**168.4**	157.6
Trade debtors	30	**820.5**	1,527.2	**440.5**	1,138.8
Amounts owing by subsidiary companies	30	**–**	–	**200.4**	3.7
Deposits and other debtors	31	**330.8**	93.8	**297.7**	63.7
Prepayments		**121.1**	164.9	**85.1**	98.2
Other short-term assets		**38.9**	42.8	**30.3**	42.8
Investments	32	**423.5**	116.8	**375.3**	68.5
Cash and bank balances	33	**2,685.3**	2,944.0	**2,521.9**	2,716.0
Assets held for sale	21	**14.2**	–	**–**	–
		4,842.9	5,499.7	**4,288.9**	4,667.3
Less: **CURRENT LIABILITIES**					
Borrowings	18	**2,661.0**	231.1	**2,601.1**	159.8
Lease liabilities		**493.0**	–	**273.7**	–
Current tax payable		**68.5**	87.3	**39.2**	55.0
Trade and other creditors	34	**3,016.0**	3,163.6	**2,250.5**	2,304.2
Amounts owing to subsidiary companies	34	**–**	–	**1,021.5**	971.8
Sales in advance of carriage	35	**2,041.4**	2,715.4	**1,888.3**	2,479.8
Deferred revenue	35	**755.8**	610.9	**755.8**	610.9
Deferred account	16	**31.6**	44.9	**29.7**	37.9
Derivative liabilities	41	**1,570.8**	89.5	**1,565.2**	88.1
Provisions	20	**364.0**	435.7	**306.5**	365.6
		11,002.1	7,378.4	**10,731.5**	7,073.1
NET CURRENT LIABILITIES		**(6,159.2)**	(1,878.7)	**(6,442.6)**	(2,405.8)
		22,710.7	23,126.8	**19,980.0**	20,191.0

* Refer to note 2(b) for the initial application of IFRS 16.

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 2020 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2019*		1,856.1	(171.5)	(124.3)
Effects of changes in accounting standards		–	–	–
As restated		1,856.1	(171.5)	(124.3)
Comprehensive income				
Currency translation differences	15(b)	–	–	–
Net fair value changes on cash flow hedges	15(d)	–	–	–
Actuarial loss on revaluation of defined benefit plans		–	–	–
Realisation of foreign currency translation reserves on liquidation of an associated company		–	–	–
Share of other comprehensive income of associated and joint venture companies		–	–	13.1
Other comprehensive income for the financial year, net of tax		–	–	13.1
(Loss)/Profit for the financial year		–	–	–
Total comprehensive income for the financial year		–	–	13.1
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Share of other changes in equity of an associated company		–	–	(2.5)
Changes in ownership interest without loss of control		–	–	–
Share-based compensation expense	5	–	–	–
Treasury shares reissued pursuant to equity compensation plans	14	–	15.5	1.0
Issuance of share capital by a subsidiary company		–	–	–
Dividends	12	–	–	–
Total transactions with owners		–	15.5	(1.5)
Balance at 31 March 2020		1,856.1	(156.0)	(112.7)

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

Attributable to owners of the Company						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
(33.2)	24.9	459.7	11,275.1	13,286.8	396.4	13,683.2
–	–	–	(847.4)	(847.4)	–	(847.4)
(33.2)	24.9	459.7	10,427.7	12,439.4	396.4	12,835.8
25.1	–	–	–	25.1	10.4	35.5
–	–	(2,602.3)	–	(2,602.3)	(1.0)	(2,603.3)
–	–	–	(4.8)	(4.8)	(0.5)	(5.3)
0.2	–	–	–	0.2	–	0.2
2.6	–	(8.3)	–	7.4	(2.2)	5.2
27.9	–	(2,610.6)	(4.8)	(2,574.4)	6.7	(2,567.7)
–	–	–	(212.0)	(212.0)	42.6	(169.4)
27.9	–	(2,610.6)	(216.8)	(2,786.4)	49.3	(2,737.1)
–	–	–	–	(2.5)	(0.5)	(3.0)
–	(3.6)	–	1.8	(1.8)	2.1	0.3
–	20.5	–	–	20.5	1.0	21.5
–	(16.1)	–	–	0.4	–	0.4
–	–	–	–	–	1.0	1.0
–	–	–	(355.5)	(355.5)	(30.7)	(386.2)
–	0.8	–	(353.7)	(338.9)	(27.1)	(366.0)
(5.3)	25.7	(2,150.9)	9,857.2	9,314.1	418.6	9,732.7

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2020 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2018		1,856.1	(183.5)	(139.4)
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		–	–	20.8
Realisation of foreign currency translation reserve on disposal of a subsidiary company		–	–	–
Actuarial loss on revaluation of defined benefit plans		–	–	–
Other comprehensive income for the financial year, net of tax		–	–	20.8
Profit for the financial year		–	–	–
Total comprehensive income for the financial year		–	–	20.8
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Share of other changes in equity of associated companies		–	–	(3.2)
Changes in ownership interest without loss of control		–	–	–
Share-based compensation expense	5	–	–	–
Share options and awards lapsed		–	–	–
Treasury shares reissued pursuant to equity compensation plans	14	–	12.0	(0.9)
Issuance of share capital by subsidiary companies		–	–	–
Dividends	12	–	–	–
Total contributions by and distributions to owners		–	12.0	(4.1)
Changes in ownership interests in a subsidiary company				
Acquisition of non-controlling interests without a change in control		–	–	(1.6)
Total changes in ownership interests in a subsidiary company		–	–	(1.6)
Total transactions with owners		–	12.0	(5.7)
Balance at 31 March 2019		1,856.1	(171.5)	(124.3)

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

	Attributable to owners of the Company						
	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
	(52.4)	79.5	313.5	10,986.5	12,860.3	368.1	13,228.4
	13.9	–	–	–	13.9	6.4	20.3
	–	–	159.0	–	159.0	(0.8)	158.2
	5.4	–	(12.8)	–	13.4	(1.4)	12.0
	(0.1)	–	–	–	(0.1)	–	(0.1)
	–	–	–	(5.5)	(5.5)	–	(5.5)
	19.2	–	146.2	(5.5)	180.7	4.2	184.9
	–	–	–	682.7	682.7	38.9	721.6
	19.2	–	146.2	677.2	863.4	43.1	906.5
	–	–	–	–	(3.2)	–	(3.2)
	–	(2.8)	–	(0.5)	(3.3)	3.2	(0.1)
	–	21.0	–	–	21.0	–	21.0
	–	(61.7)	–	61.7	–	–	–
	–	(11.1)	–	–	–	–	–
	–	–	–	–	–	19.5	19.5
	–	–	–	(449.8)	(449.8)	(34.4)	(484.2)
	–	(54.6)	–	(388.6)	(435.3)	(11.7)	(447.0)
	–	–	–	–	(1.6)	(3.1)	(4.7)
	–	–	–	–	(1.6)	(3.1)	(4.7)
	–	(54.6)	–	(388.6)	(436.9)	(14.8)	(451.7)
	(33.2)	24.9	459.7	11,275.1	13,286.8	396.4	13,683.2

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2020 (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 2019*		1,856.1	(171.5)	(929.8)	21.2	366.4	10,631.0	11,773.4
Effects of changes in accounting standards		–	–	–	–	–	(184.4)	(184.4)
As restated		1,856.1	(171.5)	(929.8)	21.2	366.4	10,446.6	11,589.0
Comprehensive income								
Net fair value changes on cash flow hedges	15(d)	–	–	–	–	(2,100.7)	–	(2,100.7)
Actuarial loss on revaluation of defined benefit plans		–	–	–	–	–	(4.0)	(4.0)
Other comprehensive income for the financial year, net of tax		–	–	–	–	(2,100.7)	(4.0)	(2,104.7)
Loss for the financial year		–	–	–	–	–	(283.5)	(283.5)
Total comprehensive income for the financial year		–	–	–	–	(2,100.7)	(287.5)	(2,388.2)
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share-based compensation expense		–	–	–	17.0	–	–	17.0
Treasury shares reissued pursuant to equity compensation plans	14	–	15.5	1.0	(16.1)	–	–	0.4
Dividends	12	–	–	–	–	–	(355.5)	(355.5)
Total transactions with owners		–	15.5	1.0	0.9	–	(355.5)	(338.1)
Balance at 31 March 2020		1,856.1	(156.0)	(928.8)	22.1	(1,734.3)	9,803.6	8,862.7

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 2018		1,856.1	(183.5)	26.7	74.6	206.7	10,250.6	12,231.2
Effects of integration of SIA Cargo		–	–	(955.6)	–	18.0	(2.8)	(940.4)
Comprehensive income								
Net fair value changes on cash flow hedges	15(d)	–	–	–	–	141.7	–	141.7
Actuarial loss on revaluation of defined benefit plans		–	–	–	–	–	(5.5)	(5.5)
Other comprehensive income for the financial year, net of tax		–	–	–	–	141.7	(5.5)	136.2
Profit for the financial year		–	–	–	–	–	779.1	779.1
Total comprehensive income for the financial year		–	–	–	–	141.7	773.6	915.3
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share-based compensation expense		–	–	–	17.1	–	–	17.1
Share options and awards lapsed		–	–	–	(59.4)	–	59.4	–
Treasury shares reissued pursuant to equity compensation plans	14	–	12.0	(0.9)	(11.1)	–	–	–
Dividends	12	–	–	–	–	–	(449.8)	(449.8)
Total transactions with owners		–	12.0	(0.9)	(53.4)	–	(390.4)	(432.7)
Balance at 31 March 2019		1,856.1	(171.5)	(929.8)	21.2	366.4	10,631.0	11,773.4

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 2020 (in $ million)

		The Group	
	Notes	FY2019/20	FY2018/19*
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		**(220.2)**	868.6
Adjustments for:			
Depreciation	21, 22	**2,134.2**	1,327.9
Impairment of property, plant and equipment	21	**14.2**	–
Amortisation of intangible assets	23	**57.5**	61.9
Impairment of trade debtors	6	**7.5**	5.7
Impairment of amount owing by a joint venture company		**61.6**	–
Writedown of inventories	6	**8.8**	5.4
Income from short-term investments	6	**(1.4)**	(1.1)
Provisions	20	**180.0**	302.2
Share-based compensation expense	5	**20.5**	21.0
Exchange differences		**(11.0)**	(2.4)
Net loss/(gain) on financial assets mandatorily measured at fair value through profit or loss ("FVTPL")	6	**0.5**	(0.7)
Fuel hedging ineffectiveness		**709.8**	–
Foreign currency hedging ineffectiveness	6	**(30.0)**	–
Amortisation of deferred loss on sale and operating leaseback transactions	6	**–**	4.3
Finance charges	7	**220.9**	116.1
Interest income	8	**(42.1)**	(41.9)
(Surplus)/Loss on disposal of aircraft, spares and spare engines		**(6.9)**	5.8
Dividends from long-term investments		**(3.2)**	(3.1)
Other non-operating items	9	**31.9**	47.4
Share of profits of joint venture companies		**(46.4)**	(23.2)
Share of losses of associated companies		**125.1**	97.4
Operating cash flow before working capital changes		**3,211.3**	2,791.3
Decrease in trade and other creditors		**(346.2)**	(28.1)
(Decrease)/Increase in sales in advance of carriage		**(674.0)**	273.3
Decrease/(Increase) in trade debtors		**660.3**	(206.1)
Increase in deposits and other debtors		**(237.0)**	(10.9)
Decrease in prepayments		**10.6**	19.7
Increase in inventories		**(18.2)**	(66.6)
Increase in deferred revenue		**144.9**	54.8
Cash generated from operations		**2,751.7**	2,827.4
Income taxes paid		**(19.8)**	(26.3)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**2,731.9**	2,801.1

* Refer to note 2(b) for the initial application of IFRS 16.

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

	Notes	The Group FY2019/20	FY2018/19*
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	36	**(5,103.5)**	(5,562.3)
Purchase of intangible assets	36	**(91.6)**	(105.4)
Proceeds from disposal of aircraft and other property, plant and equipment		**124.3**	180.2
Proceeds from sale and leaseback transactions		**117.2**	–
Purchase of long-term investments		**–**	(5.0)
Proceeds from disposal of long-term investments		**41.5**	157.6
Purchase of short-term investments		**(689.1)**	(798.8)
Proceeds from disposal of short-term investments		**661.7**	850.6
Dividends received from associated and joint venture companies		**84.0**	108.2
Dividends received from investments		**5.2**	5.2
Interest received from investments and deposits		**42.2**	47.8
Proceeds from finance leases		**9.2**	–
Proceeds from disposal of a subsidiary company, net of cash disposed		**–**	1.6
Investments in associated companies		**(141.0)**	(205.6)
Investments in joint venture companies		**(11.9)**	(40.5)
Loan to a joint venture company		**(18.1)**	–
Proceeds from disposal of associated companies		**–**	4.0
Proceeds from liquidation of an associated company		**5.1**	–
NET CASH USED IN INVESTING ACTIVITIES		**(4,964.8)**	(5,362.4)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	12	**(355.5)**	(449.8)
Dividends paid by subsidiary companies to non-controlling interests	12	**(30.7)**	(34.4)
Acquisition of non-controlling interests without a change in control		**–**	(4.7)
Issuance of share capital by subsidiary companies		**1.0**	19.5
Interest paid		**(206.0)**	(124.5)
Proceeds from issuance of bonds		**–**	1,350.0
Proceeds from borrowings		**3,985.2**	2,280.4
Repayment of borrowings		**(878.3)**	(93.7)
Repayment of lease liabilities		**(575.9)**	–
Payment of transaction costs related to borrowings		**(4.2)**	(11.1)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**1,935.6**	2,931.7
NET CASH (OUTFLOW)/INFLOW		**(297.3)**	370.4
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**2,944.0**	2,568.3
Effect of exchange rate changes		**38.6**	5.3
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**2,685.3**	2,944.0
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Fixed deposits	33	**1,283.5**	1,623.0
Cash and bank balances	33	**1,401.8**	1,321.0
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**2,685.3**	2,944.0

* Refer to note 2(b) for the initial application of IFRS 16.

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 2020

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 2020 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 and cargo air transportation.

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 29 May 2020.

2 Summary of Significant Accounting Policies

The accounting policies applied by the Group and the Company are consistent with all periods presented in these financial statements, except as explained in note 2(b), which addresses changes in accounting policies.

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS").

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.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will be able to meet its liabilities as and when they fall due. The Group has generated a loss before taxation of $220.2 million (FY2018/19: profit before taxation of $868.6 million) during the year ended 31 March 2020 and as of that date, the Group and the Company's net current liabilities were $6,159.2 million (2019: $1,878.7 million) and $6,442.6 million (2019: $2,405.8 million) respectively. The Group has announced on 26 March 2020 that it is actively taking steps to build up its liquidity through a rights issue of ordinary shares and mandatory convertible bonds, together with other measures detailed in note 45, to enable the Group and the Company to continue its operations as a going concern and to meet its liabilities as and when they fall due.

(b) Changes in accounting policies

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

On 1 April 2019, the Group adopted all the new and revised standards and interpretations of IFRS ("INT IFRS") that are effective for annual financial periods beginning on or after 1 April 2019. 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 except for the adoption of IFRS 16 Leases.

2 Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policies (continued)

Adoption of IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group applied the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance of general reserve at 1 April 2019, with no restatement of comparative information. The Group also applied the practical expedient to grandfather the definition of lease on transition. This means that IFRS 16 is applied to all contracts entered into before 1 April 2019 which have been identified as leases in accordance with IAS 17 and IFRIC 4. In addition, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(i) As lessee

The Group chose, on a lease-by-lease basis, to measure an ROU asset at either:

- its carrying amount as if IFRS 16 had been applied since the commencement date; or
- an amount equal to the lease liability arising from the capitalisation of the present value of future lease payments, adjusted for any prepaid or accrued lease payments.

In addition, the Group applied the following practical expedients:

- apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- rely on previous assessments regarding whether the leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before 1 April 2019 as an alternative to performing an impairment review;
- account for aircraft and engine leases for which the lease term ends within 12 months from 1 April 2019 as short-term leases;
- exclude initial direct costs for the measurement of ROU assets as of 1 April 2019; and
- use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The Group discounted lease payments using the applicable incremental borrowing rates at 1 April 2019. The rate applied is between 3.0% to 4.0%.

(ii) As lessor

IFRS 16 substantially carries forward the current lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

The Group reassessed the classification of sub-leases in which the Group is a lessor. The Group reclassified two sub-leases as finance leases, resulting in the recognition of a finance lease receivable. There was no significant impact for other leases in which the Group is a lessor.

(iii) Impact on Consolidated Profit and Loss Account

The expenses related to operating leases shown in the Consolidated Profit and Loss Account under "Rentals on leased aircraft" and "Company accommodation and utilities" are replaced by depreciation expense for ROU assets and finance charges on lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policies (continued)

Adoption of IFRS 16 Leases (continued)

(iv) Impact on Statements of Financial Position

	At 1 April 2019 Increase/(Decrease)	
	The Group	**The Company**
Equity		
General reserve	(847.4)	(184.4)
Liabilities		
Deferred account (non-current)	(38.7)	(29.9)
Deferred taxation	(117.0)	(39.8)
Long-term lease liabilities	1,742.3	890.4
Provisions (non-current)	316.7	(25.8)
Deferred account (current)	(6.6)	(4.9)
Trade and other creditors	(16.8)	(12.3)
Lease liabilities	443.0	277.8
Provisions (current)	2.4	–
Assets		
Property, plant and equipment	102.8	–
ROU assets	1,706.5	936.1
Associated companies	(282.2)	–
Other long term assets	29.1	–
Deferred account (non-current)	(44.1)	(37.0)
Prepayments	(33.2)	(21.4)
Deferred account (current)	(8.9)	(6.6)
Other short-term assets	7.9	–

(v) Reconciliation of operating lease commitments

The differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 March 2019 and the lease liabilities recognised in the balance sheet as at 1 April are as follows:

	The Group
Operating lease commitments disclosed as at 31 March 2019	2,542.9
Less: Short-term leases	(103.4)
Less: Low-value leases	(21.8)
Less: Discounting effect using the weighted average borrowing rate of 3.68%	(240.4)
Less: Leases with variable component	(15.4)
Add: Extension options which are reasonably certain to be exercised	23.4
Lease liabilities recognised as at 1 April 2019	2,185.3

2 Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policies (continued)

Adoption of amendments to IFRS 9, IAS 39 and IFRS 7 interest rate benchmark reform

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 April 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognised in other comprehensive income that existed at 1 April 2019. For details on the impact of adoption of the standard, please refer to note 2(l)(vi).

