

The Path of Progress

ANNUAL REPORT FY2014/15



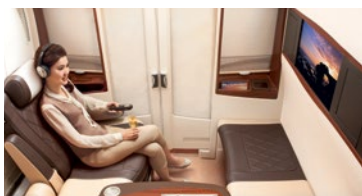
Mission Statement

"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."



Contents

The Airline was named the “Most Attractive Employer in Singapore” by Randstad Singapore for the third consecutive year.



3 Portfolio at a Glance

An overview of the highlights of the SIA Group airlines



20 The Year in Review

The SIA Group recorded a \$151 million increase in full-year operating profit amid lower fuel costs.



23 Fleet Management

SIA is committed to maintaining a young and modern fleet

Overview

- 2 3-Year Financial Highlights
- 3 Portfolio at a Glance
- 4 Statistical Highlights
- 6 Significant Events

An overview of the Airline's major achievements for the year in review.

Strategy

- 8 Flying the Nation's Flag with Pride
- 10 Reaching New Heights of Excellence
- 12 Continually Looking Beyond the Horizon
- 14 Chairman's Letter to Shareholders
- 16 Board of Directors

An introduction to the direction the Airline is taking and a strategic perspective from our leadership.

Performance

- 20 The Year in Review
- 22 Network
- 23 Fleet Management
- 24 Products and Services
- 30 People Development
- 32 Environment
- 33 Community Engagement
- 35 Subsidiaries
- 44 Financial Review
- 60 List of Awards

An account of the Airline's progress with more details on what drives our business and operations.

Governance

- 62 Statement on Risk Management
- 63 Corporate Governance Report
- 73 Membership and Attendance of Singapore Airlines Limited
- 74 Further Information on Board of Directors

The Airline's approach to corporate governance and the management of principal risk.

Financial

- 82 Financial Report
- 83 Report by the Board of Directors
- 215 Notice Of Annual General Meeting
- IBC Corporate Data

Detailed financial information charting the Airline's performance for the year along with the Directors' Report and corporate information.

Photo courtesy of Yip Cheong Fun

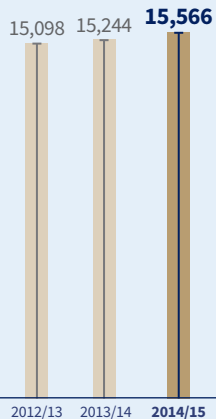


Singapore 50 years ago...
The Singapore River was the main artery of trade and economic activity when the nation gained independence in 1965. From the days of jetties, godowns and bumboats, the River remains a symbol of progress as Singapore transformed into a modern metropolis over the decades.

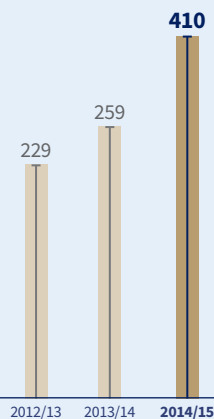
Singapore Airlines is the world's most awarded airline, and we are both proud and humbled that customers and industry alike have recognised our commitment to service excellence. Learn more about the awards we have won through the years.

3-Year Financial Highlights

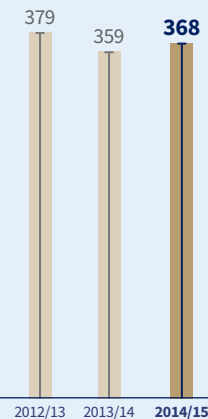
Total Group Revenue (\$M)



Group Operating Profit (\$M)



Group Net Profit (\$M)

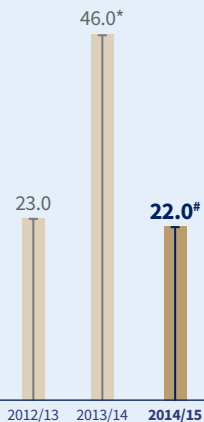


Passengers Carried ('000)

