



## AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

**1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (in \$ million)

	The Group		The Group	
	4 <sup>th</sup> Quarter 2015-16	4 <sup>th</sup> Quarter 2014-15	2015-16	2014-15
<b>REVENUE</b>	3,709.4	3,879.7	15,228.5	15,565.5
<b>EXPENDITURE</b>				
Staff costs	637.8	590.1	2,461.0	2,335.2
Fuel costs	924.0	1,284.7	4,527.0	5,579.7
Depreciation	390.9	422.3	1,543.0	1,538.8
Impairment of property, plant and equipment	1.6	1.5	10.6	1.5
Amortisation of intangible assets	9.1	6.6	32.7	25.9
Aircraft maintenance and overhaul costs	222.3	171.0	790.0	646.6
Commission and incentives	87.5	97.8	365.3	375.6
Landing, parking and overflying charges	191.1	187.2	765.8	747.9
Handling charges	286.7	270.5	1,144.9	1,066.2
Rentals on leased aircraft	244.0	253.0	924.7	839.5
Material costs	17.6	14.2	67.2	59.4
Inflight meals	134.7	132.1	547.2	553.5
Advertising and sales costs	85.9	79.8	289.0	258.5
Insurance expenses	10.8	12.3	44.1	44.9
Company accommodation and utilities	31.4	28.8	119.1	119.5
Other passenger costs	43.4	43.4	180.5	175.0
Crew expenses	37.8	35.3	148.5	146.4
Other operating expenses	199.6	157.2	586.7	642.0
	3,556.2	3,787.8	14,547.3	15,156.1
<b>OPERATING PROFIT</b>	153.2	91.9	681.2	409.4
Finance charges	(12.1)	(12.5)	(50.3)	(49.6)
Interest income	10.5	19.5	70.7	74.9
Surplus on disposal of aircraft, spares and spare engines	2.0	0.6	52.7	51.9
Dividends from long-term investments	1.6	1.8	115.3	13.2
Other non-operating items	93.6	(21.7)	91.1	(14.3)
Share of profits of joint venture companies	6.4	9.1	22.8	52.0
Share of losses of associated companies	(12.0)	(20.5)	(11.1)	(129.1)
<b>PROFIT BEFORE EXCEPTIONAL ITEMS</b>	243.2	68.2	972.4	408.4
<b>EXCEPTIONAL ITEMS</b>	-	(11.6)	-	34.5
<b>PROFIT BEFORE TAXATION</b>	243.2	56.6	972.4	442.9
<b>TAXATION</b>	(9.2)	(14.1)	(120.6)	(36.2)
<b>PROFIT FOR THE PERIOD</b>	234.0	42.5	851.8	406.7
<b>PROFIT ATTRIBUTABLE TO:</b>				
OWNERS OF THE PARENT	224.7	39.6	804.4	367.9
NON-CONTROLLING INTERESTS	9.3	2.9	47.4	38.8
	234.0	42.5	851.8	406.7
<b>BASIC EARNINGS PER SHARE (CENTS)</b>	19.3	3.4	69.0	31.4
<b>DILUTED EARNINGS PER SHARE (CENTS)</b>	19.2	3.4	68.7	31.2

**Notes:**

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

	The Group		The Group	
	4 <sup>th</sup> Quarter 2015-16	4 <sup>th</sup> Quarter 2014-15	2015-16	2014-15
Compensation for changes in aircraft delivery slots	(7.4)	(15.2)	(136.7)	(65.8)
Interest income from short-term investments	(0.2)	(0.2)	(0.9)	(0.8)
Dividend income from short-term investments	(0.2)	(0.2)	(0.9)	(0.9)
Income from operating lease of aircraft	(11.5)	(8.9)	(46.9)	(24.8)
Amortisation of deferred gain on sale and operating leaseback transactions	(1.8)	(1.3)	(7.6)	(5.7)
Loss/(Surplus) on disposal of short-term investments	4.1	(0.6)	5.1	(3.9)
Bad debts written off	0.3	5.0	1.1	6.3
(Writeback of impairment)/Impairment of trade debtors	(0.9)	(1.4)	(4.7)	0.7
Writedown of inventories	6.0	15.6	26.6	38.1
Exchange loss, net	42.8	30.6	106.2	113.1
Currency hedging gain	(13.5)	(31.0)	(106.9)	(35.1)
Fuel hedging loss recognised in "Fuel costs"	298.6	361.1	1,166.5	562.5
Ineffectiveness of fuel hedging contracts recognised in "Fuel costs"	-	(0.2)	0.2	13.1
Ineffectiveness of cross currency swaps recognised in "Rentals on leased aircraft"	0.1	-	0.1	-
Overprovision of tax in respect of prior years	(14.7)	(2.0)	(7.9)	(52.3)

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

	The Group		The Group	
	4 <sup>th</sup> Quarter 2015-16	4 <sup>th</sup> Quarter 2014-15	2015-16	2014-15
Impairment of aircraft	(2.8)	(22.0)	(11.7)	(22.0)
(Loss)/Surplus on disposal of other property, plant and equipment	(0.5)	0.3	6.6	2.2
Surplus on disposal of a subsidiary company	-	-	3.3	5.8
Surplus on partial disposal of an associated company	-	-	2.8	-
Loss on liquidation of an associated company	-	-	(4.3)	(0.2)
Impairment on investment in an associated company	-	-	(2.5)	-
Impairment on long-term investments	(9.0)	-	(9.0)	(0.3)
Writeback of shutdown costs of an associated company	-	-	-	2.8
Loss on disposal of an associated company	-	-	-	(2.6)
Refund of competition-related fines	116.5	-	116.5	-
Surplus on dilution of interest in an associated company	1.9	-	1.9	-
Loss on planned disposal of aircraft	(38.0)	-	(38.0)	-
Writeback of provision for onerous aircraft leases, net	25.5	-	25.5	-
	<u>93.6</u>	<u>(21.7)</u>	<u>91.1</u>	<u>(14.3)</u>

(iii) Exceptional items comprise the following:

	The Group		The Group	
	4th Quarter 2015-16	4th Quarter 2014-15	2015-16	2014-15
Remeasurement gain arising from consolidation of Tiger Airways	-	-	-	119.8
Impairment on long-term investment	-	-	-	(63.6)
Gain on divestment of an associated company	-	-	-	7.3
Impairment of freighters	-	-	-	(7.0)
Writeback of impairment of property, plant and equipment of Singapore Flying College	-	2.1	-	2.1
Refund on appeal for anti-trust fine	-	-	-	1.0
Provision for competition-related fine and settlements	-	(13.7)	-	(25.1)
	-	(11.6)	-	34.5

During the previous financial year:

1. Tiger Airways became a subsidiary, resulting in the Group recording a gain of \$119.8 million which arose from the remeasurement of SIA's retained interest in Tiger Airways at fair value.
2. SIA Cargo recognised an impairment loss of \$63.6 million on its long-term investment of an equity stake of 16% in China Cargo Airlines to fully write down its carrying value, due to negative shareholders' equity, and continued operating losses incurred.
3. The Company recorded an additional gain of \$7.3 million on the sale of Virgin Atlantic Limited arising from certain post-closing adjustments.
4. SIA Cargo recorded an additional impairment loss of \$7.0 million on two surplus freighters that have been removed from the operating fleet, based on the sale price of the freighters.
5. Singapore Flying College ("SFC") recognised a writeback of \$2.1 million on its previously impaired assets, in relation to the closure of the college's operations in Maroochydore, Australia.
6. In respect of the air cargo investigations by competition authorities, SIA Cargo's appeal against the Seoul High Court judgment to the Supreme Court was partially successful. As a result, in September 2014, the South Korean Fair Trade Commission refunded KRW793.2 million (\$1.0 million) to SIA Cargo, being part of the fine amount paid previously.
7. With regard to anti-trust litigation in the United States, SIA entered into a settlement agreement (with no admission of liability) with the plaintiffs in August 2014. In accordance with the agreement, SIA has made payment of USD9.2 million (\$11.4 million) into an escrow account pending court approval. Final approval of the settlement was granted by the court in June 2015. Subsequently, one of the class members filed an appeal against the court judgment approving the settlement. This appeal is currently pending.
8. In March 2015, SIA Cargo reached a settlement with a customer to resolve all pending and potential civil damage claims regarding the air cargo issues. Arising from this settlement, a provision of USD10.1 million (\$13.7 million) was recorded.