(c) Standards issued but not yet effective

Certain new standards and amendments to standards that are effective from the Group's financial year ending 31 March 2021 onwards are as follows:

Description	Effective from
Amendments to References to Conceptual Framework in IFRS Standards	1 April 2020
Definition of a Business (Amendments to IFRS 3)	1 April 2020
Definition of Material (Amendments to IAS 1-1 and IAS 1-8)	1 April 2020
IFRS 17 Insurance Contracts	1 April 2023

(d) Basis of consolidation

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(e) Subsidiary, associated and joint venture companies

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

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

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

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

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

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

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

The most recently available audited financial statements of the associated and joint venture companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period where 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 adjusted 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.

(f) Intangible assets

(i) Computer software

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

(ii) Deferred engine development cost

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

(iii) Brand and trademarks

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

2 Summary of Significant Accounting Policies (continued)

(f) Intangible assets (continued)

(iv) Goodwill

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

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

(v) Other intangible assets

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

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

(vi) Subsequent expenditure

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

(vii) Amortisation

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

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

- Computer software 1 – 10 years
- Licences 3 years
- Trademarks 10 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.

(g) Foreign currencies

Foreign currency transactions

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(g) 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.

(h) Property, plant and equipment

(i) Recognition and measurement

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

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.

2 Summary of Significant Accounting Policies (continued)

(h) 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	12 – 20 years	0% to 10% of cost; or market value estimates
Embedded engine overhaul costs	4 – 10 years	Nil
Freighter aircraft	20 – 23 years	Market value estimates
Major inspection costs relating to landing gear overhauls and heavy maintenance visits	4 – 12 years	Nil
Training aircraft	5 – 15 years	10% of cost
Flight simulators	5 – 10 years	Nil
Leasehold land and buildings		
Office premises	Shorter of lease period or 30 years	Nil
Household premises	Shorter of lease period or 30 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

The residual values of certain aircraft are subject to foreign currency fluctuations and are remeasured to the prevailing exchange rates at the end of the reporting period.

(i) Leases - policy applicable under IFRS 16

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

This policy is applied to contracts entered into on or after 1 April 2019.

(i) As a Lessee

The Group recognises a ROU asset and lease liability at the lease commencement date.

ROU asset

ROU asset is initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimated cost to restore the underlying asset, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, except for embedded engine overhaul cost. The embedded engine overhaul cost is depreciated over the useful life on the same basis as those of property, plant and equipment disclosed in note 2(h). In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over their expected useful lives (estimated to be 4 to 10 years).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(i) Leases - policy applicable under IFRS 16 (continued)

(i) As a Lessee (continued)

Lease liability

The initial measurement of lease liability is measured at the present value of the unpaid lease payments discounted using the implicit rate in the lease, or if the rate cannot be easily determined, the Group shall use its incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining the interest rate from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments include the following:

- Fixed payments, including in-substance fixed payments, less any incentives receivables;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if there is a change in the Group's estimate of the residual value guarantees, extension or termination options, or there is a revision to an in-substance fixed payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease components for property and training aircraft leases and account for these as one single lease component.

Interest expense arising from lease liabilities are included in repayment of leases under cash flow from financing activities in the consolidated statement of cash flows.

Short-term leases and leases of low value assets

The Group has elected not to recognise ROU assets and lease liabilities for leases of low value and short term aircraft and engine leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (refer to note 2(l)).

2 **Summary of Significant Accounting Policies (continued)**

(j) Leases - policy applicable under IAS 17

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 their expected useful lives (estimated to be 4 to 8 years).

(ii) Operating lease – as lessee

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, their expected useful lives (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 a 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, fair value through other comprehensive income ("FVOCI") or FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

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

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

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

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

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

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

In addition, on initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost or at FVOCI, to be measured 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.

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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

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

Reclassifications

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

Financial liabilities

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

(iii) Derecognition

Financial assets

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

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

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

Financial liabilities

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

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position, 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(v) Impairment (continued)

Expected credit loss (continued)

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.

The Group considers a financial guarantee contract provided on behalf of a counterparty to be in default, when the counterparty is unlikely to pay its credit obligations to the creditor or the Group in full.

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, jet fuel option contracts, jet fuel and Brent and crack swap 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. The Group also utilises financial liabilities to hedge its risks associated with foreign currency risks embedded within the residual values of owned aircraft.

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

Designation of hedges

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

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.

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

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

Designation of hedges (continued)

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.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interbank offered rates reform for the purpose of asserting that the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. The Group will no longer apply the amendments to its highly probable assessment of the hedged item when the uncertainty arising from interest rate benchmark reform with respect to the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued. To determine whether the designated forecast transaction is no longer expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(m) Impairment of non-financial assets (continued)

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, associated and joint venture companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(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.

2 Summary of Significant Accounting Policies (continued)

(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.

(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 principally earned from the carriage of passengers, cargo and mail, engineering services and tour activities, amongst others. Revenue for the Group excludes dividends from subsidiary companies and intra-group transactions.

(i) Passenger, cargo and mail

Passenger, cargo and mail 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. Breakage revenue (tickets sold and not uplifted at flight date) is recognised at flight date by estimating a percentage of tickets that will never be utilised, based on historical trends and experience. The value of airway bills is recognised as revenue if unused after one year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(t) Revenue (continued)

(i) Passenger, cargo and mail (continued)

The Group sells certain tickets with connecting flights with one or more segments operated by its other airline partners. For segments operated by its other airline partners, the Group has determined that it is acting as an agent on behalf of other airlines as they are responsible for their portion of the contract (i.e. transportation of the passenger). The Group, as the agent, recognises revenue at the time of the travel for the net amount representing commission to be retained by the Group for any segments flown by other airlines.

The Group has applied the practical expedient and recognised the costs of selling airline travel tickets as an expense when it is incurred.

(ii) Engineering services

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.

(iii) KrisFlyer

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.

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 deferment of the revenue is estimated based on historical trends of breakage, which is then used to project the expected utilisation of these benefits.

(iv) Others

Revenue from tour activities is recognised upon commencement of the tours.

Revenue from sale of merchandise is recognised when the product is delivered and received by the customer.

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

(u) Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss, net of these expenses on a systematic basis in the same periods in which the expenses are recognised.

(v) 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.

(w) 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 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.

2 Summary of Significant Accounting Policies (continued)

(w) Employee benefits (continued)

(i) Equity compensation plans (continued)

Non-market vesting performance conditions are included in the estimation of the number of shares that are expected to be awarded on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to be awarded 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 awards that do not ultimately vest, except for 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 awards. When the awards are released, the share-based compensation reserve is transferred to share capital if new shares are issued, or to treasury shares if the awards are satisfied by the reissuance of treasury shares.

(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.

(x) 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.

(y) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(z) 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, 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. Information about the Group's key underlying assumptions used in the value-in-use calculations and the related sensitivity analysis is disclosed in note 21.

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.

(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 2020 was $18,979.9 million (2019: $15,494.8 million) and $15,550.3 million (2019: $12,234.3 million) respectively.

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.

The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2020 was $2,041.4 million (2019: $2,715.4 million) and $1,888.3 million (2019: $2,479.8 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.

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 deferment of the revenue is estimated based on historical trends of breakage, which is then used to project the expected utilisation of these benefits.

The carrying amount of the Group's and the Company's deferred revenue at 31 March 2020 was $755.8 million (2019: $610.9 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 2020 was $1,433.0 million (2019: $1,249.1 million) and $1,015.1 million (2019: $969.4 million) respectively. The maintenance and repair costs covered by PBH agreements which were expensed off during the year amounted to $56.8 million (FY2018/19: $82.6 million) for the Group and $24.7 million (FY2018/19: $21.4 million) for the Company.

(f) Provision for lease return costs

Prior to the return of aircraft leased by the Group entities to the lessor, the Group entities are required to fulfil certain lease return conditions which may include the completion of certain maintenance activities to the airframe and engines and the reconfiguration of seats within the aircraft. The provision for lease return costs for these leased aircraft is determined based on the best estimate of the costs that will be incurred to fulfil the stipulated lease return conditions. The carrying amount of the provision for the Group and the Company at 31 March 2020 was $1,309.4 million (2019: $1,035.1 million) and $578.6 million (2019: $715.1 million) respectively.

(g) Hedge effectiveness of fuel derivatives

The Group has applied cash flow hedge accounting for fuel derivative contracts. Due to the expected significant capacity cuts brought about by the Covid-19 pandemic and the consequential reduction of forecasted jet fuel purchases in the ensuing year, a portion of these forecasted jet fuel purchases, for which hedge accounting had been applied previously, are no longer expected to occur. There is a high degree of estimation uncertainty inherent in assessing the duration and severity of the economic downturn caused by the Covid-19 pandemic and the consequent lifting of global travel restrictions. As a result, determining the associated recovery and forecasted future fuel consumption requires significant judgement. As a result, hedge accounting has been discontinued for these hedging relationships, and the cumulative loss previously recognised in the fair value reserve amounting to $709.8 million (2019: $nil) has been reclassified to profit or loss during the year. Please refer to note 2(l)(vi) and 41 for more details.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

4 Segment Information (in $ million)

Management has determined that the Group has the following reportable segments:

(i) The Singapore Airlines segment provides passenger and cargo 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 Scoot brand 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.

Other services provided by the Group, such as tour activities and sale of merchandise, have been aggregated under the segment "Others". None of these segments meets any of the quantitative thresholds for determining reportable segments in FY2019/20 or FY2018/19.

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.

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 2020 and 2019 and certain assets and liabilities information of the business segments as at those dates.

FY2019/20	Singapore Airlines	SilkAir	Budget Aviation	SIAEC	Others	Total of segments	Elimination*	Consolidated
TOTAL REVENUE								
External revenue	12,918.0	888.2	1,624.8	444.9	100.0	15,975.9	–	15,975.9
Inter-segment revenue	94.7	17.8	55.8	549.2	98.0	815.5	(815.5)	–
	13,012.7	906.0	1,680.6	994.1	198.0	16,791.4	(815.5)	15,975.9
RESULTS								
Segment result	294.2	(112.3)	(197.7)	67.7	9.5	61.4	(2.3)	59.1
Finance charges	(197.3)	(15.1)	(72.4)	(3.8)	(0.3)	(288.9)	68.0	(220.9)
Interest income	91.1	4.3	0.5	10.4	2.0	108.3	(66.2)	42.1
Surplus/(loss) on disposal of aircraft, spares and spare engines	6.8	0.2	(0.1)	–	–	6.9	–	6.9
Dividends from long-term investments	3.1	0.1	–	–	–	3.2	–	3.2
Other non-operating items	(11.0)	(4.1)	(19.1)	2.3	–	(31.9)	–	(31.9)
Share of profits of joint venture companies	1.9	–	–	44.5	–	46.4	–	46.4
Share of (losses)/profits of associated companies	(217.8)	–	(0.2)	83.4	–	(134.6)	9.5	(125.1)
Taxation	6.8	23.1	36.9	(14.0)	(2.0)	50.8	–	50.8
(Loss)/Profit for the financial year	(22.2)	(103.8)	(252.1)	190.5	9.2	(178.4)	9.0	(169.4)
Attributable to:								
Owners of the Company								(212.0)
Non-controlling interests								42.6
								(169.4)

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

4 Segment Information (in $ million) (continued)

Business segments (continued)

FY2018/19	Singapore Airlines	SilkAir	Budget Aviation	SIAEC	Others	Total of segments	Elimination*	Consolidated
TOTAL REVENUE								
External revenue	13,054.2	1,011.1	1,710.8	485.7	61.4	16,323.2	–	16,323.2
Inter-segment revenue	90.0	19.8	69.3	535.2	90.7	805.0	(805.0)	–
	13,144.2	1,030.9	1,780.1	1,020.9	152.1	17,128.2	(805.0)	16,323.2
RESULTS								
Segment result	990.5	15.2	(15.4)	56.8	12.7	1,059.8	7.3	1,067.1
Finance charges	(114.0)	(1.0)	(59.2)	(0.9)	–	(175.1)	59.0	(116.1)
Interest income	74.6	1.0	–	8.0	1.3	84.9	(43.0)	41.9
Surplus/(loss) on disposal of aircraft, spares and spare engines	4.1	(9.6)	(0.3)	–	–	(5.8)	–	(5.8)
Dividends from long-term investments	3.1	–	–	–	–	3.1	–	3.1
Other non-operating items	6.7	(59.8)	4.4	1.3	–	(47.4)	–	(47.4)
Share of profits/(losses) of joint venture companies	1.0	–	(18.2)	40.4	–	23.2	–	23.2
Share of (losses)/profits of associated companies	(170.7)	–	(0.2)	73.5	–	(97.4)	–	(97.4)
Taxation	(159.7)	1.9	29.7	(18.1)	(0.8)	(147.0)	–	(147.0)
Profit/(Loss) for the financial year	635.6	(52.3)	(59.2)	161.0	13.2	698.3	23.3	721.6
Attributable to:								
Owners of the Company								682.7
Non-controlling interests								38.9
								721.6

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

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines	SilkAir	Budget Aviation	SIAEC	Others	Total of segments	Elimination*	Consolidated
OTHER INFORMATION AS AT 31 MARCH 2020								
Segment assets	25,734.2	2,125.1	4,499.1	1,388.9	297.9	34,045.2	(1,406.1)	32,639.1
Investments in associated and joint venture companies	391.7	–	0.2	616.6	–	1,008.5	–	1,008.5
Long-term investments	54.8	0.6	–	–	9.8	65.2	–	65.2
Total assets	26,180.7	2,125.7	4,499.3	2,005.5	307.7	35,118.9	(1,406.1)	33,712.8
Segment liabilities	7,544.3	228.8	705.5	193.7	96.5	8,768.8	(1,319.9)	7,448.9
Lease liabilities	974.3	311.8	613.2	99.2	12.2	2,010.7	(50.1)	1,960.6
Long-term liabilities	1,860.7	–	15.0	–	–	1,875.7	–	1,875.7
Provisions	614.8	211.2	527.8	0.9	–	1,354.7	–	1,354.7
Defined benefit plans	111.9	0.6	–	–	–	112.5	–	112.5
Borrowings	9,411.4	–	394.7	13.2	4.6	9,823.9	–	9,823.9
Tax liabilities	1,331.4	37.3	(6.5)	37.5	4.1	1,403.8	–	1,403.8
Total liabilities	21,848.8	789.7	2,249.7	344.5	117.4	25,350.1	(1,370.0)	23,980.1
Capital expenditure	4,590.5	81.0	390.9	36.8	4.3	5,103.5	–	5,103.5
Purchase of intangible assets	68.6	–	3.4	6.8	12.8	91.6	–	91.6
Depreciation	1,654.7	160.0	261.2	72.8	3.3	2,152.0	(17.8)	2,134.2
Impairment of property, plant and equipment	9.9	–	–	4.3	–	14.2	–	14.2
Amortisation of intangible assets	46.1	1.9	3.4	3.3	2.8	57.5	–	57.5
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	89.9	10.2	9.1	12.6	0.1	121.9	–	121.9

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines	SilkAir	Budget Aviation	SIAEC	Others	Total of segments	Elimination*	Consolidated
OTHER INFORMATION AS AT 31 MARCH 2019								
Segment assets	22,753.4	1,729.9	3,888.7	1,286.2	269.2	29,927.4	(1,042.3)	28,885.1
Investments in associated and joint venture companies	726.8	–	(9.6)	559.0	–	1,276.2	–	1,276.2
Long-term investments	333.5	0.6	–	–	9.8	343.9	–	343.9
Total assets	23,813.7	1,730.5	3,879.1	1,845.2	279.0	31,547.5	(1,042.3)	30,505.2
Segment liabilities	6,567.8	272.6	677.2	218.1	90.5	7,826.2	(1,118.0)	6,708.2
Long-term liabilities	85.0	–	4.1	–	–	89.1	–	89.1
Provisions	795.4	72.9	267.7	2.2	–	1,138.2	–	1,138.2
Defined benefit plans	103.9	0.6	–	–	–	104.5	–	104.5
Borrowings	6,133.4	–	501.7	19.3	–	6,654.4	–	6,654.4
Tax liabilities	1,805.2	115.0	160.8	41.6	5.0	2,127.6	–	2,127.6
Total liabilities	15,490.7	461.1	1,611.5	281.2	95.5	17,940.0	(1,118.0)	16,822.0
Capital expenditure	4,671.9	442.7	421.7	25.0	1.0	5,562.3	–	5,562.3
Purchase of intangible assets	63.6	2.6	6.0	14.8	18.4	105.4	–	105.4
Depreciation	1,051.1	79.6	147.6	49.5	0.9	1,328.7	(0.8)	1,327.9
Impairment of property, plant and equipment	–	2.3	–	–	–	2.3	–	2.3
Amortisation of intangible assets	51.2	2.5	3.7	4.0	0.5	61.9	–	61.9
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	35.7	0.6	(2.5)	4.2	0.7	38.7	–	38.7

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

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 2020 and 2019.

	By area of original sale	
	FY2019/20	**FY2018/19**
East Asia	**8,485.1**	8,966.2
Europe	**2,169.8**	2,283.0
South West Pacific	**2,114.5**	2,091.8
Americas	**970.2**	889.0
West Asia and Africa	**1,095.3**	1,028.8
Systemwide	**14,834.9**	15,258.8
Non-scheduled services and incidental revenue	**764.4**	696.4
	15,599.3	15,955.2

No single customer contributed to more than 10% of the Group's revenue during the financial years ended 31 March 2020 and 2019.

5 **Staff Costs (in $ million)**

	The Group	
	FY2019/20	**FY2018/19**
Salary, bonuses and other costs	**2,323.3**	2,583.4
CPF, other defined contributions and defined benefit expense	**219.8**	212.5
Share-based compensation expense	**20.5**	21.0
	2,563.6	2,816.9

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 $9.2 million for FY2019/20 (FY2018/19: $9.3 million). As this is not material to the total staff costs of the Group for FY2019/20 and FY2018/19, additional disclosures of the defined benefit plans are not shown.