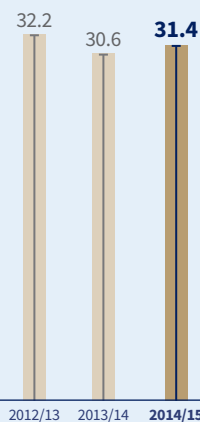
SIA



Total Dividend per Share (¢)



Earnings per Share, after Tax – basic (¢)

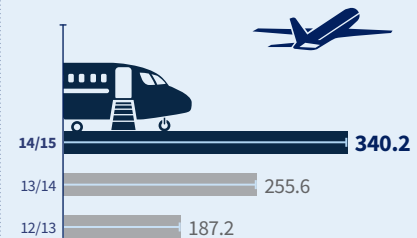


* Includes 25.0 cents per share special dividend.

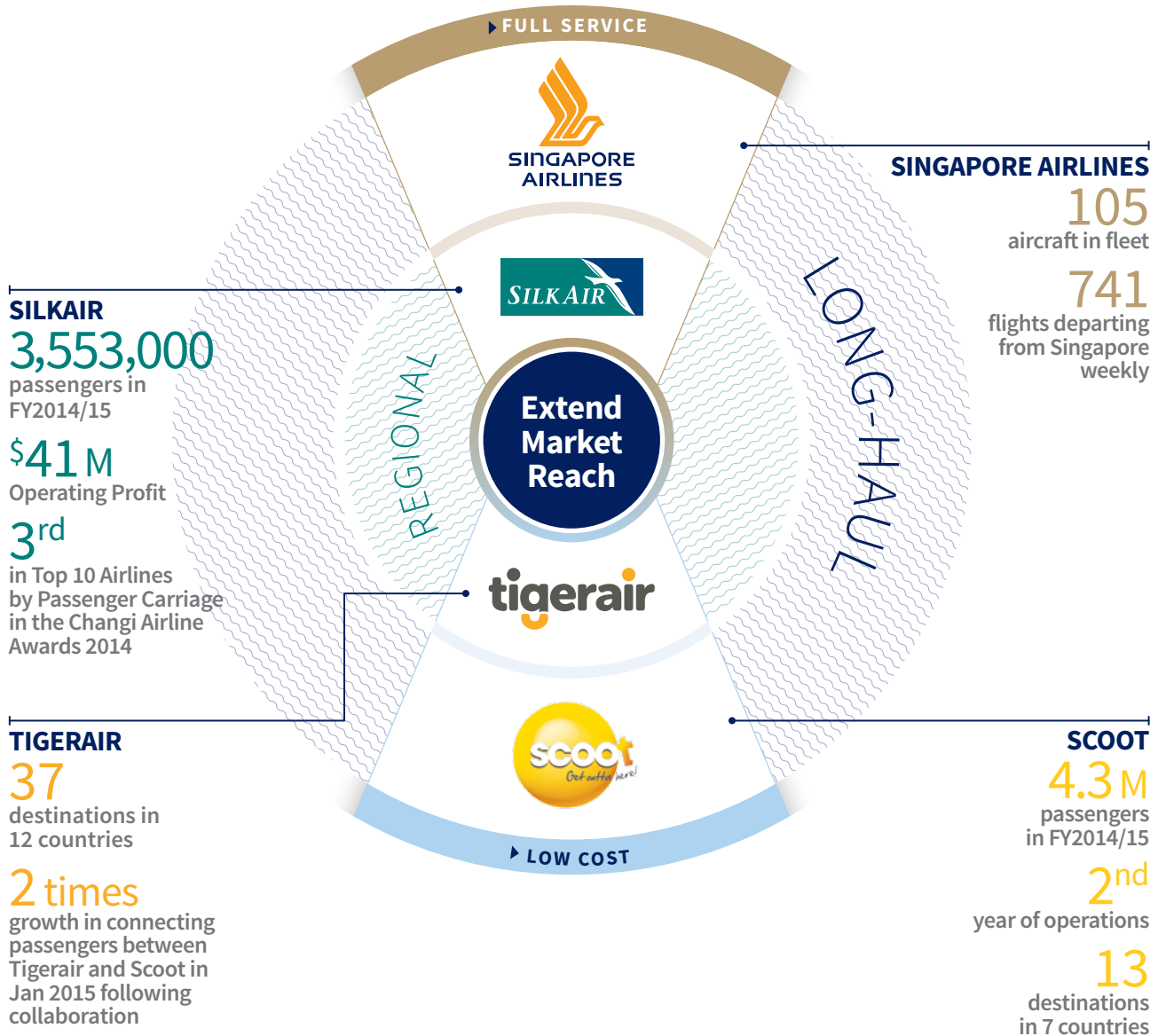
Includes a final dividend of 17 cents per share proposed by the Board of Directors.