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (in \$ million)**

	The Group		The Group	
	4 <sup>th</sup> Quarter 2015-16	4 <sup>th</sup> Quarter 2014-15	2015-16	2014-15
<b>PROFIT FOR THE PERIOD</b>	234.0	42.5	851.8	406.7
<b>OTHER COMPREHENSIVE INCOME:</b>				
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Currency translation differences	(11.1)	(13.8)	(21.9)	(17.7)
Net fair value changes on available-for-sale financial assets	(4.2)	6.1	140.7	67.2
Adjustment on acquisition of an associated company	-	-	-	15.0
Net fair value changes on cash flow hedges	113.9	169.1	124.3	(738.8)
(Loss)/Surplus on dilution of interest in an associated company due to share options exercised	(2.2)	-	(1.9)	1.6
Share of other comprehensive income of associated and joint venture companies	(0.9)	16.3	(10.5)	(13.9)
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company	-	-	(0.8)	-
Realisation of foreign currency translation reserves on liquidation of an associated company	-	-	4.3	(0.5)
Realisation of reserves on disposal of an associated company	-	-	-	2.4
<u>Items that will not be reclassified subsequently to profit or loss:</u>				
Actuarial (loss)/gain on revaluation of defined benefit plans	(2.5)	10.3	(1.3)	10.3
Share of gain on property revaluation of an associated company	-	10.6	-	10.6
	<u>93.0</u>	<u>198.6</u>	<u>232.9</u>	<u>(663.8)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u>327.0</u>	<u>241.1</u>	<u>1,084.7</u>	<u>(257.1)</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
<b>OWNERS OF THE PARENT</b>	319.3	230.2	1,004.6	(310.3)
<b>NON-CONTROLLING INTERESTS</b>	<u>7.7</u>	<u>10.9</u>	<u>80.1</u>	<u>53.2</u>
	<u>327.0</u>	<u>241.1</u>	<u>1,084.7</u>	<u>(257.1)</u>

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

**STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2016 (in \$ million)**

	The Group		The Company	
	31-Mar 2016	31-Mar 2015	31-Mar 2016	31-Mar 2015
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Share capital	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	(381.5)	(326.3)	(381.5)	(326.3)
Other reserves	11,280.1	10,933.8	10,533.6	10,049.5
	12,754.7	12,463.6	12,008.2	11,579.3
<b>NON-CONTROLLING INTERESTS</b>	378.2	466.5	-	-
<b>TOTAL EQUITY</b>	13,132.9	12,930.1	12,008.2	11,579.3
<b>DEFERRED ACCOUNT</b>	225.3	141.7	197.5	115.1
<b>DEFERRED TAXATION</b>	1,681.7	1,599.6	1,346.5	1,325.5
<b>LONG-TERM LIABILITIES</b>	1,283.4	1,521.2	1,110.1	1,152.2
<b>PROVISIONS</b>	877.1	958.9	647.2	702.7
<b>DEFINED BENEFIT PLANS</b>	129.3	129.7	121.4	124.6
	17,329.7	17,281.2	15,430.9	14,999.4
Represented by:-				
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Aircraft, spares and spare engines	10,510.7	9,957.5	7,541.8	7,700.3
Others	3,632.8	3,565.7	2,699.4	2,206.1
	14,143.5	13,523.2	10,241.2	9,906.4
<b>INTANGIBLE ASSETS</b>	515.8	497.6	167.0	159.4
<b>SUBSIDIARY COMPANIES</b>	-	-	4,460.9	3,364.7
<b>ASSOCIATED COMPANIES</b>	901.9	922.2	531.5	472.4
<b>JOINT VENTURE COMPANIES</b>	156.3	167.9	-	-
<b>LONG-TERM INVESTMENTS</b>	773.1	927.6	754.4	902.8
<b>OTHER LONG-TERM ASSETS</b>	496.8	573.8	398.7	427.8
<b>DEFERRED ACCOUNT</b>	6.0	56.4	-	36.3
<b>CURRENT ASSETS</b>				
Inventories	181.9	202.0	108.2	131.7
Trade debtors	1,221.8	1,491.5	799.4	998.3
Deposits and other debtors	114.8	38.8	43.5	17.9
Prepayments	132.4	124.6	104.8	92.9
Amounts owing by subsidiary companies	-	-	318.0	311.5
Loan receivable from an associated company	62.0	-	62.0	-
Derivative assets	24.9	113.7	22.3	106.3
Investments	668.1	168.6	601.9	102.7
Cash and bank balances	3,972.4	5,042.7	3,239.2	4,435.1
Assets held for sale	398.0	71.0	-	-
	6,776.3	7,252.9	5,299.3	6,196.4
Less: <b>CURRENT LIABILITIES</b>				
Sales in advance of carriage	1,626.2	1,464.7	1,460.1	1,328.6
Deferred revenue	669.4	612.5	669.4	612.5
Current tax payable	191.9	161.9	131.0	111.4
Trade and other creditors	2,899.0	2,906.5	2,194.9	2,088.6
Amounts owing to subsidiary companies	-	-	1,191.1	1,048.7
Borrowings	211.9	447.1	-	300.0
Provisions	218.5	178.9	180.5	146.0
Derivative liabilities	623.1	868.8	595.1	831.0
	6,440.0	6,640.4	6,422.1	6,466.8
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	336.3	612.5	(1,122.8)	(270.4)
	17,329.7	17,281.2	15,430.9	14,999.4

**1(b) (ii) Aggregate amount of group's borrowings and debt securities**

Amount repayable in one year or less, or on demand

As at 31 March 2016		As at 31 March 2015	
Secured	Unsecured	Secured	Unsecured
\$203.1M	\$8.8M	\$137.8M	\$309.3M

Amount repayable after one year

As at 31 March 2016		As at 31 March 2015	
Secured	Unsecured	Secured	Unsecured
\$111.1M	\$1,024.5M	\$268.5M	\$1,023.9M

Details of any collateral

The secured borrowings pertained to secured bank loans (\$269.8 million) and finance leases of aircraft (\$44.4 million). The secured bank loans are secured via assignment of the aircraft purchase agreement, assignment of engine warranty and credit agreement as well as mortgage of the aircraft.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (in \$ million)**

	The Group	
	2015-16	2014-15
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	972.4	442.9
Adjustments for:		
Depreciation	1,543.0	1,538.8
Impairment of property, plant and equipment	10.6	1.5
Amortisation of intangible assets	32.7	25.9
(Writeback of impairment)/Impairment of trade debtors	(4.7)	0.7
Writedown of inventories	26.6	38.1
Income from short-term investments	(1.8)	(1.7)
Provisions	218.5	339.5
Share-based compensation expense	12.4	9.2
Exchange differences	16.3	(44.8)
Amortisation of deferred gain on sale and operating leaseback transactions	(7.6)	(5.7)
Finance charges	50.3	49.6
Interest income	(70.7)	(74.9)
Surplus on disposal of aircraft, spares and spare engines	(52.7)	(51.9)
Dividends from long-term investments	(115.3)	(13.2)
Other non-operating items	(91.1)	14.3
Share of profits of joint venture companies	(22.8)	(52.0)
Share of losses of associated companies	11.1	129.1
Exceptional items	-	(34.5)
Operating cash flow before working capital changes	2,527.2	2,310.9
Decrease in trade and other creditors	(68.2)	(319.5)
Increase/(Decrease) in sales in advance of carriage	161.5	(55.9)
Decrease in trade debtors	295.2	199.6
(Increase)/Decrease in deposits and other debtors	(28.3)	22.5
Increase in prepayments	(7.9)	(2.8)
Increase in inventories	(6.5)	(0.5)
Increase in deferred revenue	56.9	39.6
Cash generated from operations	2,929.9	2,193.9
Refund/(Payment) of fines	116.5	(10.4)
Income taxes paid	(40.9)	(116.3)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,005.5</b>	<b>2,067.2</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (in \$ million)**