Included in staff costs for FY2019/20 are wage support of $242.6 million from the Singapore Government's enhanced measures under the Stabilisation and Support Package.

Share-based compensation arrangements

As at 31 March 2020, the Group has the following share-based compensation arrangements:

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

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

The 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

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

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

Plans	Vesting Conditions	Performance conditions^	Payout
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, one-third 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 2014	• Based on meeting stated performance conditions over a three-year performance period.	• Absolute Total Shareholder Return ("TSR") outperform Cost of Equity • Relative TSR against selected airline peer index companies	0% - 200%*
Deferred share award ("DSA")	• 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. • Additional dividend kicker upon final vesting.	None	100%
Transformation share award ("TSA")	• Based on meeting performance conditions over a one-year performance period, 50% of award vests. • Balance vests equally over the subsequent two years with fulfilment of service requirements. • Additional 20% equity kicker of final award upon final vesting.	• Assessment of the success of transformation by Board Compensation and Industrial Relations Committee	0% - 200%*

^ *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.*

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.*

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

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

Movement of share awards during the financial year

	Number of Share Awards				
Date of grant	Balance at 1 April 2019/ date of grant	Adjustment	Cancelled^	Vested	Balance at 31 March 2020
RSP 2014					
03.07.2015	173,333	–	–	(173,333)	–
18.07.2016	246,232	–	–	(246,232)	–
19.07.2017	751,626	–	(4,160)	(389,136)	358,330
19.07.2018	899,265	(125,395)#	(4,826)	(264,190)	504,854
19.07.2019	1,173,200	–	(10,000)	–	1,163,200
	3,243,656	(125,395)	(18,986)	(1,072,891)	2,026,384
PSP 2014					
18.07.2016	240,900	(182,140)#	–	(58,760)	–
19.07.2017	217,426	–	–	–	217,426
19.07.2018	285,996	–	–	–	285,996
19.07.2019	429,000	–	–	–	429,000
	1,173,322	(182,140)	–	(58,760)	932,422
DSA					
01.09.2016	65,740	5,000*	–	(70,740)	–
06.09.2017	94,070	–	–	–	94,070
11.09.2018	119,090	–	–	–	119,090
	278,900	5,000	–	(70,740)	213,160
TSA					
19.07.2018	374,469	25,331#	–	(199,900)	199,900
19.07.2019	455,005	–	–	–	455,005
	829,474	25,331	–	(199,900)	654,905

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

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

^ *Adjustment for cancelled share awards due to resignation of staff.*

Since the commencement of the RSP 2014 and PSP 2014 plans in July 2014, 7,039,731 awards have been granted.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(b) 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:

	FY2019/20		
	RSP 2014	**PSP 2014**	**TSA**
Valuation Method	Monte Carlo Simulation		
Expected dividend paid yield (%)	Management's forecast in line with dividend policy		
Expected volatility (%)	12.48 - 14.95	13.71	12.48 - 14.95
Risk-free interest rate (%)	1.67 - 1.70	1.69	1.67 - 1.70
Expected term (years)	0.95 - 2.95	2.95	0.95 - 2.95
Share price at date of grant ($)	9.52	9.52	9.52
Estimated fair value ($)	8.61 - 9.22	10.27	8.61 - 9.22

	FY2018/19			
	RSP 2014	**PSP 2014**	**DSA**	**TSA**
Valuation Method	Monte Carlo Simulation			
Expected dividend paid yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	14.09 - 16.41	14.51	14.79	14.09 - 16.41
Risk-free interest rate (%)	1.70 - 1.92	1.92	2.02	1.70 - 1.92
Expected term (years)	0.95 - 2.95	2.95	3.00	0.95 - 2.95
Share price at date of grant ($)	10.72	10.72	9.61	10.72
Estimated fair value ($)	9.52 - 10.31	9.91	8.56	9.52 - 10.31

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period that is commensurate 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	
	FY2019/20	**FY2018/19**
Interest income from short-term investments	**(1.2)**	(1.0)
Dividend income from short-term investments	**(0.2)**	(0.1)
Income from operating lease of aircraft	**(67.5)**	(61.0)
Amortisation of deferred loss on sale and operating leaseback transactions	**–**	4.3
Loss/(Gain) on disposal of short-term investments	**0.7**	(1.2)
Remuneration for auditors of the Company		
Audit fees	**1.8**	1.7
Non-audit fees	**0.4**	1.1
Bad debts written off	**1.4**	0.1
Impairment of trade debtors	**7.5**	5.7
Writedown of inventories	**8.8**	5.4
Exchange loss, net	**75.3**	77.6
Currency hedging gain	**(16.1)**	(26.6)
Foreign currency hedging ineffectiveness	**(30.0)**	–
Fuel hedging loss/(gain) recognised in "Fuel costs"	**130.2**	(413.3)
Net loss/(gain) on financial assets mandatorily measured at FVTPL	**0.5**	(0.7)
Expenses relating to short-term leases	**62.1**	–
Expenses relating to low value leases	**3.5**	–

7 Finance Charges (in $ million)

	The Group	
	FY2019/20	**FY2018/19**
Notes payable	**138.6**	105.0
Bank loans	**65.9**	30.8
Amortisation of transaction costs related to borrowings	**1.8**	0.6
Commitment fees	**2.3**	2.1
Lease liabilities	**75.7**	–
Interest paid and capitalised on qualifying assets	**(63.4)**	(22.4)
	220.9	116.1

Borrowing costs on qualifying assets are capitalised using an average interest rate of 3.0% (FY2018/19: 3.0%).

8 Interest Income (in $ million)

	The Group	
	FY2019/20	**FY2018/19**
Interest income from fixed deposits and investments	**40.9**	41.9
Interest income from sub-leasing of ROU assets	**1.2**	–
	42.1	41.9

9 Other Non-Operating Items (in $ million)

	The Group	
	FY2019/20	**FY2018/19**
Surplus on disposal of other property, plant and equipment	**2.5**	7.9
Gain on sale and leaseback transactions	**1.8**	–
Loss on liquidation of an associated company	**(0.2)**	–
Surplus on disposal of a subsidiary company	**–**	0.3
Impairment on long-term investments	**(2.4)**	–
Loss on disposal of an associated company	**–**	(0.1)
Net gain on financial assets mandatorily measured at FVTPL	**4.7**	7.3
Provision for expected credit losses on investments and loans and guarantee to a joint venture company	**(28.3)**	–
Loss on dilution of interest in an associated company	**–**	(0.6)
Competition-related settlements	**(0.6)**	(6.8)
Refleeting and restructuring costs	**(6.5)**	(59.8)
Provision for early lease termination	**(2.9)**	(7.0)
Writeback of provision for return cost in relation to a formerly owned associated company	**–**	20.7
Provision for onerous aircraft leases	**–**	(9.3)
	(31.9)	(47.4)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

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 2020 and 2019 are:

	The Group	
	FY2019/20	**FY2018/19**
Current taxation		
Provision for the year	**27.1**	28.0
Over provision in respect of prior years	**(23.5)**	(11.2)
	3.6	16.8
Deferred taxation (refer to note 17)		
Movement in temporary differences	**(57.8)**	155.2
Under/(Over) provision in respect of prior years	**3.4**	(25.0)
	(54.4)	130.2
	(50.8)	147.0

Deferred taxation related to other comprehensive income:

	The Group	
	FY2019/20	**FY2018/19**
Cash flow hedges	**(535.0)**	23.0
Actuarial loss on revaluation of defined benefit plans	**(0.9)**	(0.9)
	(535.9)	22.1

The Group has tax losses and deductible temporary differences (for which no deferred tax asset has been recognised) of approximately $109.3 million (2019: $66.0 million) and $1.7 million (2019: $2.0 million) respectively that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset.

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

	The Group	
	FY2019/20	**FY2018/19**
(Loss)/Profit before taxation	**(220.2)**	868.6
Add: Share of losses of associated and joint venture companies	**78.7**	74.2
	(141.5)	942.8
Taxation at statutory corporate tax rate of 17.0%	**(24.1)**	160.3
Adjustments for:		
Income not subject to tax	**(45.5)**	(15.5)
Expenses not deductible for tax purposes	**26.1**	30.0
Higher effective tax rates of other countries	**6.2**	8.0
Over provision in respect of prior years, net	**(20.1)**	(36.2)
Tax benefits not recognised	**8.2**	2.8
Previously unrecognised tax benefits	**(0.6)**	(1.9)
Others	**(1.0)**	(0.5)
Taxation	**(50.8)**	147.0

11 Earnings Per Share

	The Group			
	FY2019/20		FY2018/19	
	Basic	**Diluted**	**Basic**	**Diluted**
(Loss)/Profit attributable to owners of the Company (in $ million)	**(212.0)**	**(212.0)**	682.7	682.7
Adjustment for the potential dilution from share-based incentive plans of subsidiary companies (in $ million)	**–**	**(0.3)**	–	(0.3)
Adjusted net (loss)/profit attributable to owners of the Company (in $ million)	**(212.0)**	**(212.3)**	682.7	682.4
Weighted average number of ordinary shares in issue (in million)	**1,184.7**	**1,184.7**	1,183.3	1,183.3
Adjustment for dilutive potential ordinary shares (in million)	**–**	**–**	–	5.2
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	**1,184.7**	**1,184.7**	1,183.3	1,188.5
(Loss)/Earnings per share (cents)	**(17.9)**	**(17.9)**	57.7	57.4

Basic earnings per share is calculated by dividing the (loss)/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 (loss)/profit attributable to owners of the Company is adjusted to take into account the potential dilution from share-based incentive plans 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 share-based incentive plans of the Company.

The average market value of the Company's shares for purposes of calculating the potential dilution from share-based incentive plans was based on quoted market prices for the period.

12 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	FY2019/20	**FY2018/19**
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 22.0 cents per share in respect of FY2018/19 (FY2017/18: 30.0 cents per share in respect of FY2017/18)	**260.7**	355.1
Interim dividend of 8.0 cents per share in respect of FY2019/20 (FY2018/19: 8.0 cents per share in respect of FY2018/19)	**94.8**	94.7
	355.5	449.8

No final tax exempt (one-tier) dividend was proposed for the financial year ended 31 March 2020.

During the financial year, total dividends of $30.7 million (FY2018/19: $34.4 million) were paid to non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

13 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2020	2019	2020	2019
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April and 31 March	**1,199,851,018**	1,199,851,018	**1,856.1**	1,856.1
Special share				
Balance at 1 April and 31 March	**1**	1	#	#

The value is $0.50.

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

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

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

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

During the financial year, the Company did not issue any shares (FY2018/19: nil) upon vesting of share-based incentive plans.

14 Treasury Shares (in $ million)

	The Group and the Company	
	31 March	
	2020	2019
Balance at 1 April	**(171.5)**	(183.5)
Treasury shares reissued pursuant to equity compensation plans:		
- Transferred from share-based compensation reserve	**15.5**	12.0
Balance at 31 March	**(156.0)**	(171.5)

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

During the financial year, the Company did not purchase any treasury shares (FY2018/19: nil).

The Company reissued 1,463,191 (FY2018/19: 1,132,292) treasury shares pursuant to share-based incentive plans and 60,900 (FY2018/19: nil) treasury shares on payment of Directors' remuneration. The number of treasury shares as at 31 March 2020 was 14,722,694 (2019: 16,185,885).

15 Other Reserves (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Capital reserve	**(112.7)**	(124.3)	**(928.8)**	(929.8)
Foreign currency translation reserve	**(5.3)**	(33.2)	**–**	–
Share-based compensation reserve	**25.7**	24.9	**22.1**	21.2
Fair value reserve	**(2,150.9)**	459.7	**(1,734.3)**	366.4
General reserve	**9,857.2**	11,275.1	**9,803.6**	10,631.0
	7,614.0	11,602.2	**7,162.6**	10,088.8

(a) Capital reserve

Capital reserve for the Group 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, and the gains or losses on the reissuance of treasury shares.

Capital reserve for the Company mainly arose from the re-integration of SIA Cargo in FY2018/19 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 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.

Breakdown of the fair value reserves is as follows:

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Derivative financial instruments designated as hedging instruments	**(2,150.9)**	459.7	**(1,734.3)**	366.4

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For The Financial Year Ended 31 March 2020

15 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

Fair value changes of derivative financial instruments designated as hedging instruments in cash flow hedges:

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
(Loss)/Gain on fair value changes	**(3,235.3)**	480.2	**(2,614.2)**	404.0
Discontinued fuel hedges reclassified to profit or loss, recognised in "Fuel hedging ineffectiveness"	**589.1**	–	**487.6**	–
Discontinued foreign currency hedges reclassified to profit or loss, recognised in "Other operating expenses"	**(24.9)**	–	**(21.2)**	–
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	**(27.7)**	44.0	**(27.7)**	36.4
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in "Fuel costs"	**108.0**	(343.1)	**87.1**	(275.2)
Foreign currency contracts recognised in "Other operating expenses"	**(11.5)**	(22.1)	**(12.3)**	(23.5)
	(2,602.3)	159.0	**(2,100.7)**	141.7

(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 Statements of Changes in Equity respectively.

16 Deferred Account (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Deferred loss on sale and operating leaseback transactions	**–**	(7.7)	**–**	(8.8)
	–	(7.7)	**–**	(8.8)
Deferred credit	**64.9**	83.5	**63.0**	78.2
	64.9	75.8	**63.0**	69.4
Presented as:				
- Current assets	**–**	(8.9)	**–**	(6.6)
- Non-current assets	**–**	(44.1)	**–**	(37.0)
- Current liabilities	**31.6**	44.9	**29.7**	37.9
- Non-current liabilities	**33.3**	83.9	**33.3**	75.1
	64.9	75.8	**63.0**	69.4

17 Deferred Taxation (in $ million)

	The Group				The Company	
	Statement of financial position		Profit and loss		Statement of financial position	
	31 March				31 March	
	2020	2019	FY2019/20	FY2018/19	2020	2019
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	**2,292.1**	2,003.3	**(1.9)**	142.6	**1,862.3**	1,686.9
Revaluation to fair value						
- fuel hedging contracts	**–**	117.0	**–**	–	**–**	97.2
- currency hedging contracts	**12.4**	1.7	**–**	–	**10.8**	1.3
- cross currency swap contracts	**–**	25.5	**–**	–	**–**	25.4
- interest rate swap contracts	**4.3**	–	**–**	–	**4.3**	–
Other temporary differences	**21.7**	20.4	**(6.8)**	1.4	**12.2**	16.8
Gross deferred tax liabilities	**2,330.5**	2,167.9	**(8.7)**	144.0	**1,889.6**	1,827.6
Deferred tax assets						
Unabsorbed capital allowances and tax losses	**(78.6)**	(2.1)	**(77.6)**	(0.6)	**(40.0)**	–
Lease liabilities	**(315.4)**	–	**42.2**	–	**(161.5)**	–
Revaluation to fair value						
- fuel hedging contracts	**(438.7)**	(24.2)	**–**	–	**(352.3)**	(23.2)
- currency hedging contracts	**(0.9)**	(0.9)	**–**	–	**(0.9)**	(0.8)
- cross currency swap contracts	**(0.5)**	(26.8)	**–**	–	**(0.5)**	(25.8)
- interest rate swap contracts	**(21.7)**	(2.4)	**–**	–	**(18.2)**	(2.1)
Other temporary differences	**(139.4)**	(71.2)	**(10.3)**	(13.2)	**(24.0)**	(25.5)
Gross deferred tax assets	**(995.2)**	(127.6)	**(45.7)**	(13.8)	**(597.4)**	(77.4)
Net deferred tax liabilities	**1,335.3**	2,040.3			**1,292.2**	1,750.2
Deferred tax charged to profit and loss			**(54.4)**	130.2		
Deferred tax charged to equity	**(652.9)**	22.1			**(469.1)**	28.3

At the end of the reporting period, deferred tax liability of $0.6 million (2019: $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 $11.2 million (2019: $11.2 million). The deferred tax liability is estimated to be $3.4 million (2019: $3.3 million).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

18 Borrowings (in $ million)

	The Group		The Company	
	31 March		31 March	
	2020	2019	2020	2019
Current Liabilities - Borrowings				
Notes payable	**500.0**	–	**500.0**	–
Loans	**2,161.0**	231.1	**2,101.1**	159.8
	2,661.0	231.1	**2,601.1**	159.8
Non-current Liabilities - Borrowings				
Notes payable	**3,877.6**	4,377.0	**3,877.6**	4,377.0
Loans	**3,285.3**	2,046.3	**2,932.7**	1,596.6
	7,162.9	6,423.3	**6,810.3**	5,973.6

Notes payable

Notes payable as at 31 March 2020 comprised unsecured notes issued by the Company. The details are set out below.