Operating Profit (\$M)

SIA



Portfolio at a Glance



Statistical Highlights

Financial Statistics^{R1}

	2014/15	2013/14	% Change	
The Group				
Financial Results (\$ million)				
Total revenue	15,565.5	15,243.9	+ 2.1	
Total expenditure	15,156.1	14,984.6	+ 1.1	
Operating profit	409.4	259.3	+ 57.9	
Profit before taxation	442.9	367.9	+ 20.4	
Profit attributable to owners of the Parent	367.9	359.5	+ 2.3	
Financial Position (\$ million)				
Share capital	1,856.1	1,856.1	-	
Treasury shares	(326.3)	(262.2)	- 24.4	
Capital reserve	215.9	123.7	+ 74.5	
Foreign currency translation reserve	(135.7)	(101.5)	- 33.7	
Share-based compensation reserve	113.2	134.5	- 15.8	
Fair value reserve	(706.2)	(40.4)	n.m.	
General reserve	11,446.6	11,527.0	- 0.7	
Equity attributable to owners of the Parent	12,463.6	13,237.2	- 5.8	
Return on equity holders' funds (%) ^{R2}	2.9	2.7	+ 0.2	point
Total assets	23,921.2	22,642.5	+ 5.6	
Total debt	1,739.5	965.0	+ 80.3	
Total debt : equity ratio (times) ^{R3}	0.14	0.07	+ 0.07	times
Value added	4,396.8	4,370.1	+ 0.6	
Per Share Data				
Earnings – basic (cents) ^{R4}	31.4	30.6	+ 2.6	
Earnings – diluted (cents) ^{R5}	31.2	30.3	+ 3.0	
Net asset value (\$) ^{R6}	10.66	11.26	- 5.3	
Dividends				
Interim dividend (cents per share)	5.0	10.0	- 5.0	cents
Final dividend (cents per share)	17.0	11.0	+ 6.0	cents
Special dividend (cents per share)	-	25.0	- 25.0	cents
Dividend cover (times) ^{R7}	1.4	0.7	+ 0.7	times
The Company				
Financial Results (\$ million)				
Total revenue	12,418.4	12,479.7	- 0.5	
Total expenditure	12,078.2	12,224.1	- 1.2	
Operating profit	340.2	255.6	+ 33.1	
Profit before taxation	563.1	536.4	+ 5.0	
Profit after taxation	540.3	538.5	+ 0.3	
Value added	3,411.3	3,448.7	- 1.1	

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

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

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

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

^{R5} Earnings per share (diluted) is computed by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue excluding treasury shares, adjusted for the dilutive effect on the exercise of all outstanding share options.

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

^{R7} Dividend cover is profit attributable to owners of the Parent divided by total dividends.