	The Group	
	2015-16	2014-15
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(2,909.0)	(2,600.2)
Purchase of intangible assets	(45.5)	(30.9)
Proceeds from disposal of aircraft and other property, plant and equipment	492.9	997.8
Purchase of long-term investments	(259.5)	(590.3)
Proceeds from disposal of long-term investments	-	9.5
Purchase of short-term investments	(275.5)	(367.0)
Proceeds from disposal of short-term investments	166.1	487.1
Dividends received from associated and joint venture companies	78.6	114.3
Dividends received from investments	116.2	14.1
Interest received from investments and deposits	77.8	54.9
Proceeds from liquidation of an associated company	-	18.5
Proceeds from disposal of an associated company	-	7.3
Proceeds from disposal of a subsidiary company, net of cash disposed	0.1	8.9
Acquisition of a subsidiary company, net of cash acquired	-	135.6
Loan to an associated company	(62.0)	-
Investments in associated companies	(84.8)	(33.2)
Investment in a joint venture company	-	(39.6)
Proceeds from partial disposal of an associated company	4.9	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,699.7)</b>	<b>(1,813.2)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(315.4)	(481.2)
Dividends paid by subsidiary companies to non-controlling interests	(43.6)	(72.0)
Acquisition of non-controlling interests without a change in control	(458.5)	(3.4)
Issuance of share capital by a subsidiary company	1.5	-
Interest paid	(53.8)	(41.5)
Proceeds from borrowings	4.9	8.8
Repayment of borrowings	(41.4)	(38.2)
Repayment of long-term lease liabilities	(54.1)	(52.3)
Proceeds from exercise of share options	24.4	45.8
Proceeds from issuance of bonds	-	500.0
Proceeds from issuance of rights shares to non-controlling interests	-	100.5
Repayment of bonds	(300.0)	-
Purchase of treasury shares	(85.4)	(107.0)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,321.4)</b>	<b>(140.5)</b>
<b>NET CASH (OUTFLOW)/INFLOW</b>	<b>(1,015.6)</b>	<b>113.5</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>5,042.7</b>	<b>4,883.9</b>
Effect of exchange rate changes	(54.7)	45.3
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>3,972.4</b>	<b>5,042.7</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Fixed deposits	3,002.7	4,034.8
Cash and bank	969.7	1,007.9
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>3,972.4</b>	<b>5,042.7</b>



**1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**STATEMENTS OF CHANGES IN EQUITY**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (in \$ million)**

The Group	Attributable to Owners of the Parent								Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total		
Balance at 1 April 2015	1,856.1	(326.3)	215.9	(135.7)	113.2	(706.2)	11,446.6	12,463.6	466.5	12,930.1
<u>Comprehensive income</u>										
Currency translation differences	-	-	-	(19.9)	-	-	-	(19.9)	(2.0)	(21.9)
Net fair value changes on available-for-sale assets	-	-	-	-	-	109.0	-	109.0	31.7	140.7
Net fair value changes on cash flow hedges	-	-	-	-	-	121.3	-	121.3	3.0	124.3
Loss on dilution of interest in an associated company due to share options exercised	-	-	-	-	-	-	(1.9)	(1.9)	-	(1.9)
Share of other comprehensive income of associated and joint venture companies	-	-	-	-	0.3	(10.8)	-	(10.5)	-	(10.5)
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company	-	-	-	-	-	(0.8)	-	(0.8)	-	(0.8)
Realisation of foreign currency translation reserves on liquidation of an associated company	-	-	-	4.3	-	-	-	4.3	-	4.3
Actuarial loss on revaluation of defined benefit plans	-	-	-	-	-	-	(1.3)	(1.3)	-	(1.3)
Other comprehensive income for the financial year	-	-	-	(15.6)	0.3	218.7	(3.2)	200.2	32.7	232.9
Profit for the financial year	-	-	-	-	-	-	804.4	804.4	47.4	851.8
Total comprehensive income for the financial year, net of tax	-	-	-	(15.6)	0.3	218.7	801.2	1,004.6	80.1	1,084.7
<u>Transactions with owners, recorded directly in equity</u>										
<u>Contributions by and distributions to owners</u>										
Share of other changes in equity of an associated company	-	-	(3.7)	-	-	-	-	(3.7)	-	(3.7)
Loss on dilution of interest in subsidiary companies due to share options exercised	-	-	-	-	(5.0)	-	(2.0)	(7.0)	0.8	(6.2)
Issuance of share capital by a subsidiary company	-	-	-	-	-	-	-	-	1.5	1.5
Share-based compensation expense	-	-	-	-	12.4	-	-	12.4	-	12.4
Share options lapsed	-	-	-	-	(5.1)	-	5.1	-	-	-
Purchase of treasury shares	-	(85.4)	-	-	-	-	-	(85.4)	-	(85.4)
Treasury shares reissued pursuant to equity compensation plans	-	30.2	1.2	-	(11.3)	-	-	20.1	-	20.1
Dividends	-	-	-	-	-	-	(315.4)	(315.4)	(43.6)	(359.0)
Total contributions by and distributions to owners	-	(55.2)	(2.5)	-	(9.0)	-	(312.3)	(379.0)	(41.3)	(420.3)
<u>Changes in ownership interests in subsidiary companies</u>										
Disposal of a subsidiary company	-	-	-	-	-	-	-	-	(3.1)	(3.1)
Acquisition of non-controlling interests without a change in control	-	-	(342.6)	-	19.2	(11.1)	-	(334.5)	(124.0)	(458.5)
Total changes in ownership interests in subsidiary companies	-	-	(342.6)	-	19.2	(11.1)	-	(334.5)	(127.1)	(461.6)
Total transactions with owners	-	(55.2)	(345.1)	-	10.2	(11.1)	(312.3)	(713.5)	(168.4)	(881.9)
Balance at 31 March 2016	1,856.1	(381.5)	(129.2)	(151.3)	123.7	(498.6)	11,935.5	12,754.7	378.2	13,132.9

**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (in \$ million)**

The Group	Attributable to Owners of the Parent							Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve		
Balance at 1 April 2014	1,856.1	(262.2)	123.7	(101.5)	134.5	(40.4)	11,527.0	337.4	13,574.6
<u>Comprehensive income</u>									
Currency translation differences	-	-	-	(32.1)	-	-	-	14.4	(17.7)
Net fair value changes on available-for-sale assets	-	-	-	-	-	67.2	-	-	67.2
Adjustment on acquisition of an associated company	-	-	-	-	-	15.0	-	-	15.0
Net fair value changes on cash flow hedges	-	-	-	-	-	(738.8)	-	-	(738.8)
Actuarial gain on revaluation of defined benefit plans	-	-	-	-	-	-	10.3	-	10.3
Surplus on dilution of interest in an associated company due to share options exercised	-	-	-	-	-	-	1.6	-	1.6
Realisation of reserves on liquidation of an associated company	-	-	-	(0.5)	-	-	-	-	(0.5)
Realisation of reserves on disposal of an associated company	-	-	-	(1.6)	-	4.0	-	-	2.4
Share of other comprehensive income of associated and joint venture companies	-	-	10.6	-	(0.7)	(13.2)	-	-	(3.3)
Other comprehensive income for the financial year	-	-	10.6	(34.2)	(0.7)	(665.8)	11.9	14.4	(663.8)
Profit for the financial year	-	-	-	-	-	-	367.9	38.8	406.7
Total comprehensive income for the financial year, net of tax	-	-	10.6	(34.2)	(0.7)	(665.8)	379.8	53.2	(257.1)
<u>Transactions with owners, recorded directly in equity</u>									
<u>Contributions by and distributions to owners</u>									
Share of other changes in equity of an associated company	-	-	81.3	-	-	-	-	-	81.3
Surplus on dilution of interest in subsidiary companies due to share options exercised	-	-	-	-	(5.8)	-	14.1	8.9	17.2
Share-based compensation expense	-	-	-	-	9.2	-	-	-	9.2
Share options lapsed	-	-	-	-	(6.9)	-	6.9	-	-
Purchase of treasury shares	-	(107.0)	-	-	-	-	-	-	(107.0)
Treasury shares reissued pursuant to equity compensation plans	-	42.9	2.8	-	(17.1)	-	-	-	28.6
Dividends	-	-	-	-	-	-	(481.2)	(72.0)	(553.2)
Total contributions by and distributions to owners	-	(64.1)	84.1	-	(20.6)	-	(460.2)	(63.1)	(523.9)
<u>Changes in ownership interests in subsidiary companies</u>									
Acquisition of non-controlling interests	-	-	(2.5)	-	-	-	-	38.5	36.0
Rights shares allotted to non-controlling interests of a subsidiary company	-	-	-	-	-	-	-	100.5	100.5
Total changes in ownership interests in subsidiary companies	-	-	(2.5)	-	-	-	-	139.0	136.5
Total transactions with owners	-	(64.1)	81.6	-	(20.6)	-	(460.2)	75.9	(387.4)
Balance at 31 March 2015	1,856.1	(326.3)	215.9	(135.7)	113.2	(706.2)	11,446.6	466.5	12,930.1