				31 March 2020		31 March 2019	
Series	Currency	Fixed interest rate per annum	Year of maturity	Face Value	Carrying value	Face Value	Carrying value
SGD5 Billion Multicurrency Medium Term Note Programme							
001	SGD	3.22%	2020	**500.0**	**500.0**	500.0	500.0
002	SGD	3.145%	2021	**200.0**	**200.0**	200.0	200.0
003	SGD	3.75%	2024	**300.0**	**300.0**	300.0	300.0
004	SGD	3.13%	2026	**630.0***	**632.0**	630.0*	632.3
005	SGD	3.035%	2025	**700.0**	**699.2**	700.0	699.0
006	SGD	3.13%	2027	**700.0**	**698.9**	700.0	698.8
007	SGD	3.16%	2023	**600.0**	**599.3**	600.0	599.2
SGD2 Billion Medium Term Bond Programme							
001	SGD	3.03%	2024	**750.0**	**748.2**	750.0	747.7
				4,380.0	**4,377.6**	4,380.0	4,377.0

* 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 (in $ million) (continued)

Loans

The Group

Type	Currency	Interest rate per annum	Year of maturity	31 March 2020 Face Value	31 March 2020 Carrying value	31 March 2019 Face Value	31 March 2019 Carrying value
Fixed Rate (Post interest rate and cross currency swaps)							
Secured bank loan	SGD	2.86%	2028	**780.7**	**779.0**	860.7	858.6
Secured bank loan	SGD	2.92%	2028	**396.0**	**393.3**	444.0	441.0
Secured bank loan	SGD	2.62%	2029	**820.2**	**818.4**	900.0	897.8
Secured bank loan	SGD	0.34%	2029	**146.3**	**145.9**	–	–
Secured bank loan	SGD	0.35%	2029	**146.6**	**146.4**	–	–
Secured bank loan	SGD	2.92% - 4.11%	2024	**–**	**–**	63.4	59.4
Secured bank loan	EUR	0.46%	2029	**152.8**	**152.4**	–	–
Secured bank loan	EUR	0.65% - 0.68%	2029-2030	**928.4**	**926.1**	–	–
Secured bank loan	JPY	0.41%	2029	**294.6**	**293.8**	–	–
Unsecured bank loan	SGD	0.71% - 1.53%	2020	**1,400.0**	**1,400.0**	–	–
Unsecured bank loan	USD	1.30%	2020	**170.9**	**170.9**	–	–
Unsecured bank loan	EUR	0.38%	2020	**200.9**	**200.9**	–	–
Unsecured bank loan	SGD	2.03% - 2.16%	2020	**1.5**	**1.4**	1.3	1.3
Floating rate							
Revolving credit facility	USD	4.00% - 4.06%	2020	**–**	**–**	1.4	1.4
Revolving credit facility	USD	3.20%	2020	**1.5**	**1.5**	–	–
Revolving credit facility	SGD	2.26%	2020	**3.0**	**3.0**	–	–
Unsecured bank loan	USD	3.20%	2022	**11.7**	**11.7**	–	–
Unsecured bank loan	USD	4.26%	2022	**–**	**–**	17.9	17.9
Trust receipt	SGD	2.37%	2020	**1.6**	**1.6**	–	–
				5,456.7	**5,446.3**	2,288.7	2,277.4

The Company

Type	Currency	Interest rate per annum	Year of maturity	31 March 2020 Face Value	31 March 2020 Carrying value	31 March 2019 Face Value	31 March 2019 Carrying value
Fixed Rate (Post interest rate and cross currency swaps)							
Secured bank loan	SGD	2.86%	2028	**780.7**	**779.0**	860.7	858.6
Secured bank loan	SGD	2.62%	2029	**820.2**	**818.4**	900.0	897.8
Secured bank loan	SGD	0.34%	2029	**146.3**	**145.9**	–	–
Secured bank loan	SGD	0.35%	2029	**146.6**	**146.4**	–	–
Fixed rate							
Secured bank loan	EUR	0.46%	2029	**152.8**	**152.4**	–	–
Secured bank loan	EUR	0.65% - 0.68%	2029-2030	**928.4**	**926.1**	–	–
Secured bank loan	JPY	0.41%	2029	**294.6**	**293.8**	–	–
Unsecured bank loan	SGD	0.71% - 1.53%	2020	**1,400.0**	**1,400.0**	–	–
Unsecured bank loan	USD	1.30%	2020	**170.9**	**170.9**	–	–
Unsecured bank loan	EUR	0.38%	2020	**200.9**	**200.9**	–	–
				5,041.4	**5,033.8**	1,760.7	1,756.4

NOTES TO THE FINANCIAL STATEMENTS

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19 Other Long-term Liabilities (in $ million)

	The Group		The Company	
	31 March		31 March	
	2020	2019	2020	2019
Maintenance reserve	**28.2**	19.9	**28.2**	19.9
Derivative liabilities (refer to note 41)	**1,847.5**	69.2	**1,832.5**	65.1
	1,875.7	89.1	**1,860.7**	85.0

20 Provisions (in $ million)

Included are provisions for return costs for leased aircraft, onerous leases, warranty claims and crew gratuity. 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 2018	1,100.8	16.5	73.3	1,190.6
Provision during the year	279.6	9.3	29.6	318.5
Provision written back during the year	(20.7)	–	–	(20.7)
Provision utilised during the year	(324.6)	(8.2)	(17.4)	(350.2)
Balance at 31 March 2019	1,035.1	17.6	85.5	1,138.2
Current	393.8	7.9	34.0	435.7
Non-current	641.3	9.7	51.5	702.5
	1,035.1	17.6	85.5	1,138.2
Balance at 1 April 2019	1,035.1	17.6	85.5	1,138.2
Effects of adopting IFRS 16	354.6	(9.7)	(25.8)	319.1
Provision during the year	191.3	–	19.9	211.2
Provision written back during the year	(30.0)	–	(1.2)	(31.2)
Provision utilised during the year	(241.6)	(3.5)	(37.5)	(282.6)
Balance at 31 March 2020	1,309.4	4.4	40.9	1,354.7
Current	343.8	4.4	15.8	364.0
Non-current	965.6	–	25.1	990.7
	1,309.4	4.4	40.9	1,354.7

20 Provisions (in $ million) (continued)

An analysis of the provisions is as follows: (continued)

	The Company		
	Return costs for leased aircraft	Others	Total
Balance at 1 April 2018	833.1	69.4	902.5
Provision during the year	154.0	27.8	181.8
Provision utilised during the year	(272.0)	(16.9)	(288.9)
Balance at 31 March 2019	715.1	80.3	795.4
Current	334.5	31.1	365.6
Non-current	380.6	49.2	429.8
	715.1	80.3	795.4
Balance at 1 April 2019	715.1	80.3	795.4
Effects of adopting IFRS 16	–	(25.8)	(25.8)
Provision during the year	64.1	17.5	81.6
Provision utilised during the year	(200.6)	(35.8)	(236.4)
Balance at 31 March 2020	578.6	36.2	614.8
Current	293.1	13.4	306.5
Non-current	285.5	22.8	308.3
	578.6	36.2	614.8

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21 Property, Plant and Equipment (in $ million)

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2018	13,911.0	585.5	288.8
Additions	145.9	32.4	40.9
Transfers	5,630.0	0.4	(8.8)
Disposals of a subsidiary company	–	–	–
Disposals	(1,008.4)	(35.3)	(5.4)
Write-off	–	–	–
Exchange differences	–	0.2	–
At 31 March 2019	18,678.5	583.2	315.5
Effects of adopting IFRS 16	35.5	–	–
Additions	216.6	37.5	19.9
Transfers	5,040.2	3.5	(1.1)
Transfer to assets held for sale	–	(58.8)	–
Disposals	(441.3)	(14.7)	(13.1)
Exchange differences	45.0	0.3	–
At 31 March 2020	23,574.5	551.0	321.2
Accumulated depreciation and impairment losses			
At 1 April 2018	2,792.4	321.0	121.8
Depreciation	1,194.7	24.9	14.5
Impairment losses	–	2.3	–
Transfers	9.2	–	(9.2)
Disposal of a subsidiary company	–	–	–
Disposals	(812.6)	(7.3)	(1.5)
Exchange differences	–	0.1	–
At 31 March 2019	3,183.7	341.0	125.6
Effects of adopting IFRS 16	(5.7)	–	–
Depreciation	1,547.6	23.9	23.2
Impairment losses	–	14.2	–
Transfers	–	–	–
Transfer to assets held for sale	–	(42.7)	–
Disposals	(131.0)	(8.3)	(9.9)
Exchange differences	–	0.2	–
At 31 March 2020	4,594.6	328.3	138.9
Net book value			
At 31 March 2019	15,494.8	242.2	189.9
At 31 March 2020	18,979.9	222.7	182.3

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	135.9	631.1	786.0	313.5	6,153.8	22,821.3
–	–	0.4	23.6	11.2	5,350.3	5,604.7
–	–	0.1	8.9	9.9	(5,640.5)	–
–	–	–	(2.0)	(0.4)	–	(2.4)
–	(0.5)	–	(121.1)	(9.9)	–	(1,180.6)
–	–	–	–	–	(35.3)	(35.3)
–	–	1.4	1.4	0.2	–	3.2
15.7	135.4	633.0	696.8	324.5	5,828.3	27,210.9
–	–	–	–	–	61.6	97.1
–	–	0.9	16.6	14.8	4,905.5	5,211.8
–	–	(0.1)	58.4	13.6	(5,114.5)	–
–	–	–	–	–	–	(58.8)
–	–	(2.3)	(45.9)	(6.0)	(0.1)	(523.4)
–	–	2.3	2.8	0.2	0.1	50.7
15.7	135.4	633.8	728.7	347.1	5,680.9	31,988.3
–	122.1	477.1	554.1	263.6	–	4,652.1
–	2.9	12.0	57.3	21.6	–	1,327.9
–	–	–	–	–	–	2.3
–	–	–	–	–	–	–
–	–	–	(1.2)	(0.3)	–	(1.5)
–	(0.5)	–	(115.7)	(9.8)	–	(947.4)
–	–	0.3	0.7	0.1	–	1.2
–	124.5	489.4	495.2	275.2	–	5,034.6
–	–	–	–	–	–	(5.7)
–	2.9	12.0	69.2	22.5	–	1,701.3
–	–	–	–	–	–	14.2
–	–	(0.1)	–	0.1	–	–
–	–	–	–	–	–	(42.7)
–	–	(2.2)	(44.9)	(5.9)	–	(202.2)
–	–	0.6	2.0	0.2	–	3.0
–	127.4	499.7	521.5	292.1	–	6,502.5
15.7	10.9	143.6	201.6	49.3	5,828.3	22,176.3
15.7	8.0	134.1	207.2	55.0	5,680.9	25,485.8

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

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

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2018	10,024.6	384.5	95.3
Effects of integration of SIA Cargo	198.2	19.9	6.0
Additions	140.5	29.0	41.0
Transfers	4,972.1	–	(18.2)
Disposals	(891.3)	(29.2)	(5.4)
At 31 March 2019	14,444.1	404.2	118.7
Additions	214.3	27.5	19.9
Transfers	4,575.1	–	(14.9)
Disposals	(305.7)	(9.7)	(13.1)
Exchange differences	26.7	–	–
At 31 March 2020	18,954.5	422.0	110.6
Accumulated depreciation and impairment losses			
At 1 April 2018	1,948.0	216.1	30.2
Depreciation	978.8	12.2	7.2
Transfers	9.2	–	(9.2)
Disposals	(726.2)	(4.7)	(1.5)
At 31 March 2019	2,209.8	223.6	26.7
Depreciation	1,307.0	12.5	15.0
Impairment losses	–	9.9	–
Disposals	(112.6)	(4.7)	(9.9)
At 31 March 2020	3,404.2	241.3	31.8
Net book value			
At 31 March 2019	12,234.3	180.6	92.0
At 31 March 2020	15,550.3	180.7	78.8

	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
	15.7	135.9	332.3	444.2	229.6	5,148.4	16,810.5
				11.9	0.4	–	236.4
	–	–	–	5.8	7.8	4,478.2	4,702.3
	–	–	–	7.7	5.5	(4,967.1)	–
	–	(0.5)	–	(111.0)	(5.2)	(59.6)	(1,102.2)
	15.7	135.4	332.3	358.6	238.1	4,599.9	20,647.0
	–	–	–	2.5	13.1	4,362.5	4,639.8
	–	–	–	47.8	8.5	(4,616.5)	–
	–	–	(2.2)	(30.1)	(4.6)	(50.5)	(415.9)
	–	–	–	–	–	–	26.7
	15.7	135.4	330.1	378.8	255.1	4,295.4	24,897.6
	–	122.1	318.0	290.9	202.9	–	3,128.2
	–	2.9	1.8	36.2	12.0	–	1,051.1
	–	–	–	–	–	–	–
	–	(0.5)	–	(105.8)	(5.1)	–	(843.8)
	–	124.5	319.8	221.3	209.8	–	3,335.5
	–	2.9	1.8	48.0	13.3	–	1,400.5
	–	–	–	–	–	–	9.9
	–	–	(2.0)	(30.1)	(4.6)	–	(163.9)
	–	127.4	319.6	239.2	218.5	–	4,582.0
	15.7	10.9	12.5	137.3	28.3	4,599.9	17,311.5
	15.7	8.0	10.5	139.6	36.6	4,295.4	20,315.6

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

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

Assets leased out as operating leases

	The Group and the Company 31 March	
	2020	2019
Net book value of property, plant and equipment leased out as operating leases:		
- aircraft	**83.1**	–
	83.1	–

Assets held as security

The Company's aircraft with carrying amount of $3,282.5 million (2019: $1,545.5 million) are pledged as security to the banks.

In the previous financial year, Tiger Airways Holdings Pte Ltd's ("TAH") aircraft with carrying amount of $106.1 million were mortgaged to the banks under European Export Credit Agency financing. The loans were fully repaid in FY2019/20.

Scoot Tigerair Pte. Ltd.'s aircraft with carrying amount of $442.0 million (2019: $467.8 million) are pledged as security to the banks.

SilkAir (Singapore) Private Limited's ("SilkAir") spare engines with carrying amounts of $11.1 million (2019: $12.0 million) are pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to SilkAir.

Reclassification to assets held for sale

During the year, certain aircraft spares were classified as held for sale as the Group had decided to sell these aircraft spares following the cessation of certain inventory management contracts. The sale is expected to be completed within one year.

	The Group
Balance as at 1 April 2019	–
Reclassification from property, plant and equipment	16.1
Disposal during the year	(1.9)
Balance as at 31 March 2020	14.2

Impairment of aircraft spares

In FY2019/20, the carrying amounts of the aircraft spares exceeded the recoverable amounts and the Group recognised an impairment loss of $14.2 million (FY2018/19: $2.3 million) on its aircraft spares. The amount in FY2018/19 was part of the refleeting and restructuring costs classified as a non-operating item (refer to note 9).

Impairment test

In light of the Covid-19 pandemic and its detrimental effect on the travel industry caused by global travel restrictions and border controls, the Group's significant reduction in its capacity has led to a deterioration to its profits and cash flows. Management has determined that this event is an indicator that the Property, Plant and Equipment and Intangible Assets may be impaired. Management's impairment test included the following CGUs:

Full Service Carrier ("FSC") CGU

The recoverable amount of the FSC CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a five-year period. The financial forecasts which were approved include Management's planned recovery from Covid-19 related global travel restrictions and border controls. The post-tax discount rate applied to cash flow projections is 7.0% and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the five-year period is 4.5%.

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

Low-Cost Carrier ("LCC") 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 six-year period (2019: three-year period). The financial forecasts which were approved include Management's planned recovery from Covid-19 related global travel restrictions and border controls. The six-year period reflects the CGU's steady state of operations arising from the significant committed capital expenditure of the CGU in the forecast period. The post-tax discount rate applied to cash flow projections is 7.0% (2019: 7.0%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the six-year period (2019: three-year period) is 5.5% (2019: 4.5%).

Sensitivity Analysis

The calculations of value-in-use for the FSC and LCC CGUs are most sensitive to the following assumptions:

Yield – The forecast yield is set with regards to the CGU's historical performance, operation plans and expected economic and market conditions. The forecast yield does not exceed historical yield achieved.

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.

The impairment assessment is sensitive to changes to these assumptions and any significant adverse movements in these assumptions could impact the results of the impairment test.

22 Right-of-Use Assets (in $ million)

The Group

	Aircraft	Aircraft spare engines	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Total
At 1 April 2019	1,524.1	26.4	152.7	3.1	0.2	1,706.5
Additions	106.8	–	99.0	0.6	0.1	206.5
Reassessment and modifications	3.8	(0.1)	(6.1)	–	–	(2.4)
Depreciation	(357.1)	(8.8)	(65.8)	(1.1)	(0.1)	(432.9)
At 31 March 2020	1,277.6	17.5	179.8	2.6	0.2	1,477.7

The Company

	Aircraft	Aircraft spare engines	Leasehold land and buildings	Plant and equipment	Total
At 1 April 2019	802.2	24.5	109.4	–	936.1
Additions	–	–	68.2	0.4	68.6
Reassessment and modifications	–	–	(4.9)	–	(4.9)
Depreciation	(194.8)	(7.6)	(51.7)	(0.1)	(254.2)
Novation from a subsidiary company	–	–	0.1	–	0.1
At 31 March 2020	607.4	16.9	121.1	0.3	745.7

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

23 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 2018	170.4	75.9	25.0	606.2	61.8	26.7	966.0
Additions	14.0	–	–	41.4	10.3	47.3	113.0
Disposals	–	–	–	(2.2)	(34.2)	–	(36.4)
Transfers	–	–	–	48.4	–	(48.4)	–
Disposal of a subsidiary company	–	–	–	(4.3)	–	–	(4.3)
Write-off	–	–	–	(6.9)	–	–	(6.9)
Exchange differences	–	–	–	–	2.5	–	2.5
At 31 March 2019	184.4	75.9	25.0	682.6	40.4	25.6	1,033.9
Additions	–	–	–	45.3	3.1	43.2	91.6
Disposals	–	–	–	(7.8)	–	–	(7.8)
Transfers	–	–	–	25.0	–	(25.0)	–
Exchange differences	–	–	–	0.1	2.3	–	2.4
At 31 March 2020	184.4	75.9	25.0	745.2	45.8	43.8	1,120.1
Accumulated amortisation and impairment losses							
At 1 April 2018	–	75.9	25.0	426.5	3.3	–	530.7
Amortisation	–	–	–	60.0	1.9	–	61.9
Disposals	–	–	–	(2.1)	–	–	(2.1)
Disposal of a subsidiary company	–	–	–	(4.3)	–	–	(4.3)
Write-off	–	–	–	(3.8)	–	–	(3.8)
Exchange differences	–	–	–	–	0.2	–	0.2
At 31 March 2019	–	75.9	25.0	476.3	5.4	–	582.6
Amortisation	–	–	–	55.9	1.6	–	57.5
Disposals	–	–	–	(7.8)	–	–	(7.8)
Exchange differences	–	–	–	0.1	0.7	–	0.8
At 31 March 2020	–	75.9	25.0	524.5	7.7	–	633.1
Net book value							
At 31 March 2019	184.4	–	–	206.3	35.0	25.6	451.3
At 31 March 2020	184.4	–	–	220.7	38.1	43.8	487.0

Goodwill

In FY2018/19, the addition to goodwill was due to the changes in ownership interests in KrisShop Pte Ltd ("KrisShop"). Further details are disclosed in note 24(f).