Operating Statistics

	2014/15	2013/14	% Change	
Singapore Airlines				
Passengers carried (thousand)	18,737	18,628	+ 0.6	
Revenue passenger-km (million)	94,209.2	95,064.3	- 0.9	
Available seat-km (million)	120,000.8	120,502.8	- 0.4	
Passenger load factor (%)	78.5	78.9	- 0.4	point
Passenger yield (cents/pkm)	11.2	11.1	+ 0.9	
Passenger unit cost (cents/ask)	8.9	9.1	- 2.2	
Passenger breakeven load factor (%)	79.5	82.0	- 2.5	points
SilkAir				
Passengers carried (thousand)	3,553	3,411	+ 4.2	
Revenue passenger-km (million)	5,864.9	5,516.1	+ 6.3	
Available seat-km (million)	8,355.2	7,926.9	+ 5.4	
Passenger load factor (%)	70.2	69.6	+ 0.6	point
Passenger yield (cents/pkm)	13.9	13.7	+ 1.5	
Passenger unit cost (cents/ask)	9.7	9.8	- 1.0	
Passenger breakeven load factor (%)	69.8	71.5	- 1.7	points
SIA Cargo				
Cargo and mail carried (million kg)	1,124.0	1,117.8	+ 0.6	
Cargo load (million tonne-km)	6,347.2	6,419.3	- 1.1	
Gross capacity (million tonne-km)	10,024.9	10,273.6	- 2.4	
Cargo load factor (%)	63.3	62.5	+ 0.8	point
Cargo yield (cents/ltk)	32.8	32.7	+ 0.3	
Cargo unit cost (cents/ctk)	21.4	21.9	- 2.3	
Cargo breakeven load factor (%)	65.2	67.0	- 1.8	points
Singapore Airlines, SilkAir and SIA Cargo				
Overall load (million tonne-km)	15,557.4	15,778.1	- 1.4	
Overall capacity (million tonne-km)	22,607.8	22,889.7	- 1.2	
Overall load factor (%)	68.8	68.9	- 0.1	point
Overall yield (cents/ltk)	86.1	84.9	+ 1.4	
Overall unit cost (cents/ctk)	60.4	60.8	- 0.7	
Overall breakeven load factor (%)	70.2	71.6	- 1.4	points
Employee Productivity (Average) – The Company				
Average number of employees	14,040	14,240	- 1.4	
Seat capacity per employee (seat-km)	8,547,066	8,462,275	+ 1.0	
Passenger load per employee (tonne-km) ^{R1}	625,516	625,995	- 0.1	
Revenue per employee (\$)	884,501	876,383	+ 0.9	
Value added per employee (\$)	242,970	242,184	+ 0.3	
Employee Productivity (Average) – The Group				
Average number of employees	23,963	23,716	+ 1.0	
Revenue per employee (\$)	649,564	642,769	+ 1.1	
Value added per employee (\$)	183,483	184,268	- 0.4	

^{R1} Passenger load includes excess baggage carried.

GLOSSARY

Singapore Airlines

Revenue passenger-km	= Number of passengers carried x distance flown (in km)
Available seat-km	= Number of available seats x distance flown (in km)
Passenger load factor	= Revenue passenger-km expressed as a percentage of available seat-km
Passenger yield	= Passenger revenue from scheduled services divided by revenue passenger-km
Passenger unit cost	= Operating expenditure (less bellyhold revenue from SIA Cargo) divided by available seat-km
Passenger breakeven load factor	= Passenger unit cost expressed as a percentage of passenger yield. This is the theoretical load factor at which passenger revenue equates to the operating expenditure (less bellyhold revenue from SIA Cargo)

SilkAir

Revenue passenger-km	= Number of passengers carried x distance flown (in km)
Available seat-km	= Number of available seats x distance flown (in km)
Passenger load factor	= Revenue passenger-km expressed as a percentage of available seat-km
Passenger yield	= Passenger revenue from scheduled services divided by revenue passenger-km
Passenger unit cost	= Operating expenditure (less cargo and mail revenue) divided by available seat-km
Passenger breakeven load factor	= Passenger unit cost expressed as a percentage of passenger yield. This is the theoretical load factor at which passenger revenue equates to the operating expenditure (less cargo and mail revenue)