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

The Company	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2015	1,856.1	(326.3)	(6.3)	96.1	(581.8)	10,541.5	11,579.3
<u>Comprehensive income</u>							
Net fair value changes on available-for-sale assets	-	-	-	-	2.3	-	2.3
Net fair value changes on cash flow hedges	-	-	-	-	108.6	-	108.6
Actuarial loss on revaluation of defined benefit plans	-	-	-	-	-	(1.6)	(1.6)
Other comprehensive income for the financial year	-	-	-	-	110.9	(1.6)	109.3
Profit for the financial year	-	-	-	-	-	672.0	672.0
Total comprehensive income for the financial year, net of tax	-	-	-	-	110.9	670.4	781.3
<u>Transactions with owners, recorded directly in equity</u>							
<u>Contributions by and distributions to owners</u>							
Share-based compensation expense	-	-	-	9.1	-	-	9.1
Share options lapsed	-	-	-	(5.1)	-	5.1	-
Purchase of treasury shares	-	(85.4)	-	-	-	-	(85.4)
Treasury shares reissued pursuant to equity compensation plans	-	30.2	1.2	(11.3)	-	-	20.1
Dividends	-	-	-	-	-	(315.4)	(315.4)
Issuance of share options pursuant to the Voluntary Conditional General Offer of Tiger Airways	-	-	-	19.2	-	-	19.2
Total transactions with owners	-	(55.2)	1.2	11.9	-	(310.3)	(352.4)
Balance at 31 March 2016	1,856.1	(381.5)	(5.1)	108.0	(470.9)	10,901.6	12,008.2

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (in \$ million)**

The Company	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2014	1,856.1	(262.2)	(9.1)	113.6	(51.5)	10,465.2	12,112.1
<u>Comprehensive income</u>							
Net fair value changes on available-for-sale assets	-	-	-	-	67.3	-	67.3
Adjustment on acquisition of an associated company	-	-	-	-	15.0	-	15.0
Net fair value changes on cash flow hedges	-	-	-	-	(612.6)	-	(612.6)
Actuarial gain on revaluation of defined benefit plans	-	-	-	-	-	10.3	10.3
Other comprehensive income for the financial year	-	-	-	-	(530.3)	10.3	(520.0)
Profit for the financial year	-	-	-	-	-	540.3	540.3
Total comprehensive income for the financial year, net of tax	-	-	-	-	(530.3)	550.6	20.3
<u>Transactions with owners, recorded directly in equity</u>							
<u>Contributions by and distributions to owners</u>							
Share-based compensation expense	-	-	-	6.5	-	-	6.5
Share options lapsed	-	-	-	(6.9)	-	6.9	-
Purchase of treasury shares	-	(107.0)	-	-	-	-	(107.0)
Treasury shares reissued pursuant to equity compensation plans	-	42.9	2.8	(17.1)	-	-	28.6
Dividends	-	-	-	-	-	(481.2)	(481.2)
Total transactions with owners	-	(64.1)	2.8	(17.5)	-	(474.3)	(553.1)
Balance at 31 March 2015	1,856.1	(326.3)	(6.3)	96.1	(581.8)	10,541.5	11,579.3

**1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

## **SHARE CAPITAL AND SHARE PLANS IN THE COMPANY**

### Share Capital

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

Group and Company	Number of Shares	Share Capital (\$ million)
Issued and fully paid share capital <u>Ordinary Shares</u>		
Balance at 1 April 2015	1,199,851,018	1,856.1
Shares issued pursuant to exercise of options during the period April 2015 to March 2016	-	-
Balance at 31 March 2016	1,199,851,018	1,856.1

As at 31 March 2016, the number of ordinary shares in issue was 1,199,851,018 of which 36,070,359 were held by the Company as treasury shares (31 March 2015: 1,199,851,018 ordinary shares of which 30,462,443 were held as treasury shares). The share capital was \$1,856.1 million.

### Employee Share Option Plan

As at 31 March 2016, the number of share options of the Company outstanding was 21,113,197 (31 March 2015: 25,233,029). During the financial year, 2,365,478 options were exercised under the Singapore Airlines Limited Employee Share Option Plan, which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees. Treasury shares were transferred to the employees on exercise of these share options.

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

Date of Grant	Balance at 01.04.2015	Cancelled	Exercised	Balance at 31.03.2016	Exercise price*	Expiry date
01.07.2005	2,459,630	(986,568)	(1,473,062)	-	\$8.02	30.06.2015
03.07.2006	4,777,805	(86,160)	(892,416)	3,799,229	\$9.34	02.07.2016
02.07.2007	9,388,087	(361,475)	-	9,026,612	\$15.46	01.07.2017
01.07.2008	8,607,507	(320,151)	-	8,287,356	\$12.07	30.06.2018
	25,233,029	(1,754,354)	(2,365,478)	21,113,197		

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

Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

In addition to the Employee Share Option Plan, senior management staff are entitled to two share-based incentive plans, the RSP and PSP, which were first approved by the shareholders of the Company on 28 July 2005 and expired on 27 July 2015. On 30 July 2014, the shareholders of the Company approved the RSP 2014 and PSP 2014, which replaced the RSP and PSP respectively.

Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded could range between 0% and 150% of the initial grant of the restricted shares and between 0% and 200% of the initial grant of the performance shares.

As at 31 March 2016, the number of outstanding shares granted under the Company's RSP and PSP were 1,692,528 (31 March 2015: 1,575,637) and 716,693 respectively (31 March 2015: 650,398).

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

Date of Grant	Number of Restricted Shares				
	Balance at 01.04.2015	Granted	Adjustment <sup>#</sup>	Vested	Balance at 31.03.2016
<b>RSP</b>					
01.07.2011	15,216	-	-	(15,216)	-
10.07.2012	220,910	-	-	(118,722)	102,188
15.07.2013	650,438	-	(242,788)	(221,475)	186,175
03.07.2014	689,073	-	-	-	689,073
03.07.2015	-	715,092	-	-	715,092
	1,575,637	715,092	(242,788)	(355,413)	1,692,528

<sup>#</sup> Adjustment at the end of two-year performance period upon meeting stated performance targets and adjustments for number of days in service for retirees.

Date of Grant	Number of Performance Shares				
	Balance at 01.04.2015	Granted	Adjustment <sup>#</sup>	Vested	Balance at 31.03.2016
<b>PSP</b>					
10.07.2012	173,405	-	(173,405)	-	-
15.07.2013	228,425	-	-	-	228,425
03.07.2014	248,568	-	-	-	248,568
03.07.2015	-	239,700	-	-	239,700
	650,398	239,700	(173,405)	-	716,693

<sup>#</sup> Adjustment at the end of three-year performance period upon meeting stated performance targets and adjustment for number of days in service for retirees.