23 Intangible Assets (in $ million) (continued)

The Company

	Computer software and others	Advance and progress payments	Total
Cost			
At 1 April 2018	504.3	19.1	523.4
Effects of integration of SIA Cargo	1.6	0.2	1.8
Additions	32.3	31.4	63.7
Disposals	(0.2)	–	(0.2)
Transfers	39.6	(39.6)	–
At 31 March 2019	577.6	11.1	588.7
Additions	31.2	37.4	68.6
Disposals	(6.9)	–	(6.9)
Transfers	17.1	(17.1)	–
At 31 March 2020	619.0	31.4	650.4
Accumulated amortisation			
At 1 April 2018	343.6	–	343.6
Amortisation	51.2	–	51.2
Disposals	(0.2)	–	(0.2)
At 31 March 2019	394.6	–	394.6
Amortisation	46.1	–	46.1
Disposals	(6.9)	–	(6.9)
At 31 March 2020	433.8	–	433.8
Net book value			
At 31 March 2019	183.0	11.1	194.1
At 31 March 2020	185.2	31.4	216.6

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 LCC CGU. Please refer to note 21 for the impairment assessment of the LCC CGU.

24 Subsidiary Companies (in $ million)

	The Company 31 March 2020	The Company 31 March 2019
Investment in subsidiary companies	**3,417.9**	3,409.6
Accumulated impairment losses	**(52.7)**	(52.7)
Effects of integration of SIA Cargo	**(1,405.0)**	(1,405.0)
	1,960.2	1,951.9
Long-term loans to subsidiary companies	**2,224.5**	1,649.5
Amount owing by a subsidiary company	**598.5**	–
Accumulated impairment loss	**(13.3)**	(10.2)
	4,769.9	3,591.2

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For The Financial Year Ended 31 March 2020

24 Subsidiary Companies (in $ million) (continued)

During the financial year:

1. SIA incorporated a wholly-owned subsidiary company, Encounters Pte. Ltd. ("EPL") on 29 August 2019. As at 31 March 2020, SIA had a total capital contribution in EPL of $2.0 million.

2. The Company injected approximately $2.3 million in KrisShop Pte Ltd. ("KrisShop"). There was no change in the Group's 70% equity stake in KrisShop after the capital injection.

3. The 100% equity stake in Tradewinds Tours and Travel Private Limited was transferred from SilkAir to the Company at $4.0 million.

(a) Composition of the Group

The subsidiary companies are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 March 2020	2019
SIA Engineering Company Limited[(1)] and its subsidiaries	Engineering services	Singapore	**77.7**	77.7
NexGen Network (1) Holding Pte. Ltd.[(1)]	Investment holding	Singapore	**77.7**	77.7
NexGen Network (2) Holding Pte. Ltd.[(1)]	Investment holding	Singapore	**77.7**	77.7
SIAEC Global Private Limited[(1)]	Investment holding	Singapore	**77.7**	77.7
SIA Engineering (USA), Inc.[(4)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	**77.7**	77.7
SIA Engineering Japan Corporation[(5)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Japan	**77.7**	77.7
Singapore Aero Support Services Pte. Ltd.[(1)]	Maintenance, repair and overhaul of aircraft and cabin components/systems	Singapore	**77.7**	77.7
Heavy Maintenance Singapore Services Pte. Ltd.[(1)]	Provide airframe maintenance component overhaul services	Singapore	**50.5**	50.5
SIA Engineering (Philippines) Corporation[(2)]	Provide airframe maintenance component overhaul services	Philippines	**50.5**	50.5
Additive Flight Solutions Pte. Ltd.[(1)]*	Additive manufacturing of aircraft cabin parts and tooling for the aerospace industry	Singapore	**46.6**	46.6
Aerospace Component Engineering Services Pte. Limited[(1)]*	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	**39.6**	39.6
Aviation Partnership (Philippines) Corporation[(2)]*	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	**39.6**	39.6

24 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 31 March 2020	2019
Budget Aviation Holdings Pte. Ltd.[(1)] and its subsidiaries	Investment holding	Singapore	**100.0**	100.0
Tiger Airways Holdings Pte. Ltd.[(1)]	Investment holding	Singapore	**100.0**	100.0
Scoot Tigerair Pte. Ltd.[(1)]	Air transportation	Singapore	**100.0**	100.0
Roar Aviation Pte. Ltd.[(1)]	Investment holding	Singapore	**100.0**	100.0
Simple Holidays Pte.Ltd.[(1)]	Reservation service activities	Singapore	**100.0**	100.0
Cargo Community Network Pte Ltd[(1)] and its subsidiary	Providing and marketing of cargo community system	Singapore	**51.0**	51.0
Cargo Community (Shanghai) Co. Ltd.[(3)+]	Marketing and support of portal services for the air cargo industry	People's Republic of China	**51.0**	51.0
Encounters Pte. Ltd.[(1)]	Travel booking and related services through an online portal	Singapore	**100.0**	–
SilkAir (Singapore) Private Limited[(1)]	Air transportation	Singapore	**100.0**	100.0
Singapore Airlines Cargo Pte Ltd[(1)]	Inactive	Singapore	**100.0**	100.0
Singapore Aviation and General Insurance Company (Pte) Limited[(1)]	Aviation insurance	Singapore	**100.0**	100.0
Singapore Flying College Pte Ltd[(1)]	Training of pilots	Singapore	**100.0**	100.0
Sing-Bi Funds Private Limited[(1)]	Investment holding	Singapore	**100.0**	100.0
Tradewinds Tours & Travel Private Limited[(1)]	Tour wholesaling	Singapore	**100.0**	100.0
KrisShop Pte. Ltd.[(1)]	Travel-related retail operations	Singapore	**70.0**	70.0

(1) *Audited by KPMG LLP, Singapore*

(2) *Audited by member firms of KPMG International in the respective countries*

(3) *Audited by Shanghai HDDY Certified Public Accountants Co., Ltd*

(4) *Not required to be audited under the law in country of incorporation*

(5) *Not required to be audited in the current financial year*

* *The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company*

\+ *Financial year end 31 December*

<u>Special purpose entities ("SPEs")</u>

Details of the operating SPEs controlled and consolidated by the Group at the end of financial year are as follows:

Name of entity	Purpose of special purpose entity	Country of incorporation
Winnie Aircraft Limited	Financing of aircraft	Mauritius
Falcon Aircraft Limited	Financing of aircraft	Mauritius

The SPEs are held by Tiger Airways Holdings Pte. Ltd. and are audited by Ernst & Young LLP, Mauritius.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

24 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

Special purpose entities ("SPEs") (continued)

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.

(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 31 March	
	2020	**2019**
Proportion of ownership interest held by NCI	**22.3%**	22.3%
Profit allocated to NCI during the reporting period	**40.0**	35.9
Accumulated NCI at the end of reporting period	**396.1**	375.7
Dividends paid to NCI	**28.8**	32.9

(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 statement of financial position

	SIA Engineering Company Group of Companies 31 March	
	2020	**2019**
Current		
Assets	**998.1**	965.0
Liabilities	**(240.8)**	(245.5)
Net current assets	**757.3**	719.5
Non-current		
Assets	**1,007.4**	880.2
Liabilities	**(103.7)**	(35.7)
Net non-current assets	**903.7**	844.5
Net assets	**1,661.0**	1,564.0

24 Subsidiary Companies (in $ million) (continued)

(d) Summarised statement of comprehensive income of subsidiary company with material NCI

	SIA Engineering Company Group of Companies	
	FY2019/20	**FY2018/19**
Revenue	**994.1**	1,020.9
Profit before tax	**204.5**	179.1
Taxation	**(14.0)**	(18.1)
Profit after tax	**190.5**	161.0
Other comprehensive income	**26.9**	17.0
Total comprehensive income	**217.4**	178.0

(e) Other summarised information about subsidiary company with material NCI

	SIA Engineering Company Group of Companies	
	FY2019/20	**FY2018/19**
Net cash flow from operations	**91.0**	75.4
Acquisition of significant property, plant and equipment	**(36.8)**	(25.0)

(f) Changes in ownership interests in a subsidiary company - KrisShop

FY2018/19

On 23 November 2018, the Company, through its subsidiary company, KrisShop, entered into a business transfer agreement with DFASS SATS Pte. Ltd. to acquire the business of providing services and merchandise to the Group. SIA invested approximately $24.9 million in KrisShop and holds 70% stake after the business combination.

(i) Fair value of identifiable assets

The following table summarises the recognised amounts of assets acquired and at the date of acquisition:

	FY2018/19
Inventories	14.8
Plant and equipment	0.3
Software	1.6
	16.7
Goodwill	14.0
Total cash consideration transferred	30.7

(ii) Measurement of fair values

The book values of identifiable assets acquired approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

25 Associated Companies (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Investment in associated companies	**828.9**	1,116.4	**905.3**	764.6
Accumulated impairment losses	**(11.9)**	(11.9)	**(785.0)**	(209.4)
	817.0	1,104.5	**120.3**	555.2

During the financial year:

1. The Company injected $140.7 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. Management performed an impairment test for the investment in TATA-SIA, which had been incurring losses historically. An impairment loss of $231.8 million was recognised by the Company to write down the cost of investment to its estimated recoverable amount.

2. Management performed an impairment review for the investment in Virgin Australia Holdings Limited ("VAH"), which has been incurring losses. The Covid-19 pandemic has a significant impact on VAH operations. On 31 March 2020, VAH announced that it had requested financial support from the Australian Government. Subsequently, on 21 April 2020, VAH announced that it has entered voluntary administration. An impairment loss of $343.8 million was recognised by the Company to write down the cost of investment in VAH to zero.

3. Ritz-Carlton, Millenia Singapore Properties Private Limited recorded a revaluation gain of $65.3 million from its annual revaluation exercise of its land and building. The Group's share of the revaluation gain of $13.1 million as at 31 March 2020 is included under the share of post-acquisition capital reserve.

4. SIAEC liquidated International Aerospace Tubes-Asia Pte. Ltd. ("IAT"). A loss on disposal of $0.2 million was recorded in the profit or loss and IAT ceased to be an associated company.

5. SIAEC invested approximately $0.3 million in Line Maintenance Partnership (Thailand) Company Limited.

6. SIAEC invested approximately $7,000 in GE Aviation, Overhaul Services - Singapore Pte. Ltd..

The associated companies are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 March 2020	2019
Held by the Company				
TATA SIA Airlines Limited[(5)]	Domestic and International full service scheduled passenger airlines services	India	**49.0**	49.0
Airbus Asia Training Centre Pte. Ltd. [(6)(c)]	Flight training services	Singapore	**45.0**	45.0
Virgin Australia Holdings Limited[(2)(a)]	Air transportation	Australia	**20.0**	20.0
Ritz-Calton, Millenia Singapore Properties Private Limited[(3)(c)]	Hotel ownership and management	Singapore	**20.0**	20.0

25 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 March 2020	2019
Held by SIAEC				
Boeing Asia Pacific Aviation Services Pte. Ltd.(4)(c)	Provide engineering, material management and fleet support solutions	Singapore	**38.1**	38.1
Eagle Services Asia Private Limited(3)(c)	Repair and overhaul of aircraft engines	Singapore	**38.1**	38.1
Fuel Accessory Service Technologies Pte Ltd(3)(b)	Repair and overhaul of engine fuel components and accessories	Singapore	**38.1**	38.1
GE Aviation, Overhaul Services – Singapore Pte. Ltd(13)(c)	Repair and servicing of aircraft and spacecraft (including aircraft engines and other parts)	Singapore	**38.1**	–
Line Maintenance Partnership (Thailand) Company Limited(13)(c)	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Thailand	**38.1**	–
Moog Aircraft Services Asia Pte. Ltd.(6)	Repair and overhaul services for flight control systems	Singapore	**38.1**	38.1
PT JAS Aero-Engineering Services(9)(c)	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	**38.1**	38.1
Southern Airports Aircraft Maintenance Services Company Limited(5)(c)	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	**38.1**	38.1
Component Aerospace Singapore Pte. Ltd.(3)(b)	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	**36.1**	36.1
JAMCO Aero Design & Engineering Private Limited(12)	Providing turnkey solutions for aircrafts interior modifications	Singapore	**35.0**	35.0
Panasonic Avionic Services Singapore Pte. Ltd.(1)	Provide line maintenance and repair services of in-flight entertainment systems	Singapore	**33.0**	33.0
Goodrich Aerostructures Service Centre-Asia Pte. Ltd.(3)(c)	Repair and overhaul of aircraft nacelles, thrust reserves and pylons	Singapore	**31.1**	31.1
Pan Asia Pacific Aviation Services Limited(8)	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	**31.1**	31.1

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For The Financial Year Ended 31 March 2020

25 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 March 2020	Percentage of equity held by the Group 31 March 2019
Safran Electronics & Defense Services Asia Pte. Ltd.[(10)(c)]	Provide avionics maintenance, repair and overhaul services	Singapore	**31.1**	31.1
Safran Landing Systems Services Singapore Pte. Ltd.[(10)(c)]	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	**31.1**	31.1
Asian Surface Technologies Pte Ltd[(7)(c)]	Repair and overhaul of aircraft engine fan blades	Singapore	**30.5**	30.5
Turbine Coating Services Pte Ltd[(3)(b)*]	Repair and overhaul of aircraft engine turbine airfoils	Singapore	**19.0**	19.0
International Aerospace Tubes-Asia Pte. Ltd.[(3)(c)]	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	**–**	25.9
<u>Held by Scoot Tigerair</u>				
Air Black Box Asia Pacific Pte. Ltd.[(11)(c)**]	Provision of support services to air transportation	Singapore	**13.0**	13.0

(1) *Audited by KPMG LLP, Singapore*
(2) *Audited by member firms of KPMG International*
(3) *Audited by PricewaterhouseCoopers LLP, Singapore*
(4) *Audited by Deloitte & Touche, Singapore*
(5) *Audited by member firms of Deloitte & Touche*
(6) *Audited by Ernst & Young LLP, Singapore*
(7) *Audited by RSM Chio Lim, Singapore*
(8) *Audited by BDO Limited, Hong Kong*
(9) *Audited by Ernst & Young LLP, Indonesia*
(10) *Audited by Mazars LLP, Singapore*
(11) *Audited by Wong, Lee & Associates LLP*
(12) *Audited by Grant Thornton LLP, Singapore*
(13) *Not required to be audited in the current financial year*
(a) *Financial year end 30 June*
(b) *Financial year end 30 November*
(c) *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 2020	The Group 31 March 2019
Virgin Australia Holdings Limited	**–**	314.8
TATA-SIA	**77.8**	137.9
Eagle Services Asia Private Limited ("ESA")	**228.4**	189.0
Other associated companies	**510.8**	462.8
	817.0	1,104.5

The activities of the associated companies are strategic to the Group's activities.

25 Associated Companies (in $ million) (continued)

The Group has three (2019: two) associated companies that are material and a number of associated companies that are individually immaterial to the Group. 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 IFRS, modified for fair value adjustments on acquisitions and differences in the Group's accounting policies.

Summarised statement of financial position

	VAH		TATA-SIA		ESA	
	31 March		31 March		31 March	
	2020	2019	2020	2019	2020	2019
Current assets	**1,303.6**	1,626.0	**225.9**	188.6	**657.5**	425.3
Non-current assets	**4,650.7**	4,188.5	**1,638.6**	318.8	**162.2**	140.6
Total assets	**5,954.3**	5,814.5	**1,864.5**	507.4	**819.7**	565.9
Current liabilities	**(2,429.0)**	(2,831.2)	**(191.4)**	(114.2)	**(331.3)**	(163.2)
Non-current liabilities	**(4,929.6)**	(2,028.6)	**(1,514.3)**	(111.8)	**(22.2)**	(17.0)
Total liabilities	**(7,358.6)**	(4,859.8)	**(1,705.7)**	(226.0)	**(353.5)**	(180.2)
Net assets	**(1,404.3)**	954.7	**158.8**	281.4	**466.2**	385.7
Share of net assets	**(281.4)**	190.2	**77.8**	137.9	**228.4**	189.0

Summarised statement of comprehensive income

	VAH		TATA-SIA		ESA	
	FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19
(Loss)/Profit after tax	**(281.8)**	(499.5)	**(349.0)**	(161.5)	**86.1**	73.2
Other comprehensive income	**(3.4)**	(16.9)	**–**	–	**–**	–
Total comprehensive income	**(285.2)**	(516.4)	**(349.0)**	(161.5)	**86.1**	73.2

Dividends of approximately $13.3 million (FY2018/19: $27.6 million) were received from ESA during the financial year.

The Group's carrying amount of VAH has been capped at zero. Losses totalling $36.8 million and other comprehensive income of $137.5 million of VAH have not been recognised because the Group has no obligation in respect of its losses.

In the previous financial year, the Group's carrying amount of VAH amounted to $314.8 million and included goodwill of $117.1 million and other acquisition related adjustments of $7.5 million. 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 exceeded 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	
	FY2019/20	FY2018/19
Profit after tax	**60.2**	45.7
Other comprehensive income	**13.1**	20.8
Total comprehensive income	**73.3**	66.5

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26 Joint Venture Companies (in $ million)

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Investment in joint venture companies	**191.5**	171.7	**32.3**	30.6

During the financial year:

1. The Company injected $1.7 million in Singapore CAE Flight Training Pte. Ltd. ("SCFT"). There was no change in the Group's 50% equity stake in SCFT after the capital injection.

2. TAH injected $10.2 million in NokScoot Airlines Co.,Ltd. ("NokScoot"). There was no change in the Group's 49% equity stake in NokScoot after the capital injection.

The joint venture companies are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 March 2020	2019
Held by SIAEC				
Singapore Aero Engine Services Pte Ltd [1]	Repair and overhaul of aircraft engines	Singapore	**38.9**	38.9
Held by Scoot Tigerair				
NokScoot Airlines Co., Ltd. [2]	Air transportation	Thailand	**49.0**	49.0
Held by the Company				
Singapore CAE Flight Training Pte. Ltd. [3]	Flight training services	Singapore	**50.0**	50.0

(1) *Audited by KPMG LLP, Singapore, and financial year end of 31 December.*
(2) *Audited by Deloitte & Touche Tohmatsu Jaiyos Audit Co. Ltd, Thailand and financial year end of 31 December.*
(3) *Audited by PricewaterhouseCoopers LLP, Singapore, and financial year end of 31 March.*

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.

The carrying amounts of the investments are as follows:

	The Group 31 March	
	2020	2019
Singapore Aero Engine Services Pte Ltd ("SAESL")	**159.2**	154.7
Other joint venture companies	**32.3**	17.0
	191.5	171.7

The activities of SAESL are strategic to the Group's activities.