SIA Cargo

Cargo load	= Cargo and mail load carried (in tonnes) x distance flown (in km)
Gross capacity	= Cargo capacity production (in tonnes) x distance flown (in km)
Cargo load factor	= Cargo and mail load (in tonne-km) expressed as a percentage of gross capacity (in tonne-km)
Cargo yield	= Cargo and mail revenue from scheduled services divided by cargo load (in tonne-km)
Cargo unit cost	= Operating expenditure (including bellyhold expenditure to Singapore Airlines) divided by gross capacity (in tonne-km)
Cargo breakeven load factor	= Cargo unit cost expressed as a percentage of cargo yield. This is the theoretical load factor at which cargo revenue equates to the operating expenditure (including bellyhold expenditure to Singapore Airlines)

Singapore Airlines, SilkAir and SIA Cargo

Overall load	= Total load carried (in tonnes) x distance flown (in km)
Overall capacity	= Total capacity production (in tonnes) x distance flown (in km)
Overall load factor	= Overall load (in tonne-km) expressed as a percentage of overall capacity (in tonne-km)

Significant Events FY2014/15

JUNE

SIA and Asiana Airlines announce expansion of codeshare arrangements to cover SIA-operated flights beyond Singapore to Jakarta, Perth, Auckland and Cape Town, and Asiana-operated flights beyond Seoul to Honolulu, Seattle and Los Angeles.

Singapore Airlines announces the deployment of the A380 to Beijing from 1 August 2014.

KrisFlyer Spree, SIA's new online shopping mall boasting 2,000 global brands and merchants, is launched.

SEPTEMBER

SIA and Virgin Australia announce partnership that allows KrisFlyer and Velocity Frequent Flyer members to convert their Miles and Points between both programmes.

Singapore Airlines named an official sponsor of the 2014 BNP Paribas WTA Finals Singapore, held in Asia Pacific for the first time.

DECEMBER

SIA and EVA Air expand codeshare agreement to cover EVA Air-operated flights beyond Taipei's Taoyuan International Airport to Los Angeles, Seattle, San Francisco, New York's John F. Kennedy International Airport, Toronto and Vancouver.

APRIL

Singapore Airlines announces daily A380 services to Mumbai and New Delhi.

SIA unveiled as Title Sponsor of the 2014 FORMULA 1® SINGAPORE AIRLINES SINGAPORE GRAND PRIX.

2014



USD **325M**
investment
in upgrading
cabin products

MAY

The Airline invests USD325 million in upgrading 19 Boeing 777-300ERs with the latest generation of cabin products.

Singapore Airlines and JetBlue Airways file an application to enter into a bilateral codeshare agreement offering customers seamless connections between the two airlines.

AUGUST

The Airline's alliance with Air New Zealand, bringing increased flight frequency between Singapore and New Zealand and other consumer benefits, is approved.

Singapore Airlines announces deployment of the A380 to Auckland from 27 October 2014.

NOVEMBER

Singapore Airlines donates about \$2.5 million to Community Chest through two major fund-raising events, a Gala Dinner and Charity Run, in the lead-up to Singapore's 50th birthday in 2015.

The Airline and Tourism Australia sign a new, three-year strategic marketing deal worth a total of AUD12 million to deepen their existing commercial partnership.

2015



EXPANSION
OF KRISFLYER
PROGRAMME TO
OVER
200
partners

JANUARY

The KrisFlyer programme expands

to include additional SIA Group airlines – Scoot, Tigerair and Vistara. Dairy Farm is also added as a partner.

SIA launches special offers to encourage visits or stopover holidays, kicking off a series of activities lined up for the year to celebrate the nation's 50th birthday (SG50) and demonstrating its commitment to supporting Singapore's tourism sector.