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

Date of Grant	Number of Time-based Restricted Shares		
	Balance at 01.04.2015	Vested	Balance at 31.03.2016
<b>RSP</b>			
07.05.2010	115,319	(109,893)	5,426

### Deferred Share Award ("DSA")

One-off grants of Deferred Share Award of fully paid ordinary shares were granted to senior management. At the end of a 3-year vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield. The details of the Deferred Share Award are as follows:

Date of Grant	Number of Deferred Share Award			Balance at 31.03.2016
	Balance at 01.04.2015	Granted	Vested	
<b>DSA</b>				
04.09.2013	154,557	-	-	154,557
28.08.2014	73,470	-	-	73,470
10.09.2015	-	74,790	-	74,790
	228,027	74,790	-	302,817

**1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 March 2016, the number of ordinary shares in issue was 1,199,851,018 of which 36,070,359 were held by the Company as treasury shares (31 March 2015: 1,199,851,018 ordinary shares of which 30,462,443 were held as treasury shares.)

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

During the financial year, the Company purchased 8,438,700 treasury shares (2014-15: 10,635,000).

The Company transferred 2,365,478 treasury shares to employees on exercise of share options and another 465,306 treasury shares on vesting of share-based incentive plans (2014-15: 3,459,334 on exercise of share options and 498,023 on vesting of share-based incentive plans). Treasury shares are presented as a component within equity attributable to owners of the parent.

Group and Company	Number of Shares	Treasury Shares (\$ million)
Balance at 1 April 2015	30,462,443	(326.3)
Purchase of treasury shares	8,438,700	(85.4)
Treasury shares transferred on exercise of share options	(2,365,478)	25.3
Treasury shares transferred on vesting of share-based incentive plans	(465,306)	4.9
Balance at 31 March 2016	36,070,359	(381.5)

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

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

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

See attached auditor's report.

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

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 March 2015. The adoption of the new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are mandatory for financial year beginning on or after 1 April 2015 has no significant impact on the Group.

During the financial year, the Group revised the estimated useful lives of certain of its overhaul assets with effect from 1 April 2015, and the estimated useful lives and residual values of certain aircraft types with effect from 1 October 2015. The effect of the changes is a reduction in depreciation expense of approximately \$28.2 million for the quarter ended 31 March 2016 and approximately \$66.6 million for the financial year ended 31 March 2016.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group			
	4 <sup>th</sup> Quarter 2015-16	4 <sup>th</sup> Quarter 2014-15	2015-16	2014-15
Earnings per share (cents)				
- Basic	19.3	3.4	69.0	31.4
- Diluted	19.2	3.4	68.7	31.2

**7 Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	The Group		The Company	
	As at 31 Mar 16	As at 31 Mar 15	As at 31 Mar 16	As at 31 Mar 15
Net asset value per ordinary share (\$)	10.96	10.66	10.32	9.90

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

## **GROUP FINANCIAL PERFORMANCE**

### Financial Year 2015-16 Net Profit

The Group reported a net profit of \$804 million in the 2015-16 financial year, a \$436 million improvement over the net profit recorded in the last financial year (+118.5%).

Group operating profit increased \$271 million (+66.1%) year-on-year to \$681 million. Dividends received from long-term investments were higher (+\$102 million), while the Group's share of losses of associated companies were reduced by \$118 million. In addition, there was a refund for a fine paid by SIA Cargo in a prior year (+\$117 million). These favourable factors were partly offset by higher tax expenses in the year (-\$84 million), an absence of exceptional gains (-\$35 million) realised in the last financial year [see Note 1(a)(iii) above], and weaker results from joint venture companies (-\$29 million).

### Financial Year 2015-16 Operating Results

Group revenue was \$15,228 million, down \$338 million or 2.2% from last year, mainly attributable to lower passenger revenue at the Parent Airline Company and lower cargo revenue, compensated in part by higher revenue from subsidiary airlines and income earned upon the release of seven A350-900 delivery slots<sup>1</sup>. Both passenger and cargo yields declined compared to last year.

Group expenditure fell \$609 million or 4.0% to \$14,547 million. Net fuel cost declined by \$1,053 million, arising from a 41.3% drop in average jet fuel price (-\$2,152 million), partially offset by an increase in hedging loss (+\$591 million), the strengthening of the US Dollar against the Singapore Dollar (+\$298 million), and higher volume uplifted (+\$210 million). The hedging loss resulted from 53.8% of the Group's fuel requirement being hedged at a weighted average price of USD100 per barrel. Ex-fuel costs rose \$444 million (+4.6%), mainly due to capacity growth of SilkAir and Scoot, and the consolidation of Tiger Airways for the full financial year versus half a year in FY2014-15.

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

Operating Profit/(Loss)	FY2015-16 \$ million	FY2014-15 <sup>3</sup> \$ million
Parent Airline Company	485	340
SIA Engineering	104	84
SilkAir	91	41
SIA Cargo	(50)	(22)
Scoot	28	(67)
Tiger Airways <sup>2</sup>	14	(9)

<sup>1</sup> The agreement was signed with Airbus in the first quarter of FY2015-16 to release seven production slots for A350-900 aircraft, which were originally planned for delivery in FY2017-18 and FY2018-19.

<sup>2</sup> Operating results differ from Tiger Airways' FY2015-16 announcement on 5 May 2016, due to alignment of Tiger Airways' classification to the Group.

<sup>3</sup> The FY2014-15 operating results incorporated Tiger Airways' results with effect from October 2014, when Tiger Airways became a subsidiary. For perspective, Tiger Airways reported an operating loss of \$40 million for the full financial year 2014-15.



The Parent Airline Company earned an operating profit of \$485 million in the financial year, up \$145 million compared to the prior year. The improvement in operating performance was largely owing to lower net fuel costs, which declined \$973 million over last year. This was partly offset by lower passenger flown revenue as yields shrank 5.4% year-on-year to a five-year low, reduced other revenue, and higher staff and aircraft maintenance and overhaul costs.

SIA Engineering's operating profit of \$104 million was \$20 million higher compared to last year. Despite an increase in revenue from line maintenance services and fleet management programmes, revenue decreased \$6 million due to lower airframe and component overhaul revenue. Expenditure, on the other hand, reduced by \$26 million mainly from lower subcontract and staff costs, partially offset by an exchange loss incurred compared to an exchange gain in the previous year.

SilkAir reported a \$50 million year-on-year improvement in operating performance, primarily on account of a \$64 million increase in passenger revenue, supported by its 11.1% growth in passenger carriage, albeit at lower yield (-2.9%). Operating expenses rose in tandem with capacity growth, but this was largely compensated for by fuel cost savings.

SIA Cargo's full year operating loss widened by \$28 million compared with FY2014-15. While operating expenses declined \$168 million, mainly due to lower fuel costs, this could not fully cushion the \$196 million contraction in revenue, which was driven down by yield erosion of 11.6%, partially offset by higher freight carriage (+2.6%).

Scoot marked its first full year operating profit since commencing operations, improving \$95 million year-on-year. Passenger revenue increased \$106 million from 29.1% growth in traffic, while yield was flat. Unit cost fell 19.0%, benefiting from lower fuel prices and a more fuel-efficient 787 fleet.

Tiger Airways' operating profit for the financial year was \$14 million, contrasting with a full year loss of \$40 million incurred in the prior year (+\$54 million). The better operating performance was mainly due to higher passenger revenue with yield improving 2.9%, and reduced net fuel costs, partially offset by an increase in aircraft depreciation, lease rentals and maintenance costs.

#### Fourth Quarter 2015-16

Group net profit was \$224 million for the January-March 2016 quarter, an improvement of \$184 million against the same period last year. In addition to the Group's improved operating profit, SIA Cargo received a refund of \$117 million for a fine paid in a prior year.

Group operating profit increased \$61 million (+66.3%) to \$153 million. Revenue was \$171 million lower (-4.4%) at \$3,709 million, driven down by weaker passenger and cargo revenue. Group expenditure fell \$232 million (-6.1%) to \$3,556 million, largely due to net fuel cost savings of \$361 million, partly offset by an increase in other operating costs arising from capacity expansion by SilkAir and Scoot. SIA Cargo suffered a weaker year-on-year performance in the fourth quarter as yield reduced by 15.5% (its performance in the previous year's fourth quarter was boosted by higher-yielding charter services mounted consequent to the US West Coast sea port congestion).