Dividends of approximately $38.4 million (FY2018/19: $36.3 million) were received from SAESL during the financial year.

26 Joint Venture Companies (in $ million) (continued)

Summarised financial information in respect of SAESL, which is material to the Group, is as follows:

Summarised statement of financial position

	SAESL 31 March 2020	SAESL 31 March 2019
Cash and short-term deposits	**23.4**	28.6
Other current assets	**957.0**	754.0
Total current assets	**980.4**	782.6
Non-current assets	**325.0**	318.7
Total assets	**1,305.4**	1,101.3
Current liabilities	**(680.8)**	(528.6)
Non-current liabilities	**(306.2)**	(263.3)
Total liabilities	**(987.0)**	(791.9)
Net assets	**318.4**	309.4

Summarised statement of comprehensive income

	SAESL FY2019/20	SAESL FY2018/19
Revenue	**2,914.5**	2,113.0
Depreciation and amortisation	**(30.6)**	(22.3)
Interest income	**0.1**	0.1
Interest expense	**(10.3)**	(7.6)
Profit before tax	**94.9**	87.2
Taxation	**(5.8)**	(6.5)
Profit after tax	**89.1**	80.7
Other comprehensive income	**(19.7)**	(12.5)
Total comprehensive income	**69.4**	68.2

The summarised financial information presented is extracted from the financial statements of SAESL prepared in accordance with IFRS.

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 2020	The Group 31 March 2019
Current assets	**50.7**	53.8
Non-current assets	**103.3**	74.3
Total assets	**154.0**	128.1
Current liabilities	**(98.8)**	(74.7)
Non-current liabilities	**(76.5)**	(53.1)
Total liabilities	**(175.3)**	(127.8)
Net (liabilities)/assets	**(21.3)**	0.3

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For The Financial Year Ended 31 March 2020

26 Joint Venture Companies (in $ million) (continued)

The Group's share of the results is as follows:

	The Group	
	FY2019/20	FY2018/19
Profit/(Loss) after tax and total comprehensive income	**3.4**	(17.8)

The Group has not recognised losses totalling $53.6 million (FY2018/19: $16.7 million) in relation to its interests in joint venture companies because the Group has no obligation in respect of these losses.

27 Long-Term Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Quoted				
Non-equity investments	**17.6**	63.9	**17.6**	63.9
Unquoted				
Non-equity investments	**–**	229.9	**–**	229.9
Equity investments	**47.6**	50.1	**37.2**	39.7
	65.2	343.9	**54.8**	333.5

The Group's non-equity investments comprised investments in corporate bonds.

The interest rates for quoted non-equity investments range from 3.08% to 3.25% (FY2018/19: 3.01% to 4.30%) per annum.

28 Other Long-Term Assets (in $ million)

	The Group 31 March		The Company 31 March	
	2020	2019	2020	2019
Deposits	**119.8**	127.6	**–**	0.1
Prepayment	**10.6**	13.8	**–**	–
Amount owing by a joint venture company	**7.8**	8.1	**7.8**	8.1
Other receivables	**170.3**	180.1	**122.4**	151.4
Derivative assets (refer to note 41)	**37.2**	384.1	**37.2**	384.1
	345.7	713.7	**167.4**	543.7

The Group's other receivables are stated at amortised cost and are expected to be received over a period of two to nine years.

29 Inventories (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Technical stocks and stores	**199.7**	189.3	**152.3**	142.1
Catering and general stocks	**39.6**	40.6	**16.1**	15.5
Total inventories at lower of cost and net realisable value	**239.3**	229.9	**168.4**	157.6

The cost of inventories recognised as an expense amounted to $151.0 million (FY2018/19: $131.5 million).

30 Trade Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Trade debtors	**672.7**	1,392.9	**435.3**	1,120.0
Contract assets	**114.4**	99.7	**–**	–
Amounts owing by:				
associated companies	**7.6**	3.5	**0.7**	0.2
joint venture companies	**25.8**	31.1	**4.5**	18.6
	820.5	1,527.2	**440.5**	1,138.8
Amounts owing by:				
subsidiary companies	**–**	–	**200.4**	3.7
	820.5	1,527.2	**640.9**	1,142.5

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.

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade debtors when the rights become unconditional. This usually occurs when the Group invoices the customers.

Amounts owing by subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and repayable on demand. The amounts are stated at net of accumulated impairment losses.

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For The Financial Year Ended 31 March 2020

30 Trade Debtors (in $ million) (continued)

The table below is an analysis of trade debtors as at 31 March:

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Not past due and not impaired	**748.0**	1,379.6	**609.5**	1,049.6
Past due but not impaired	**71.5**	141.1	**30.3**	86.2
	819.5	1,520.7	**639.8**	1,135.8
Impaired trade debtors - collectively assessed	**5.1**	10.6	**3.1**	8.2
Less: Accumulated impairment losses	**(4.1)**	(4.1)	**(2.0)**	(1.5)
	1.0	6.5	**1.1**	6.7
Impaired trade debtors - individually assessed				
Customers in bankruptcy or other financial reorganisation	**3.6**	–	**–**	–
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	**5.2**	5.7	**5.3**	5.7
Less: Accumulated impairment losses	**(8.8)**	(5.7)	**(5.3)**	(5.7)
	–	–	**–**	–
Impaired amounts owing by associated companies - individually assessed	**3.6**	–	**–**	–
Impaired amounts owing by joint venture companies - individually assessed	**61.6**	–	**57.5**	–
Less: Accumulated impairment losses	**(65.2)**	–	**(57.5)**	–
	–	–	**–**	–
Total trade debtors, net	**820.5**	1,527.2	**640.9**	1,142.5

Included in trade and other debtors are amounts owing by related parties of $41.5 million (2019: $58.0 million) and $35.1 million (2019: $27.6 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	
	2020	**2019**	**2020**	**2019**
Balance at 1 April	**9.8**	4.2	**7.2**	1.7
Provided during the year for trade debtors	**69.1**	5.7	**57.9**	5.6
Written off during the year	**(0.8)**	(0.1)	**(0.3)**	(0.1)
Balance at 31 March	**78.1**	9.8	**64.8**	7.2
Bad debts written off directly to profit and loss account, net of debts recovered	**1.4**	0.1	**0.3**	(0.2)

As at 31 March 2020, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 47.3% (2019: 22.1%), AUD – 2.8% (2019: 6.9%), EUR – 3.2% (2019: 8.6%), GBP – 5.1% (2019: 4.0%) and JPY – 0.9% (2019: 2.6%).

31 Deposits and Other Debtors (in $ million)

	The Group		The Company	
	31 March		31 March	
	2020	2019	2020	2019
Deposits	**25.0**	24.0	**11.3**	10.3
Other debtors	**305.8**	69.8	**286.4**	53.4
	330.8	93.8	**297.7**	63.7

32 Investments (in $ million)

	The Group		The Company	
	31 March		31 March	
	2020	2019	2020	2019
Quoted				
Equity investments	**0.1**	–	**–**	–
Non-equity investments	**190.7**	116.8	**142.6**	68.5
Unquoted				
Non-equity investments	**232.7**	–	**232.7**	–
	423.5	116.8	**375.3**	68.5

The Group's non-equity investments comprised investments in government securities, corporate bonds, investment funds and money market funds. These investments are held to manage the Group's liquidity needs.

The interest rates for quoted and unquoted non-equity investments range from 0% to 5.50% (FY2018/19: 0.78% to 5.60%) and 1.00% (FY2018/19: nil) per annum respectively.

33 Cash and Bank Balances (in $ million)

	The Group		The Company	
	31 March		31 March	
	2020	2019	2020	2019
Short-term deposits	**1,283.5**	1,623.0	**1,260.6**	1,582.1
Cash and bank balances	**1,401.8**	1,321.0	**1,261.3**	1,133.9
	2,685.3	2,944.0	**2,521.9**	2,716.0

As at 31 March 2020, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 20.5% (2019: 15.3%), EUR – 8.8% (2019: 0.7%), AUD – 1.6% (2019: 1.2%) and CNY – 1.8% (2019: 0.6%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.80% to 2.55% (FY2018/19: 1.96% to 3.05%) 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 1.46% (FY2018/19: 2.28%) per annum.

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34 Trade and Other Creditors (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Trade creditors	**2,924.6**	3,075.2	**2,205.1**	2,259.7
Accrued interest	**46.2**	45.4	**43.4**	42.1
Contract liabilities	**16.4**	33.5	**–**	–
Amounts owing to associated companies	**2.8**	3.0	**1.1**	1.4
Amounts owing to joint venture companies	**26.0**	6.5	**0.9**	1.0
	3,016.0	3,163.6	**2,250.5**	2,304.2
Funds from subsidiary companies	**–**	–	**830.2**	606.2
Amounts owing to subsidiary companies	**–**	–	**191.3**	365.6
	–	–	**1,021.5**	971.8

Trade and other creditors are non-interest bearing. As at 31 March 2020, 11.6% (2019: 14.2%) 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 $175.6 million (2019: $233.7 million) and $142.5 million (2019: $177.9 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 2.33% (FY2018/19: 1.75% to 2.30%) per annum for SGD funds, and 0.25% to 2.62% (FY2018/19: 2.34% to 3.30%) per annum for USD funds.

As at 31 March 2020, 41.0% (2019: 19.7%) of the funds from subsidiary companies were denominated in USD.

Amounts owing to related parties, subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and repayable on demand.

35 Sales in Advance of Carriage and Deferred Revenue (in $ million)

Sales in advance of carriage and deferred revenue are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The significant changes in these liabilities during the year are as follows:

	The Group		The Company	
	FY2019/20	**FY2018/19**	**FY2019/20**	**FY2018/19**
Revenue recognised that was included in the balance at the beginning of the year				
- Sales in advance of carriage	**2,715.4**	2,442.1	**2,479.8**	2,205.9
- Deferred revenue	**610.9**	556.1	**610.9**	556.1
Increases due to cash received, excluding amounts recognised as revenue during the year				
- Sales in advance of carriage	**2,041.4**	2,715.4	**1,888.3**	2,479.8
- Deferred revenue	**755.8**	610.9	**755.8**	610.9

Deferred revenue relates to KrisFlyer miles expected to be redeemed. The Group expects the majority of these miles to be redeemed within three years.

All tickets sold at any given point of time typically have travel dates extending up to 12 months. However, certain modifications have been made to extend the validity of some tickets due to the Covid-19 situation. As a result, the balance of the sales in advance of carriage liability represents activity that will typically be recognised in the next 12 months.

36 Analysis of Capital Expenditure Cash Flow (in $ million)

	The Group	
	FY2019/20	**FY2018/19**
Purchase of property, plant and equipment	**5,211.8**	5,604.7
Property, plant and equipment acquired under credit terms	**(44.9)**	(20.0)
Interest capitalised	**(63.4)**	(22.4)
Cash invested in capital expenditure	**5,103.5**	5,562.3
Purchase of intangible assets	**91.6**	113.0
Intangible assets acquired under credit terms	**–**	(7.6)
Cash invested in purchase of intangible assets	**91.6**	105.4

37 Capital Expenditure Commitments (in $ million)

The Group and the Company have commitments for capital expenditure. Such commitments aggregated $19,895.4 million (2019: $22,439.7 million) for the Group and $14,406.5 million (2019: $17,586.2 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of associated companies' and joint venture companies' commitments for capital expenditure totaled $1,720.6 million (2019: $1,671.1 million) and $19.0 million (2019: $8.9 million) respectively.

38 Leases (in $ million)

(a) As lessee

As disclosed in note 2(b), the Group has adopted IFRS 16 on 1 April 2019. Prior to that, all the leases were classified as operating leases under IAS 17. The lease payments have been recognised as ROU assets and lease liabilities on the statement of financial position.

Aircraft

The Company leases three B777-300ERs, nine A330-300s and four A380-800s at fixed rental rates. 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 three 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 leases two A319-100s, seven A320-200s, and nine B737-800s at fixed rental rates. The original lease terms for the two A319-100s range from 11.2 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 seven A320-200s range from 6.6 to 11.8 years, and SilkAir holds options to extend the leases up to a maximum of three 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.

As of 31 March 2020, Budget Aviation Holdings ("BAH") Group has leased 24 A320-200s and two A320neos. The lease of two A320neo aircraft were entered into during the year through sale and leaseback agreement to mitigate BAH Group's exposure to residual value risk of the aircraft. BAH Group recorded gross proceeds of $117.2 million from the sale and leaseback. The original lease terms on the aircraft are for 12 years. None of the lease agreements confer on BAH Group an option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements, subject to certain terms and conditions stated in the agreements.

During the year, BAH Group has also entered into lease agreements for 10 A321 aircraft. The lease terms on the aircraft are for 12 years. These leases have not commenced as of 31 March 2020. It is estimated that these committed leases would result in an increase in lease liabilities of $626.5 million.

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For The Financial Year Ended 31 March 2020

38 Leases (in $ million) (continued)

(a) As lessee (continued)

Spare engines

The Company has lease agreements for four GE90-115B engines and two Trent 800 engines with fixed rental rates. The original lease term for each spare engine is approximately six years with extension options of 12 months. As at 31 March 2020, the two Trent 800 engine leases are classified as short-term leases from the effective date of adoption of IFRS 16.

BAH Group leases two spare engines. The original lease terms on the engines are 12 years. Sub-leasing is allowed under all the lease arrangements.

Property and equipment

The Group has entered into lease agreements for office and computer equipment, leasehold land and buildings. These non-cancellable leases have lease terms of between one and 48 years.

Extension/termination options

The Group has estimated that in relation to aircraft and spare engines, should the extension options be exercised, it would result in an increase in lease liabilities of $244.8 million, while the exercise of the termination options would result in a decrease in lease liabilities of $20.9 million.

(b) As lessor

Finance lease

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. The sub-leases were previously classified as operating leases under IAS 17.

Future minimum lease receivables under the finance leases are as follows:

	The Group 31 March 2020
Within 1 year	**9.7**
1 - 2 years	**9.7**
2 - 3 years	**9.7**
3 - 4 years	**4.0**
Total undiscounted lease receivables	**33.1**
Unearned finance income	**(2.4)**
Net investment in the lease	**30.7**

38 Leases (in $ million) (continued)

(b) As lessor (continued)

Operating lease

The Company leased seven B777 aircraft for lease terms ranging from four to eight years to NokScoot. The lease rental is fixed throughout the lease term and is non-cancellable.

Future minimum lease receivables under the non-cancellable operating leases are as follows:

2020 – Operating leases under IFRS 16

	The Group and the Company 31 March 2020
Within 1 year	**66.0**
1 - 2 years	**65.5**
2 - 3 years	**46.7**
3 - 4 years	**8.9**
	187.1

2019 – Operating leases under IAS 17

	The Group 31 March 2019	The Company 31 March 2019
Not later than one year	74.4	65.3
Later than one year but not later than five years	173.8	143.1
	248.2	208.4

39 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 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. The European General Court has yet to issue its decision in respect of the appeal.

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.

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For The Financial Year Ended 31 March 2020

39 Contingent Liabilities (in $ million) (continued)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions (continued)

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.

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. In December 2019, without admitting any liability, SIA Cargo entered into a settlement with the shipper, thereby resolving the claim against SIA Cargo.

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.

In December 2018, without admitting any liability, SIA Cargo and the Company entered into a settlement with four out of the five claimant groups in the civil damages claim filed in England. In January 2019, the main defendant in the fifth claimant group proceedings discontinued its contribution claim against SIA Cargo and the Company. The entire civil damages claim filed in England has thus been resolved for SIA Cargo and the Company.

Without admitting any liability, SIA Cargo and the Company have settled with class and collective action plaintiffs in the United States, Australia, Canada and England, as the case may be, to resolve all liabilities of SIA Cargo and the Company as concerns such 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, the lawsuit in Germany and the civil damages claims in England and South Korea, 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.

The passenger civil class action lawsuit filed in the United States against the Company was resolved in a previous financial period.

(c) Guarantee to a Joint Venture Company

As at 31 March 2020, the Company had provided a guarantee of THB250.0 million ($10.9 million) in respect of a revolving credit facility granted by a lender to NokScoot. The financial guarantee has been fully provided for and recorded as a non-operating item in the Group's accounts in FY2019/20.

40 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 trade and other creditors, amounts owing to subsidiary companies and loans.

	Carrying amount				Fair value		
31 March 2020 The Group	**Amortised cost**	**FVTPL**	**FVOCI**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	17.6	–	–	17.6	17.7	–	–
Unquoted							
Equity investments	–	41.4	6.2	47.6	–	–	47.6
Other long-term receivables	297.9	–	–	297.9	–	–	294.0
Derivative assets*	–	206.5	–	206.5	–	206.5	–
Investments							
Quoted							
Equity investments	–	0.1	–	0.1	0.1	–	–
Non-equity investments*	–	48.1	–	48.1	48.1	–	–
Non-equity investments	142.6	–	–	142.6	140.3	–	–
Unquoted							
Non-equity investments*	–	232.7	–	232.7	–	232.7	–
	458.1	528.8	6.2	993.1	206.2	439.2	341.6
Financial liabilities							
Derivative liabilities*	–	3,418.3	–	3,418.3	–	3,418.3	–
Notes payable	4,377.6	–	–	4,377.6	4,329.7	–	–
	4,377.6	3,418.3	–	7,795.9	4,329.7	3,418.3	–

* Mandatorily measured at FVTPL

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

40 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2020 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	17.6	–	–	17.6	17.7	–	–
Unquoted							
Equity investments	–	31.0	6.2	37.2	–	–	37.2
Other long-term receivables	130.2	–	–	130.2	–	–	130.2
Derivative assets*	–	206.5	–	206.5	–	206.5	–
Investments							
Quoted							
Non-equity investments	142.6	–	–	142.6	140.3	–	–
Unquoted							
Non-equity investments*	–	232.7	–	232.7	–	232.7	–
	290.4	470.2	6.2	766.8	158.0	439.2	167.4
Financial liabilities							
Derivative liabilities*	–	3,397.7	–	3,397.7	–	3,397.7	–
Notes payable	4,377.6	–	–	4,377.6	4,329.7	–	–
	4,377.6	3,397.7	–	7,775.3	4,329.7	3,397.7	–

31 March 2019 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	63.9	–	–	63.9	64.4	–	–
Unquoted							
Non-equity investments*	–	229.9	–	229.9	–	229.9	–
Equity investments	–	43.8	6.3	50.1	–	–	50.1
Other long-term receivables	315.8	–	–	315.8	–	–	311.3
Derivative assets*	–	755.5	–	755.5	–	755.5	–
Investments							
Quoted							
Non-equity investments*	–	48.3	–	48.3	48.3	–	–
Non-equity investments	68.5	–	–	68.5	65.8	–	–
	448.2	1,077.5	6.3	1,532.0	178.5	985.4	361.4
Financial liabilities							
Derivative liabilities*	–	158.7	–	158.7	–	158.7	–
Notes payable	4,377.0	–	–	4,377.0	4,399.3	–	–
	4,377.0	158.7	–	4,535.7	4,399.3	158.7	–

* Mandatorily measured at FVTPL

40 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2019 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	63.9	–	–	63.9	64.4	–	–
Unquoted							
Non-equity investments*	–	229.9	–	229.9	–	229.9	–
Equity investments	–	33.4	6.3	39.7	–	–	39.7
Other long-term receivables	159.6	–	–	159.6	–	–	159.6
Derivative assets*	–	755.5	–	755.5	–	755.5	–
Investments							
Quoted							
Non-equity investments	68.5	–	–	68.5	65.8	–	–
	292.0	1,018.8	6.3	1,317.1	130.2	985.4	199.3
Financial liabilities							
Derivative liabilities*	–	153.2	–	153.2	–	153.2	–
Notes payable	4,377.0	–	–	4,377.0	4,399.3	–	–
	4,377.0	153.2	–	4,530.2	4,399.3	153.2	–

* 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.

Determination of fair value

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

- Jet fuel swap contracts – mark-to-market valuations, adjusted for bilateral counterparty credit risks.
- 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, adjusted for bilateral counterparty credit risks. 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, adjusted for bilateral counterparty credit risks.
- Interest rate swap contracts – by discounting the future cash flows of swap contracts at market interest rate, adjusted for bilateral counterparty credit risks.
- Cross currency swap contracts – by reference to market prices for existing cash flow profiles pre-agreed with counterparties at trade inception, adjusted for bilateral counterparty credit risks.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

40 Financial Instruments (in $ million) (continued)

Financial instruments carried at fair value (continued)

Determination of fair value (continued)

- Quoted investments – by reference to stock exchange quoted market bid prices at the close of 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 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") which is enforceable in the normal course of operations and also following an event of default, insolvency or bankruptcy of the Group or the counterparties. The Group settles these balances on a net basis during the normal course of operations.

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

	Effects of offsetting in the statements of financial position			Related amounts not offset	
The Group	**Gross amounts**	**Gross amounts set-off in the statements of financial position**	**Net amounts presented in the statements of financial position**	**Amounts subject to master netting arrangements**	**Net amount**
31 March 2020					
Derivative assets	206.5	–	206.5	(38.0)	168.5
Trade debtors	849.8	(29.3)	820.5	–	820.5
	1,056.3	(29.3)	1,027.0	(38.0)	989.0
Derivative liabilities	3,418.3	–	3,418.3	(38.0)	3,380.3
Trade and other creditors	3,045.3	(29.3)	3,016.0	–	3,016.0
	6,463.6	(29.3)	6,434.3	(38.0)	6,396.3
31 March 2019					
Derivative assets	755.5	–	755.5	(137.8)	617.7
Trade debtors	1,551.2	(24.0)	1,527.2	–	1,527.2
	2,306.7	(24.0)	2,282.7	(137.8)	2,144.9
Derivative liabilities	158.7	–	158.7	(137.8)	20.9
Trade and other creditors	3,187.6	(24.0)	3,163.6	–	3,163.6
	3,346.3	(24.0)	3,322.3	(137.8)	3,184.5

40 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 2020					
Derivative assets	206.5	–	206.5	(38.0)	168.5
Trade debtors	469.8	(29.3)	440.5	–	440.5
Amounts owing by subsidiary companies	605.2	(404.8)	200.4	–	200.4
	1,281.5	(434.1)	847.4	(38.0)	809.4
Derivative liabilities	3,397.7	–	3,397.7	(38.0)	3,359.7
Trade and other creditors	2,279.8	(29.3)	2,250.5	–	2,250.5
Amounts owing to subsidiary companies	1,426.3	(404.8)	1,021.5	–	1,021.5
	7,103.8	(434.1)	6,669.7	(38.0)	6,631.7
31 March 2019					
Derivative assets	755.5	–	755.5	(137.8)	617.7
Trade debtors	1,162.8	(24.0)	1,138.8	–	1,138.8
Amounts owing by subsidiary companies	261.5	(257.8)	3.7	–	3.7
	2,179.8	(281.8)	1,898.0	(137.8)	1,760.2
Derivative liabilities	153.2	–	153.2	(137.8)	15.4
Trade and other creditors	2,328.2	(24.0)	2,304.2	–	2,304.2
Amounts owing to subsidiary companies	1,229.6	(257.8)	971.8	–	971.8
	3,711.0	(281.8)	3,429.2	(137.8)	3,291.4

41 Financial Risk Management Objectives and Policies (in $ million)

The Group operates globally and generates revenue in various currencies. The Group's airline operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of its investments. The Group's overall risk management approach is to moderate the effects of such volatility on its financial performance through the use of derivatives to hedge specific exposures.

As derivatives are used for the purpose of risk management, they do not expose the Group to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, revenues or expenses being hedged. Moreover, counterparty credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore, the possibility of a material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

Financial risk management policies are periodically reviewed and approved by the Board Executive Committee ("BEC").

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For The Financial Year Ended 31 March 2020

41 Financial Risk Management Objectives and Policies (in $ million) (continued)

Derivative financial instruments included in the statements of financial position are as follows:

	The Group		The Company	
	31 March		31 March	
	2020	2019	**2020**	2019
Derivative assets				
Current				
Currency hedging contracts	**166.8**	56.2	**166.8**	56.2
Fuel hedging contracts	**–**	315.2	**–**	315.2
Cross currency swap contracts	**2.5**	–	**2.5**	–
	169.3	371.4	**169.3**	371.4
Non-current				
Currency hedging contracts	**11.6**	5.9	**11.6**	5.9
Fuel hedging contracts	**–**	375.8	**–**	375.8
Cross currency swap contracts	**0.1**	2.4	**0.1**	2.4
Interest rate swap contracts	**25.5**	–	**25.5**	–
	37.2	384.1	**37.2**	384.1
	206.5	755.5	**206.5**	755.5
Derivative liabilities				
Current				
Currency hedging contracts	**5.2**	19.9	**5.2**	19.9
Fuel hedging contracts	**1,510.0**	68.2	**1,510.0**	68.2
Cross currency swap contracts	**0.9**	–	**0.9**	–
Interest rate swap contracts	**54.7**	1.4	**49.1**	–
	1,570.8	89.5	**1,565.2**	88.1
Non-current				
Currency hedging contracts	**–**	0.2	**–**	0.2
Fuel hedging contracts	**1,759.1**	47.0	**1,759.1**	47.0
Cross currency swap contracts	**15.0**	3.8	**15.0**	3.8
Interest rate swap contracts	**73.4**	18.2	**58.4**	14.1
	1,847.5	69.2	**1,832.5**	65.1
	3,418.3	158.7	**3,397.7**	153.2

(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.

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 the derivatives which are considered to be highly effective hedging instruments. A net fair value loss before tax of $2,577.9 million (2019: gain before tax of $553.3 million), with a related deferred tax credit of $438.2 million (2019: deferred tax expense of $92.8 million), was included in the fair value reserve in respect of these contracts.

41 **Financial Risk Management Objectives and Policies (in $ million) (continued)**

(a) **Jet fuel price risk (continued)**

Cash flow hedges (continued)

Due to the significant capacity cuts brought about by the Covid-19 pandemic and the expected impact on the near-term forecasted jet fuel purchases, a portion of these forecasted jet fuel purchases, for which hedge accounting had been applied previously, no longer expected to occur. As a result, hedge accounting has been discontinued for these hedging relationships, with hedging ineffectiveness of $709.8 million recognised in the profit or loss (refer to note 3(g)). As at 31 March 2020, the Group has $585.3 million remaining in the fair value reserve for which hedge accounting is no longer applied.

The table below sets out the movements for fuel hedges:

	The Group		The Company	
	FY2019/20	FY2018/19	FY2019/20	FY2018/19
Change in fair value of hedging instrument	**(3,974.9)**	376.8	**(3,974.9)**	376.8
Change in fair value of hedged item	**4,072.2**	(376.8)	**4,072.2**	(376.8)

As at 31 March 2020, the Group had entered into longer dated Brent hedges with maturities extending to FY2024/25 that cover up to 56% of the Group's projected annual fuel consumption, at average prices ranging from USD57 to USD62 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 $58.9 million and $48.6 million (FY2018/19: $56.7 million and $46.5 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are outstanding as at the end of the reporting period and assumes that a portion of jet fuel, Brent and crack hedges are ineffective. Under these assumptions, an increase or decrease in jet fuel prices, each by one USD per barrel, will have the before tax effects as set out in the table below.

Sensitivity analysis on outstanding fuel hedging contracts:

	The Group 31 March			
	2020		2019	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in one USD per barrel	**165.8**	**18.9**	141.2	–
Decrease in one USD per barrel	**(165.8)**	**(18.9)**	(141.2)	–

	The Company 31 March			
	2020		2019	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
Increase in one USD per barrel	**133.9**	**15.6**	113.4	–
Decrease in one USD per barrel	**(133.9)**	**(15.6)**	(113.4)	–

[R1] *Sensitivity analysis on outstanding fuel hedging contracts.*

[R2] *Sensitivity analysis on outstanding fuel derivative contracts which have been de-designated from a hedge relationship.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

41 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 2020, these accounted for 65.7% of total revenue (FY2018/19: 61.2%) and 53.4% of total operating expenses (FY2018/19: 57.0%). 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 Indonesian Rupiah. 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 uses cross currency swap contracts to hedge a portion of its fixed future foreign exchange exposure in JPY and EUR into SGD predetermined costs. The Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements. The Group also uses short-term deposits in foreign currencies to hedge a portion of the forecast USD capital expenditure in the next 12 months.

Cash flow hedges

a) Net operating and other exposures

The Group held cash flow hedges to manage net operating exposures to foreign currencies. As at 31 March 2020, the carrying amounts of these hedges consisted of $106.5 million (2019: $32.4 million) derivative assets and $5.2 million (2019: $10.2 million) derivative liabilities for the Group and 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 a gain of $16.1 million (2019: $26.6 million) for the Group.

The Group also held cross currency swap contracts to hedge foreign currency risk of expected future JPY and EUR surpluses until November 2029. As at 31 March 2020, a net fair value loss of $16.3 million (2019: $1.4 million), with a related deferred tax credit of $0.5 million (2019: $0.2 million), was included in the fair value reserve with respect to these contracts.

As at 31 March 2020, the Group held EUR and JPY secured loans amounting to $1,372.3 million where the fixed repayments are hedged against the Group's EUR and JPY surpluses. A fair value loss of $50.8 million (2019: $nil) was included in the fair value reserve in respect of the above cash flow hedges as at 31 March 2020.

Foreign currency hedging effectiveness

The effectiveness of the foreign currency hedges has been determined based on forecast foreign currency receipts using projections approved by Management covering a five-year period. During the year, the Group and the Company recognised a foreign currency gain amounting to $30.0 million (2019: $nil) and $25.5 million (2019: $nil) respectively in profit or loss, arising from an over-hedged position as a result of significant capacity cuts brought about by the Covid-19 situation.

b) Capital expenditure exposures

The Group designates cash flow hedges to manage the exposure to USD-denominated capital expenditure commitments. As at 31 March 2020, the total nominal amount of these cash flow hedges over the next two years was USD921.7 million (2019: USD1,909.0 million) with a hedged rate range of SGD/USD 1.29 – 1.40 (2019: SGD/USD 1.29 – 1.39) for the Group and USD900.6 million (2019: USD1,743.2 million) with a hedged rate range of SGD/USD 1.29 – 1.40 (2019: SGD/USD 1.29 – 1.39) for the Company.

As at 31 March 2019, the Group held USD3.8 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. No such deposits were held by the Group as at 31 March 2020.

41 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk (continued)

Cash flow hedges (continued)

b) Capital expenditure exposures (continued)

During the financial year, the Group also entered into 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 2020, a fair value gain of $71.9 million (2019: $19.8 million) was included in the fair value reserve in respect of the above cash flow hedges.

The table below sets out the derivative positions and movements for these cash flow hedges:

	The Group and the Company 31 March 2020	The Group and the Company 31 March 2019
Fixed deposits	**–**	5.2
Derivative assets	**71.9**	29.7
Derivative liabilities	**–**	(9.9)

	The Group and the Company FY2019/20	The Group and the Company FY2018/19
Change in fair value of hedging instrument	**85.5**	136.2
Change in fair value of hedged item	**(85.5)**	(136.2)

For the financial year ended 31 March 2020 and 31 March 2019, there was no realised foreign currency hedging gain/(loss) reclassified to profit or loss as it had been capitalised in the carrying value of non-financial assets.

Fair value hedges

The Group entered into fair value hedges to manage the exposure to USD-denominated aircraft residual value. Underlying currency movements on aircraft designated in a fair value hedge are included within "Property, plant and equipment" in the statements of financial position. The hedging instrument is included within "Lease liabilities". The effective portion of changes in the fair value of both the hedged item and hedging instrument are offset within "Other operating expenses" and no ineffectiveness arose on fair value hedges during the year.

	The Group 31 March 2020	The Company 31 March 2020
USD aircraft residual values	**854.2**	**490.2**
USD lease liabilities	**(854.2)**	**(490.2)**

	The Group FY2019/20	The Company FY2018/19
Change in fair value of hedging instrument	**(45.0)**	**(26.7)**
Change in fair value of hedged item	**45.0**	**26.7**

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on contracts that are outstanding as at the end of the reporting period and assumes that a portion of the cash flow hedges are ineffective.

The following table details the sensitivity of a 1% strengthening of SGD against the respective foreign currencies. The sensitivity analysis includes only outstanding foreign currency hedging contracts and significant outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

41 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis:

	The Group 31 March			
	2020		2019	
	Effect on equity R1	Effect on profit before taxation R2	Effect on equity R1	Effect on profit before taxation R2
AUD	**2.3**	**0.7**	3.8	(1.0)
EUR	**11.7**	**0.6**	1.5	(0.7)
GBP	**1.0**	**0.1**	1.5	(0.4)
JPY	**6.9**	**1.0**	1.2	–
CNY	**1.8**	**0.5**	4.0	0.1
USD	**(0.4)**	**1.4**	(45.8)	(3.7)

	The Company 31 March			
	2020		2019	
	Effect on equity R1	Effect on profit before taxation R2	Effect on equity R1	Effect on profit before taxation R2
AUD	**2.1**	**0.6**	3.8	(1.1)
EUR	**11.7**	**0.6**	1.5	(0.8)
GBP	**1.0**	**0.1**	1.5	(0.4)
JPY	**6.9**	**0.9**	1.2	–
CNY	**1.3**	**0.2**	3.0	0.1
USD	**1.0**	**(2.0)**	(42.4)	(3.5)

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 and outstanding foreign currency and fuel derivative contracts denominated in foreign currency which have been de-designated from a hedge relationship.*

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.

Cash flow hedges

During the financial year, the Group entered into interest rate swap contracts to hedge the interest rate exposure on underlying loans. As at 31 March 2020, the total nominal amount of these cash flow hedges was $3,678.4 million (2019: $1,980.0 million) with a hedged rate range of 0.34% to 2.92% (2019: 2.62% to 2.92%) for the Group and $3,198.4 million (2019: $1,500.0 million) with a hedged rate range of 0.34% to 2.86% (2019: 2.62% to 2.86%) for the Company.

The terms of the interest rate swap contracts have been negotiated to match the terms of the loans and, accordingly, the fair value hedges are assessed to be highly effective. As at 31 March 2020, a net fair value loss of $102.6 million (2019: $19.6 million) with related deferred tax credit of $17.4 million (2019: $3.3 million) was included in the fair value reserve in respect of these contracts.

41 Financial Risk Management Objectives and Policies (in $ million) (continued)

(c) Interest rate risk (continued)

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 2020 will have the effects as set out in the table below.

Sensitivity analysis:

	The Group 31 March			
	2020		2019	
	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	**15.0**	**2.7**	9.1	3.0
Decrease in 10 basis points in market interest rates	**(15.0)**	**(2.7)**	(9.1)	(3.0)

	The Company 31 March			
	2020		2019	
	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	**13.4**	**1.8**	7.3	2.1
Decrease in 10 basis points in market interest rates	**(13.4)**	**(1.8)**	(7.3)	(2.1)

R1 *Sensitivity analysis on derivative financial instruments.*

R2 *Sensitivity analysis on variable rate assets and liabilities.*

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For The Financial Year Ended 31 March 2020

41 Financial Risk Management Objectives and Policies (in $ million) (continued)

(d) Market rate risk

At 31 March 2020, the Group and the Company own investments of $488.7 million (2019: $460.7 million) and $430.1 million (2019: $402.0 million) respectively, out of which $328.6 million (2019: $328.4 million) and $269.9 million (2019: $269.6 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 and effects on profit before taxation are set out in the table below.

Sensitivity analysis on investments:

	The Group 31 March			
	2020		2019	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	0.1	3.2	0.1	3.2
Decrease in 1% of quoted prices	(0.1)	(3.2)	(0.1)	(3.2)

	The Company 31 March			
	2020		2019	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	0.1	2.6	0.1	2.6
Decrease in 1% of quoted prices	(0.1)	(2.6)	(0.1)	(2.6)

(e) Liquidity risk

At 31 March 2020, the Group has at its disposal, cash and short-term deposits amounting to $2,685.3 million (2019: $2,944.0 million). In addition, the Group has a Medium Term Note Programme and Medium Term Bond Programme under which it may issue notes up to $7,000.0 million (2019: $7,000.0 million) and as of 31 March 2020, $2,620.0 million (2019: $2,620.0 million) remained unutilised. Under this Programme, notes issued by the Company may have varying maturities as contracted with the relevant financial institutions. In addition, the Group has committed unsecured credit facilities of about $1,771.9 million (2019: $1,557.5 million) and as of 31 March 2020, $1,771.9 million (2019: $nil) had been utilised.