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

	4th quarter FY2015-16 \$ million	4th quarter FY2014-15 \$ million
Operating Profit/(Loss)		
Parent Airline Company	98	70
SIA Engineering	27	23
SilkAir	32	18
SIA Cargo	(40)	(5)
Scoot	32	(6)
Tiger Airways <sup>2</sup>	15	(13)

**BALANCE SHEET REVIEW**  
**(March 2016 vs March 2015)**

Equity attributable to owners of the parent increased by \$291 million or 2.3% to \$12,755 million as at 31 March 2016 largely due to profit for the financial year (+\$804 million) and fair value movements on cash flow hedges (+\$121 million) and available-for-sale financial assets (+\$109 million), partially offset by the acquisition of non-controlling interests in Tiger Airways (-\$335 million), payment of dividends (-\$315 million) and purchase of treasury shares (-\$85 million). The fair value movement on available-for-sale financial assets is mainly due to a fair value adjustment for SIA Engineering Group's interest in Hong Kong Aero Engine Services Ltd ("HAESL") that arose from the proposed divestment of its 10% stake in HAESL to Rolls-Royce Overseas Holdings and Hong Kong Aircraft Engineering Company Limited. The completion of this transaction is conditional upon the approval of relevant national competition authorities.

Total Group assets decreased by \$152 million or 0.6% to \$23,770 million. The decrease was mainly attributable to a decrease in cash balances (-\$1,070 million) and trade debtors (-\$270 million), partially offset by increase in property, plant and equipment (+\$620 million), investments (+\$345 million) and a loan to an associated company (+\$62 million). The decrease in cash balances largely arose from capital expenditure (-\$2,909 million), additional investment in Tiger Airways in the Voluntary General Offer exercise (-\$458 million), redemption of the five-year retail bonds (-\$300 million), payment of dividends (-\$315 million), partially funded by operational cash inflows (+\$3,005 million).

Total Group liabilities decreased by \$355 million or 3.2% to \$10,637 million as at 31 March 2016. The decrease was attributable to the repayment of the notes payable (-\$300 million) and reduction in derivative liabilities (-\$292 million), partially offset by an increase in sales in advance of carriage (+\$162 million), deferred account (+\$84 million) and deferred taxation (+\$82 million).

**9                      Whether a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10                    A commentary at the date of announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**OUTLOOK**

The Group is contending with a challenging operating environment in key markets, caused in part by weak economic activity and relatively rapid growth in capacity, evidenced by increasing promotional fare activity. Nevertheless, the Group is well positioned to compete in this environment.

The entrance of the A350-900 fleet will help to boost the Group's network competitiveness, improve operating efficiency, and offer opportunities to open up more new routes on long-haul destinations. In addition, the full ownership of Tiger Airways is expected to enhance synergies across the SIA Group.

For the April-June 2016 quarter, advance passenger bookings are tracking positively against seat capacity.

Outlook remains cautious for air cargo amid the economic slowdown in China and ongoing uncertainty surrounding the global economy. Coupled with ample capacity in the industry, yield remains under pressure. SIA Cargo will continue to focus on higher-yielding product segments.

In light of on-going fuel price volatility, the Group continues to hedge its fuel requirements prudently. As at the start of the 2016-17 financial year, the Group had hedged 42% of its first quarter fuel requirement at a weighted average Singapore Jet Kerosene (MOPS) price of USD87 per barrel. The full year's fuel requirement was 25% hedged in MOPS at USD83 per barrel and 6% in Brent at USD64 per barrel.

The Group remains fully committed to its multi-pronged approach to address the structural changes that have been taking place in the industry, through its portfolio of airlines serving both full-service and budget airline segments of the market, its multi-hub strategy, the pursuit of adjacent business opportunities, and ongoing enhancement of premium products and services.

### **SUBSEQUENT EVENT**

The Company announced on 4 May 2016 that it had exercised its right to compulsorily acquire all the shares that had not been tendered by shareholders under the Voluntary General Offer by the Company for all the issued ordinary shares (the "Shares") in the capital of Tiger Airways, other than those already owned or agreed to be acquired by the Company. The consideration payable comprises the Final Offer Price of 45 cents in cash for each share, and an option to subscribe for SIA's ordinary shares. Tiger Airways has transferred all the Shares to SIA and has registered SIA as the holder of those Shares. The Shares were delisted from SGX-ST on 11 May 2016.

## **11 Dividend**

### **(a) Current Financial Period Reported on**

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

Yes.

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

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

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

Yes.

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount per Share	5 cents per ordinary share	17 cents per ordinary share
Tax Rate	Tax-exempt (one-tier)	Tax-exempt (one-tier)

### **(c) Date payable**

The final dividend, if so approved by the shareholders, will be paid on 17 August 2016.

**(d) Books closure date**

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders to the final dividend being obtained at the Forty-Fourth Annual General Meeting to be held on 29 July 2016, the Transfer Books and the Register of Members of the Company will be closed on 5 August 2016 for the preparation of dividend warrants.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 4 August 2016 will be registered to determine shareholders' entitlements to the final dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 4 August 2016 will be entitled to the final dividend.

The final dividend, if so approved by shareholders, will be paid on 17 August 2016.

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

Not applicable.

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

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

	Airline Operations		Engineering services		Cargo Operations		Others		Total of segments		Elimination*		Consolidated	
	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15
<b>TOTAL REVENUE</b>														
External revenue	12,775.0	12,855.7	395.8	437.8	2,037.1	2,234.8	20.6	37.2	15,228.5	15,565.5	-	-	15,228.5	15,565.5
Inter-segment revenue	1,084.4	1,195.8	717.7	681.9	7.9	6.0	58.5	74.4	1,868.5	1,958.1	(1,868.5)	(1,958.1)	-	-
	<b>13,859.4</b>	<b>14,051.5</b>	<b>1,113.5</b>	<b>1,119.7</b>	<b>2,045.0</b>	<b>2,240.8</b>	<b>79.1</b>	<b>111.6</b>	<b>17,097.0</b>	<b>17,523.6</b>	<b>(1,868.5)</b>	<b>(1,958.1)</b>	<b>15,228.5</b>	<b>15,565.5</b>
<b>RESULTS</b>														
Segment result	623.3	320.3	104.1	84.3	(49.7)	(22.0)	(2.1)	20.4	675.6	403.0	5.6	6.4	681.2	409.4
Finance charges	(51.4)	(47.0)	(0.3)	(0.3)	(1.4)	(4.0)	-	-	(53.1)	(51.3)	2.8	1.7	(50.3)	(49.6)
Interest income	67.8	74.6	2.1	1.4	3.3	0.4	0.3	0.2	73.5	76.6	(2.8)	(1.7)	70.7	74.9
Surplus/(Loss) on disposal of aircraft, spares and spare engines	40.2	57.8	-	-	13.5	-	(1.0)	(0.1)	52.7	57.7	-	(5.8)	52.7	51.9
Dividends from long-term investments	109.2	5.1	6.1	8.1	-	-	-	-	115.3	13.2	-	-	115.3	13.2
Other non-operating items	(21.0)	(22.2)	(4.5)	6.0	116.5	-	0.1	1.9	91.1	(14.3)	-	-	91.1	(14.3)
Share of (losses)/profits of joint venture companies	(21.0)	(8.8)	43.8	60.8	-	-	-	-	22.8	52.0	-	-	22.8	52.0
Share of (losses)/profits of associated companies	(60.1)	(176.0)	49.0	46.9	-	-	-	-	(11.1)	(129.1)	-	-	(11.1)	(129.1)
Exceptional items	-	115.7	-	-	-	(83.3)	-	2.1	-	34.5	-	-	-	34.5
Taxation	(110.9)	(20.4)	(20.8)	(20.0)	5.5	8.3	5.6	(4.1)	(120.6)	(36.2)	-	-	(120.6)	(36.2)
Profit/(Loss) for the financial year	<b>576.1</b>	<b>299.1</b>	<b>179.5</b>	<b>187.2</b>	<b>87.7</b>	<b>(100.6)</b>	<b>2.9</b>	<b>20.4</b>	<b>846.2</b>	<b>406.1</b>	<b>5.6</b>	<b>0.6</b>	<b>851.8</b>	<b>406.7</b>
<b>Attributable to:</b>														
Owners of the Parent													804.4	367.9
Non-controlling interests													47.4	38.8
													<b>851.8</b>	<b>406.7</b>

\* Relates to inter-segment transactions eliminated on consolidation. The Group generally accounts for such inter-segment transactions as if these transactions were to third parties at current market prices.

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

Revenue by Area of Original Sale	2015-16	2014-15
East Asia	6,090.1	5,630.6
Europe	1,303.2	1,422.3
South West Pacific	1,306.8	1,429.6
Americas	566.2	596.5
West Asia and Africa	470.7	432.2
Systemwide	9,737.0	9,511.2
Non-scheduled services and incidental revenue	4,122.4	4,540.3
Total	13,859.4	14,051.5

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

Please refer to Note 8.

**15 A breakdown of sales.**

Breakdown of Revenue and Results (in \$ million)

The Group	2015-16	2014-15	% Change
<b>First Half</b>			
Revenue reported for the first half-year	7,578.1	7,587.3	(0.1)
Profit after tax reported for the first half-year	320.7	149.5	114.5
<b>Second Half</b>			
Revenue reported for the second half-year	7,650.4	7,978.2	(4.1)
Profit after tax reported for the second half-year	531.1	257.2	106.5

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

Annual Dividend (\$ million)	2015-16	2014-15
Ordinary Dividend		
- Interim	116.3	58.4
- Final <sup>#</sup>	407.3	199.1
Total	523.6	257.5

<sup>#</sup> 2015-16 Final ordinary dividend is estimated based on number of shares outstanding as at the end of the financial year.

## 17 Interested Person Transactions

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the Financial Year 2015-16 are as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	(S\$)	(S\$)
<b>CapitaLand Limited Group</b> - Guangzhou Hai Yi Property Development Co. Ltd	-	213,545
<b>PT Bank Danamon Indonesia TBK</b>	-	647,017
<b>SATS Ltd Group</b> - Aero Laundry & Linen Services Private Limited - Aerolog Express Pte Ltd - Air India SATS Airport Services Private Limited - Asia Airfreight Terminal Co Ltd - Beijing Airport Inflight Kitchen Ltd - Maldives Inflight Catering Private Limited - PT Jasa Angkasa Semesta Tbk - SATS HK Limited - SATS Ltd - SATS Security Services Private Limited - Taj Madras Flight Kitchen Pvt Limited - Taj SATS Air Catering Ltd - TKF Corporation	- - - - - - - - - - - - -	12,920,543 368,354 7,341,876 7,615,012 5,606,018 3,164,554 16,680,816 4,755,516 683,635,412 23,134,037 692,317 4,831,980 6,194,780
<b>Singapore Technologies Engineering Limited Group</b> - Unicorn International Pte Ltd	-	339,372
<b>Singapore Telecommunications Limited Group</b> - Optus Networks Pty Ltd - Singapore Telecommunications Limited	- -	409,733 3,296,080
<b>SembCorp Industries Limited Group</b> - SembCorp Power Pte Ltd	-	2,300,793
<b>Temasek Holdings (Private) Limited and Associates</b> - MediaCorp Pte Ltd	-	753,888
<b>Starhub Limited</b>	-	363,922
<b>Singapore GP Pte Ltd*</b>	3,981,814	-
<b>Total Interested Person Transactions</b>	<b>3,981,814</b>	<b>785,265,565</b>

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

**18 Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7 under Rule 720(1) of the Listing Manual.

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

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

By Order of the Board

Brenton Wu  
Company Secretary  
12 May 2016

*Singapore Company Registration No.: 197200078R*



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## **INDEPENDENT AUDITORS' REPORT**

**To the members of Singapore Airlines Limited**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of Singapore Airlines Limited (the Company) and its subsidiaries (the Group) which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2016, 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 and other explanatory information as set out on pages 19 to 128.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2016 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

#### **Basis for opinion**

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

#### **Key audit matters**

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

## Timing of recognition and accuracy of passenger revenue

*Refer to note 2(aa) '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 deferred on the balance sheet as sales in advance of carriage at the date of sale to the customer and is measured based on the sales price to the customer, net of commissions, discounts and rebates. Passenger revenue is recognised in profit when a passenger has flown.

We read the contracts relating to ticket sales and applied our understanding of these contracts in evaluating the judgements used in determining the timing of the revenue recognition of tickets that are unused. We also tested the application controls of the systems configured to recognise revenue for those tickets.

The timing of revenue recognition for unused tickets requires judgement due to the extended period over which the tickets may be utilised. It has been determined that unused tickets are recognised as revenue after two years from the sale date based on an assessment of ticket conditions and commercial considerations.

To address the accuracy of the output of the passenger revenue systems, we tested the relevant computer system controls, these being the user access, program change controls and application controls over internal passenger revenue systems. Our tests of these controls were designed to ensure that these key computer systems operated as they are designed, and are protected from tampering of data or software logic that would result in inaccurate accounting information relating to passenger revenue.

The determination of the amount of revenue to be recognised for each flight includes complex internal systems and involves the exchange of information with industry systems and partner airlines for a high volume of transactions.

The selected application controls tested 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 ensure the appropriate treatment of exceptions and reconciliations with the outputs from shared industry systems and partner airlines.

As a result of the judgement required in determining the timing for recognition of unflown tickets and the complexity in determining the amount of revenue to be recognised for flown flights, this is a key focus area in our audit.

We also visited a key outsourced revenue processing service provider in China and Singapore Airlines stations in London, Mumbai and Singapore to test the effectiveness of key controls in the passenger revenue accounting process at those locations.

### Findings

Cautious estimates have been made regarding the timing of revenue recognition for tickets that are expected to remain unused after flight date.

Regarding the accuracy of passenger revenue, no significant exceptions were noted in our testing of the IT and manual controls. Our site visits found the key controls to be operating effectively.



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

*Refer to note 2(aa) 'Revenue' and note 3(d) 'Frequent flyer programme' for the relevant accounting policy and a discussion of significant accounting estimates.*

### The key audit matter

### How the matter was addressed in our audit

Cash is received by Singapore Airlines in return for the issuance of miles in its Frequent Flyer programme. This cash is received as part of ticket sales made by Singapore Airlines for flights flown by KrisFlyer members, or alternatively from programme partners that purchase miles from Singapore Airlines to issue to their own customers.

The fair value of miles issued to KrisFlyer members when flights are flown, and the cash consideration received for miles issued to KrisFlyer members from sales to programme partners, is recognised on the balance sheet as deferred revenue.

Singapore Airlines uses estimates to determine the fair value of the awards for which the miles will be redeemed. These estimates are based on historical redemption patterns.

An estimate is made of the number of miles that will expire without use based on historical expiry patterns and the anticipated impact of changes to the programme.

Revenue is recognised when KrisFlyer members fly, or when it is assessed that the miles awarded will expire without use.

The accounting and estimation for determining the fair value of miles awarded in the Frequent Flyer programme and the proportion of miles that will expire without being used is complex, requires judgement to be applied and is a key focus area of our audit.

We evaluated the assumptions applied in the mathematical models used to determine the fair value of expected KrisFlyer awards. This included undertaking a comparison to historical redemption patterns and testing the calculations for award values against observable inputs such as published market air fares. We tested the controls implemented over the models.

We challenged the assumptions used to estimate the number of miles that will expire without use, including a comparison to historical experience and planned changes to the programme that may impact future redemption activity.

### Findings

We found the estimate for the fair value of miles to be balanced. We found the estimate of the percentage of miles that will not be used to be cautious, reflecting scheme enhancements that are anticipated to reduce the number of miles that will expire over time.

## Accounting for aircraft related assets and carrying values

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

### The key audit matter

### How the matter was addressed in our audit

The accounting for aircraft has a material impact on Singapore Airlines due to the cumulative value of the aircraft and long lived nature of these assets.

We compared the estimates of useful lives and residual values to the Singapore Airlines' fleet plan, recent aircraft transactions and contractual rights. We assessed the determination of the significant components of aircraft assets against our understanding of significant components of aircraft as identified across the aviation industry.