The Group's holdings of cash and short-term deposits, together with committed funding facilities, proceeds from rights issue of ordinary shares and mandatory convertible bonds, 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.

41 **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 2020	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	630.4	318.9	115.8	1,465.9	368.7	2,134.7	5,034.4
Loans	2,130.1	367.1	384.0	399.9	412.0	1,919.9	5,613.0
Lease liabilities	566.8	439.3	378.5	325.0	240.4	247.4	2,197.4
Maintenance reserve	–	–	12.1	16.1	–	–	28.2
Trade and other creditors	3,016.0	–	–	–	–	–	3,016.0
Derivative financial instruments:							
Currency hedging contracts	5.2	–	–	–	–	–	5.2
Fuel hedging contracts	1,510.0	702.2	501.2	460.0	193.0	–	3,366.4
Cross currency swap contracts	0.6	0.4	–	0.2	1.0	16.1	18.3
Interest rate swap contracts (net-settled)	54.2	44.8	31.9	21.7	14.3	(56.3)	110.6
	7,913.3	1,872.7	1,423.5	2,688.8	1,229.4	4,261.8	19,389.5
The Company							
Notes payable	630.4	318.9	115.8	1,465.9	368.7	2,134.7	5,034.4
Loans	2,057.9	303.5	326.3	345.0	358.6	1,743.6	5,134.9
Lease liabilities	314.6	208.8	166.5	141.8	121.5	119.1	1,072.3
Maintenance reserve	–	–	12.1	16.1	–	–	28.2
Trade and other creditors	2,250.5	–	–	–	–	–	2,250.5
Amounts owing to subsidiary companies	1,021.5	–	–	–	–	–	1,021.5
Derivative financial instruments:							
Currency hedging contracts	5.2	–	–	–	–	–	5.2
Fuel hedging contracts	1,510.0	702.2	501.2	460.0	193.0	–	3,366.4
Cross currency swap contracts	0.6	0.4	–	0.2	1.0	16.1	18.3
Interest rate swap contracts (net-settled)	48.6	39.9	28.5	19.2	12.4	(59.0)	89.6
	7,839.3	1,573.7	1,150.4	2,448.2	1,055.2	3,954.5	18,021.3

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For The Financial Year Ended 31 March 2020

41 Financial Risk Management Objectives and Policies (in $ million) (continued)

(e) Liquidity risk (continued)

31 March 2019	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	138.3	630.4	318.9	115.8	1,465.9	2,503.4	5,172.7
Loans	287.7	282.2	282.2	271.9	260.7	1,204.1	2,588.8
Maintenance reserve	6.9	10.5	–	2.5	–	–	19.9
Trade and other creditors	3,163.6	–	–	–	–	–	3,163.6
Derivative financial instruments:							
Currency hedging contracts	19.9	0.2	–	–	–	–	20.1
Fuel hedging contracts	68.2	8.0	–	11.5	27.5	–	115.2
Cross currency swap contracts	1.9	0.9	0.3	–	–	–	3.1
Interest rate swap contracts (net-settled)	5.4	6.8	5.2	4.1	2.2	(3.6)	20.1
	3,691.9	939.0	606.6	405.8	1,756.3	3,703.9	11,103.5
The Company							
Notes payable	138.3	630.4	318.9	115.8	1,465.9	2,503.4	5,172.7
Loans	203.0	202.0	203.1	203.9	205.4	986.4	2,003.8
Maintenance reserve	6.9	10.5	–	2.5	–	–	19.9
Trade and other creditors	2,304.2	–	–	–	–	–	2,304.2
Amounts owing to subsidiary companies	971.8	–	–	–	–	–	971.8
Derivative financial instruments:							
Currency hedging contracts	19.9	0.2	–	–	–	–	20.1
Fuel hedging contracts	68.2	8.0	–	11.5	27.5	–	115.2
Cross currency swap contracts	1.9	0.9	0.3	–	–	–	3.1
Interest rate swap contracts (net-settled)	4.0	5.0	3.9	3.1	1.6	(3.3)	14.3
	3,718.2	857.0	526.2	336.8	1,700.4	3,486.5	10,625.1

(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.

41 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Counterparty profiles								
By industry:								
Travel agencies	**231.0**	528.7	**4.7%**	8.6%	**225.9**	505.9	**3.2%**	7.3%
Airlines	**161.7**	222.5	**3.3%**	3.6%	**3,028.3**	1,709.3	**42.9%**	24.7%
Financial institutions	**2,744.2**	3,945.1	**56.5%**	64.3%	**2,566.5**	3,696.8	**36.3%**	53.4%
Others	**1,486.3**	1,190.1	**30.5%**	19.4%	**1,009.7**	834.3	**14.2%**	12.1%
	4,623.2	5,886.4	**95.0%**	95.9%	**6,830.4**	6,746.3	**96.6%**	97.5%
By region:								
East Asia	**2,734.2**	3,376.4	**56.1%**	54.9%	**5,391.5**	4,634.0	**76.2%**	67.0%
Europe	**1,549.5**	1,602.2	**31.8%**	26.1%	**1,210.2**	1,287.3	**17.1%**	18.6%
South West Pacific	**124.7**	578.9	**2.6%**	9.4%	**116.8**	570.2	**1.7%**	8.2%
Americas	**100.0**	227.2	**2.1%**	3.7%	**47.1**	184.2	**0.7%**	2.7%
West Asia and Africa	**114.8**	101.7	**2.4%**	1.8%	**64.8**	70.6	**0.9%**	1.0%
	4,623.2	5,886.4	**95.0%**	95.9%	**6,830.4**	6,746.3	**96.6%**	97.5%
By Moody's credit ratings:								
Investment grade (A to Aaa)	**3,032.0**	4,164.0	**62.3%**	67.8%	**2,867.0**	3,986.6	**40.6%**	57.6%
Investment grade (Baa)	**15.1**	3.6	**0.3%**	0.1%	**1.7**	1.6	**–**	–
Non-rated	**1,576.1**	1,718.8	**32.4%**	28.0%	**3,961.7**	2,758.1	**56.0%**	39.9%
	4,623.2	5,886.4	**95.0%**	95.9%	**6,830.4**	6,746.3	**96.6%**	97.5%

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For The Financial Year Ended 31 March 2020

42 Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities (in $ million)

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 2019	Proceeds	Repayments	Interest payments	Interest expense	Foreign exchange movement	Additions	Interest capitalised	31 March 2020
Notes payable	4,377.0	–	–	–	0.6	–	–	–	**4,377.6**
Loans	2,277.4	3,981.0	(878.3)	–	1.2	65.0	–	–	**5,446.3**
Lease liabilities	2,185.3	–	(575.9)	–	75.7	71.7	203.8	–	**1,960.6**
Accrued interest	45.4	–	–	(206.0)	143.4	–	–	63.4	**46.2**

					Non-cash changes				
	1 April 2018	Proceeds	Repayments	Interest payments	Interest expense	Foreign exchange movement	Additions	Interest capitalised	31 March 2019
Notes payable	3,030.1	1,346.8	–	–	0.1	–	–	–	4,377.0
Loans	97.2	2,272.5	(93.7)	–	0.5	0.9	–	–	2,277.4
Accrued interest	32.0	–	–	(124.5)	115.5	–	–	22.4	45.4

43 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, such as the Covid-19 pandemic, 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 2020, 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	
	2020	2019	2020	2019
Notes payable	**4,377.6**	4,377.0	**4,377.6**	4,377.0
Loans	**5,446.3**	2,277.4	**5,033.8**	1,756.4
Lease liabilities	**1,960.6**	–	**974.3**	–
Total debt	**11,784.5**	6,654.4	**10,385.7**	6,133.4
Share capital	**1,856.1**	1,856.1	**1,856.1**	1,856.1
Reserves	**7,458.0**	11,430.7	**7,006.6**	9,917.3
Total capital	**9,314.1**	13,286.8	**8,862.7**	11,773.4
Gearing ratio (times)	**1.27**	0.50	**1.17**	0.52

44 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	
	FY2019/20	**FY2018/19**
Purchases of services from associated companies	**203.9**	206.8
Services rendered to associated companies	**(58.1)**	(76.7)
Purchases of services from joint venture companies	**38.4**	42.6
Services rendered to joint venture companies	**(128.1)**	(120.4)
Purchases of services from related parties	**1,665.3**	1,574.8
Services rendered to related parties	**(40.3)**	(47.6)
Professional fees paid to a firm of which a Director is a member	**2.1**	1.0

Key Management Personnel remuneration of the Group

	The Group	
	FY2019/20	**FY2018/19**
Directors		
Salary, bonuses, fee and other costs	**5.8**	5.8
CPF and other defined contributions	*****	*
Share-based compensation expense	**2.2**	1.7
	8.0	7.5
Key executives (excluding executive Directors)		
Salary, bonuses, fee and other costs	**3.4**	3.6
CPF and other defined contributions	*****	*
Share-based compensation expense	**1.9**	1.6
	5.3	5.2

* Amount less than $0.1 million

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44 Related Party Transactions (in $ million) (continued)

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 2014 Base Awards

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate Base Awards granted since commencement of RSP 2014 to end of financial year under review
Goh Choon Phong	60,000	75,000	60,000	75,000	297,000
Mak Swee Wah	30,000	36,000	30,000	36,000	147,000
Ng Chin Hwee	30,000	36,000	30,000	36,000	147,000

RSP 2014 Final Awards (Pending Release)[R1]

Name of participant	Balance as at 1 April 2019	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2020	Aggregate ordinary shares released to participant since commencement of RSP 2014 to end of financial year under review*
Goh Choon Phong	78,300	52,200	74,700	55,800	184,800
Mak Swee Wah	39,150	26,100	37,350	27,900	92,400
Ng Chin Hwee	39,150	26,100	37,350	27,900	92,400

Deferred RSP 2014 Awards

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review*
Goh Choon Phong	57,460	–	12,860	44,600	49,780
Mak Swee Wah	28,230	–	7,410	20,820	26,040
Ng Chin Hwee	28,230	–	7,410	20,820	28,680

44 Related Party Transactions (in $ million) (continued)

PSP 2014 Base Awards[R2]

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	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	222,750	95,000	82,500	235,250	400,250	20,630
Mak Swee Wah	89,100	40,000	33,000	96,100	162,100	8,250
Ng Chin Hwee	89,100	40,000	33,000	96,100	162,100	8,250

Transformation Share Awards Base Awards

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate Base Awards granted since commencement of TSA to end of financial year under review
Goh Choon Phong	66,083	80,295	66,083	80,295	146,378
Mak Swee Wah	30,839	37,471	30,839	37,471	68,310
Ng Chin Hwee	30,839	37,471	30,839	37,471	68,310

Transformation Share Awards Final Awards (Pending Release)[R3]

Name of participant	Balance as at 1 April 2019	Final Awards granted during the financial year[#]	Final Awards released during the financial year	Balance as at 31 March 2020	Aggregate ordinary shares released to participant since commencement of TSA to end of financial year under review*
Goh Choon Phong	66,083	83,000	41,500	107,583	41,500
Mak Swee Wah	30,839	31,000	15,500	46,339	15,500
Ng Chin Hwee	30,839	31,000	15,500	46,339	15,500

[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 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.*

[R3] *The actual number of TSA 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 one-year performance period 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, 149,400, 37,130, 30,020 and 72,500 treasury shares were issued to a Director and key executives of the Company pursuant to the RSP, PSP, DSA and TSA respectively.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

45 Subsequent Events

The unprecedented and rapid spread of the Covid-19 pandemic, which resulted in global travel restrictions and border controls in many major markets, have led to a collapse in travel demand. The Group, which operates an international network, has been hard hit by these measures.

In response to these global border closures and international travel bans imposed by key markets, the Company and SilkAir have announced the cutting of 96% of the cumulative capacity that had been originally scheduled up to end-June 2020. The Group's low-cost carrier Scoot will also suspend most of its network, resulting in the grounding of 47 of its fleet of 49 aircraft. As a result, the Group's passenger revenues have significantly declined and financial position have been adversely affected. The Group expects 2020 to be an extremely challenging year.

At the date of this report, it is uncertain when the Group is able to resume normal services, given its dependency on when stringent border controls will be lifted. While the impact on the Group's business will be severe in the immediate future, the Group intends to continue operating in the long term and has actively taken measures to build up its liquidity to meet its near-term cash needs. As at 31 March 2020, the Group has various facilities at its disposal as detailed in note 41(e).

In addition, further measures being undertaken include ongoing discussions with aircraft manufacturers to defer upcoming aircraft deliveries and reschedule aircraft pre-delivery payments, salary cuts for the Group's employees, the completion of both secured and unsecured credit facilities, of which, $761.4 million has been drawn down to date, the arrangement of a $4 billion bridge loan facility, and a rights issue of ordinary shares and mandatory convertible bonds.

The proposed rights issue of ordinary shares and 10-year mandatory convertible bonds announced on 26 March 2020 has been approved by shareholders at the Extraordinary General Meeting ("EGM") held on 30 April 2020. The last trading day of the nil-paid rights and closing date for the rights issue are on 21 May 2020 and 28 May 2020 respectively, with the announcement of the final outcome of the rights issue scheduled on or around 3 June 2020. This rights issue of ordinary shares and mandatory convertible bonds will raise gross proceeds of approximately $8.8 billion and will be classified as equity. The approval given by the shareholders at the EGM also allows the Company to further issue $6.2 billion of additional mandatory convertible bonds. The funding of up to $15 billion is expected to enable the Group to meet its ongoing financial commitments and weather the challenges posed by the Covid-19 pandemic.

CORPORATE DATA

BOARD OF DIRECTORS

Chairman Peter Seah Lim Huat

Members Goh Choon Phong
(Chief Executive Officer)
Gautam Banerjee
Simon Cheong Sae Peng
David John Gledhill
Goh Swee Chen
Dominic Ho Chiu Fai
Hsieh Tsun-yan
Lee Kim Shin

EXECUTIVE MANAGEMENT

Head Office

Goh Choon Phong
Chief Executive Officer

Mak Swee Wah
Executive Vice President Commercial (until 31 March 2020)
Executive Vice President Operations (from 1 April 2020)

Lee Lik Hsin
Executive Vice President Commercial (from 1 April 2020)

Ng Chin Hwee
Executive Vice President Human Resources & Operations (until 31 March 2020)

Tan Kai Ping
Senior Vice President Marketing Planning (until 31 March 2020)
Executive Vice President Finance & Strategy (from 1 April 2020)

Tan Pee Teck
Senior Vice President Cabin Crew

Chin Yau Seng
Senior Vice President Cargo

Lee Wen Fen
Senior Vice President Corporate Planning

Yeoh Phee Teik
Senior Vice President Customer Experience

Marvin Tan Meng Hung
Senior Vice President Customer Services & Operations

Lau Hwa Peng
Senior Vice President Engineering

Stephen Barnes
Senior Vice President Finance

Quay Chew Eng
Senior Vice President Flight Operations

Vanessa Ng Wee Leng
Senior Vice President Human Resources

George Wang Wei Jun
Senior Vice President Information Technology

Tan Jo-Ann
Acting Senior Vice President Marketing Planning (from 1 April 2020)

Campbell David McGregor Wilson
Senior Vice President Sales & Marketing (until 31 March 2020)

Overseas Regions

Lee Sek Eng
Regional Vice President Americas (until 23 October 2019)
Regional Vice President Europe (from 24 October 2019)

Joey Seow Eng Wan
Regional Vice President Americas (from 16 October 2019)
Regional Vice President West Asia & Africa (until 15 October 2019)

Subhas Menon
Regional Vice President Europe (until 1 December 2019)

Tan Tiow Kor
Regional Vice President North Asia

Lim Wee Kok
Regional Vice President South East Asia

Philip Goh Ser Miang
Regional Vice President South West Pacific

David Lau Tiang Meng
Regional Vice President West Asia & Africa (from 28 September 2019)

BOARD COMMITTEES

Board Executive Committee

Chairman Peter Seah Lim Huat

Members Goh Choon Phong
Gautam Banerjee
Hsieh Tsun-yan

Board Audit Committee

Chairman Gautam Banerjee

Members Goh Swee Chen
Hsieh Tsun-yan
Dominic Ho Chiu Fai

Board Compensation and Industrial Relations Committee

Chairman Peter Seah Lim Huat

Members Simon Cheong Sae Peng
Hsieh Tsun-yan

Board Nominating Committee

Chairman Peter Seah Lim Huat

Members Goh Swee Chen
Lee Kim Shin

Board Safety and Risk Committee

Chairman Dominic Ho Chiu Fai

Members Peter Seah Lim Huat
David John Gledhill
Lee Kim Shin

Customer Experience, Technology and Sustainability Committee

Chairman Simon Cheong Sae Peng

Members Goh Choon Phong
David John Gledhill
Goh Swee Chen

Company Secretary Brenton Wu Ming-Kaye

Share Registrar M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Auditors KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Audit Partner Malcolm Ramsay
(from the audit of the financial statements for the year ended 31 March 2018)

Registered Office Airline House
25 Airline Road
Singapore 819829

SENIOR MANAGEMENT, MAJOR SUBSIDIARIES

Png Kim Chiang
Chief Executive Officer
SIA Engineering Company Limited (until 31 March 2020)

Ng Chin Hwee
Chief Executive Officer
SIA Engineering Company Limited (from 1 April 2020)

Lee Lik Hsin
Chief Executive Officer
Budget Aviation Holdings Pte. Ltd. (until 31 March 2020)

Campbell David McGregor Wilson
Chief Executive Officer
Budget Aviation Holdings Pte. Ltd. (from 1 April 2020)

Foo Chai Woo
Chief Executive
SilkAir (Singapore) Private Limited

FINANCIAL CALENDAR

- 31 March 2020
  Financial Year End
- 30 April 2020
  Extraordinary General Meeting in relation to the Rights Issue
- 14 May 2020
  Announcement of FY2019/20 Full Year Results
- 3 July 2020
  Publication of Annual Report and Letter to Shareholders
- 27 July 2020
  Annual General Meeting
- 29 July 2020
  Announcement of FY2020/21 First Quarter Results
- 6 November 2020
  Announcement of FY2020/21 Second Quarter and Half-Year Results

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SINGAPORE AIRLINES

A STAR ALLIANCE MEMBER ™

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