The key aspects requiring judgement include:

- The determination of the useful lives and residual values of the aircraft. This takes into account physical, economic and commercial considerations;
- The determination of components of aircraft; and
- Reviewing of carrying values of aircraft allocated to different parts of the business that use the aircraft (cash generating units (CGUs)). When it is necessary to test whether the asset values are impaired, the carrying value of all assets in the CGU are compared to an estimate of the amount that can be recovered from each CGU, based on discounted future cash flows. This requires an estimate to be made of future revenues, operating costs, capital expenditure and discount rates for each CGU.

We assessed the determination of the different CGUs that make up Singapore Airlines, based on our understanding of the nature of Singapore Airlines' business and the economic environment in which its segments operate.

We reviewed the potential indicators of impairment that would require impairment testing of CGUs. Where a CGU required testing, we challenged the forecast future revenues, operating costs, capital expenditure and discount rates based on our knowledge of the business and the aviation industry. We assessed the accuracy of the discounted cash flow models by re-performing the mathematical calculations.

The assessment of these judgements is a key focus area of our audit.

### Findings

We found that the estimates of useful lives and residual values were balanced and residual values are adjusted appropriately to reflect Singapore Airlines' fleet plans. Upon acquisition, components of aircraft are aggregated. Major inspection events are capitalised upon occurrence as components and they are depreciated over an appropriate useful life.

Where CGU testing was required to be conducted, cash flow forecasting was found to be in accordance with approved plans and to be balanced overall.



## Capitalisation of aircraft maintenance and overhaul costs

*Refer to note 2(h) 'Property, plant and equipment', note 2(i)(i) 'Depreciation of property, plant and equipment – Aircraft, spares and spare engines', note 2(j) 'Leases', note 2(v) 'Provisions' and note 3(e) 'Aircraft maintenance and overhaul expenditure under power-by-hour agreements' for the relevant accounting policy and a discussion of significant accounting estimates.*

### The key audit matter

### How the matter was addressed in our audit

Singapore Airlines has entered into several power-by-hour engine maintenance agreements with engine manufacturers, to reduce the volatility of maintenance costs and cash flows relating to periodic inspections and overhauls during the useful life of an engine.

We read the power-by-hour agreements to gain a detailed understanding of the significant terms which influence the economics of, and hence, accounting for the agreements.

A portion of the cost incurred for overhauls under these agreements has the economic effect of extending the useful lives of the engines. This portion is first recognised as a prepayment, and is capitalised in the carrying amount of the engine when an overhaul is carried out. The remaining portion of these payments are recognised as maintenance expenses when incurred.

We reviewed correspondence with the major engine manufacturers regarding the allocation of costs under the agreements.

We tested the design and implementation of key internal controls in place to assess the appropriateness of the methodologies and assumptions used in determining the appropriate accounting outcomes for these agreements.

Major inspection costs relating to heavy maintenance visits for airframes and overhauls of engines and landing gear and other significant events are capitalised. These amounts are depreciated over the average expected life between major overhauls or, if on an operating leased aircraft, the shorter of the average expected life between major overhauls and the remaining lease term.

We recomputed the interval between major overhauls and ascertained the reasonableness of the estimates of the useful lives of major engine overhaul events.

The assessment of the apportionment of costs to be capitalised and expenses associated with these power-by-hour agreements requires judgement. Determining the useful lives of maintenance inspections also requires judgement and these areas are a key focus for our audit.

### Findings

We found that a framework for determining the appropriate basis of accounting for these power-by-hour agreements based on the key terms of these agreements has been developed. We determined that appropriate assessments of the useful lives of major inspections, and of the proportion of the power-by-hour payments that have the effect of extending the useful lives of the engines, have been made.

## Acquisition of the remaining shares in Tiger Airways Holdings Limited

*Refer to note 2(d) 'Basis of consolidation', note 2(e) 'Subsidiary, associated and joint venture companies' and note 23(g) 'Changes in ownership interests in subsidiary companies' for the relevant accounting policy and a discussion of significant accounting estimates.*

### The key audit matter

### How the matter was addressed in our audit

On 17 October 2014, Singapore Airlines increased its stake in Tiger Airways Holdings Limited (Tiger Airways) to 52.0%. It was determined that control was obtained on that date.

We reviewed Singapore Airlines' Board papers which outlined the intention of each transaction undertaken by Singapore Airlines to increase its stake in Tiger Airways in October 2014 and November 2015.

On 6 November 2015, Singapore Airlines made an offer to acquire the remaining shares in Tiger Airways. On 4 March 2016, Singapore Airlines announced the close of the offer reaching the level of ownership required to enact a compulsory acquisition of the remaining shares.

We interviewed key management personnel to understand the commercial substance of the transactions.

We reviewed the terms of each offer and the associated shareholder and regulatory approvals required.

Singapore Airlines has determined that the two phases of the acquisition in 2014 and 2015 respectively are not part of a single plan, but are separate acquisitions made in response to circumstances at different times. Accordingly, the Company has determined that it acquired control of Tiger Airways on 17 October 2014, and that subsequent acquisitions of Tiger Airways shares do not result in the revision of their purchase consideration or the fair values of the assets acquired at the date that Singapore Airlines took control of Tiger Airways.

If on the other hand, it was determined that there was a single plan for the different phases of the acquisition, a higher amount of goodwill would have been recorded and other assets and liabilities acquired would have been estimated at different values.

Assessment of the date of control requires an assessment of the Company's underlying intentions, evidence of which cannot be reliably gathered from representations made to us and are not normally the subject of contracts with external parties, and hence is a key area of focus for our audit.

### Findings

We found that the assessment of the date Singapore Airlines obtained control of Tiger Airways, and the assessment that the 2015 acquisition was not part of the 2014 acquisition plans, were supported by the commercial substance of the transactions and the relevant company public announcements.



## Carrying amount of investment in Virgin Australia Holdings Limited

*Refer to note 2(e) 'Subsidiary, associated and joint venture companies' for the relevant accounting policy and a discussion of significant accounting estimates.*

### The key audit matter

### How the matter was addressed in our audit

Singapore Airlines equity-accounts its 23.1% holding in Virgin Australia Holdings (VAH). The carrying value of VAH at 31 March 2016 was \$354.2 million.

We studied recent market announcements made by VAH to obtain information relevant to an understanding of the financial position and capital needs of VAH.

On 21 March 2016, VAH announced a review of its capital structure and that short-term liquidity funding was sought from its major shareholders. On 29 March 2016, one of its major shareholders, Air New Zealand, announced that it would review its 25.9% strategic shareholding in VAH. VAH's share price fell from AUD 43.0 cents per share on 15 March 2016 to AUD 36.5 cents on 31 March 2016, on which date, SIA's investment in VAH exceeded its closing market value.

We read the Board papers supporting the decision by Singapore Airlines to provide shareholder support for the 12 month loan facility to VAH.

We then held discussions with key management personnel to understand their assessment of the different possible scenarios and their likely responses to those scenarios.

Accounting standards require an assessment of impairment for associates where there are indications that it may be potentially impaired. As the series of events relating to VAH's capital needs have only recently surfaced and continue to unfold, new information could become available after the issue of the financial statements that could change the assessment of whether there are indications of impairment or the assessment of the value of the holdings in VAH.

Assessing whether any such impairment had occurred on or after the 31 March 2016 balance sheet date is also a highly subjective judgement, because of the many factors that contribute to an assessment of whether there are indications of impairment, compounded by these factors happening in quick succession on either side of the balance sheet date.

Because of the inherent difficulties 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.

### Findings

We found the assessment that no indications of impairment existed at 31 March 2016 was a reasonable conclusion, on the weight of all the information available to date, noting nevertheless that there remains room for continuing developments in the imminent future to change the assessment of the value of the investment in VAH.

## **Other Matter**

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended 31 March 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 14 May 2015.

## **Responsibilities of management and directors for the financial statements**

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

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

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

## **Auditors' responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

### **Report on legal and regulatory requirements**

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

The engagement partner on the audit resulting in this independent auditors' report is Tham Sai Choy.



**KPMG LLP**  
Public Accountants and  
Chartered Accountants

Dated this 12<sup>th</sup> day of May 2016  
Singapore