MARCH

Madame Tussauds Singapore and Singapore Airlines unveil a wax figure of the iconic Singapore Girl, the second wax figure of a Singapore Girl produced by Madame Tussauds.



SINGAPORE
AIRLINES UNVEILS

2nd

wax figure produced
by Madame Tussauds

FEBRUARY

Singapore Airlines' newest class of travel, Premium Economy Class, opens for sale.

SIA and Tata Consultancy Services jointly launch TCS CrewCollab Solution, a mobile application to help cabin crew deliver more personalised customer service and to automate and streamline in-flight processes.

Flying the Nation's Flag with Pride

From one of the world's youngest nations, arises the world's most admired airline.

JOURNEY BEGINS

1937

JUN 1937

SINGAPORE:
Kallang Airport opens, becomes Singapore's first commercial international airport

MAY 1947

Malayan Airways Limited (MAL) takes off on a maiden flight to Kuala Lumpur from Kallang Airport

AUG 1955

SINGAPORE:
Kallang Airport closes, Paya Lebar Airport officially opens

SEP 1963

The Federation of Malaysia is born and MAL is renamed as Malaysian Airways Limited

AUG 1965

SINGAPORE:
Singapore gains independence

● SIA History

● Singapore Aviation History



Malaysian Airways Limited is renamed as Malaysia-Singapore Airlines (MSA)

SEP
1966

The sarong kebaya uniform, designed by French couturier Pierre Balmain, for the Singapore Girl is introduced

1968

MSA'S
1st
transcontinental flight takes off for London

JUN
1971

MSA splits to become two new entities – Singapore Airlines and Malaysian Airline System

MAR
1972

1975

SINGAPORE:
Government decides to build Singapore Changi Airport

19
80

Reaching New Heights of Excellence

A reputation for quality, reliability and excellence extends across the globe.

NEAR
& FAR

19
81

NOV
1981

SINGAPORE:
*Changi Airport
opens for
operations*

SEP
1984

SINGAPORE:
*The Civil Aviation
Authority of
Singapore (CAAS)
is set up*

1986

SINGAPORE:
*Construction of passenger
Terminal 2 begins, including work
on associated roadwork, two
multi-storey carparks, the Changi
Skytrain and a baggage transfer
system between the two terminals*

FEB
1989

SilkAir, then a subsidiary
of Singapore Airlines
named Tradewinds,
becomes Singapore's
second airline



NOV
1990

SINGAPORE:
Terminal 2
opens for
operations

1992

MAR
1992

SINGAPORE:
Singapore
Aviation
Academy opens

Singapore
Airlines'
inaugural flight
to New York

MAR
1993

Unveiling of the first
Singapore Girl wax
figure at Madame
Tussauds London

19
99

FLYING
FURTHER

20
00

Singapore Airlines sets a record for the world's longest non-stop commercial flight from Singapore to Los Angeles with the inauguration of its first A340-500

FEB
2004

NOV
2005

2006

SINGAPORE:
Changi Airport is the first airport outside Europe to welcome the Airbus A380

SINGAPORE:
Opening of 'Budget Terminal' for scheduled flight operations, the first dedicated terminal for low cost carriers in Asia

OCT
2007

Singapore Airlines takes delivery and is the first airline to operate the Airbus A380 Superjumbo, the largest passenger plane in the world

JAN
2008

SIA IS THE
1st
Airline to operate out of Changi Airport Terminal 3

JAN
2008

SINGAPORE:
Terminal 3 opens for scheduled flight operations

Continually Looking Beyond the Horizon

An unwavering commitment to innovation creates opportunities for future progress.

TODAY, THE AIRLINE FLIES TO

60

destinations on 6 continents from its primary hub in Singapore

2015

Singapore Airlines announces establishment of new subsidiary airline, Scoot

SIA unveiled as Title Sponsor of the 2014 FORMULA 1® SINGAPORE AIRLINES SINGAPORE GRAND PRIX

Tiger Airways becomes a subsidiary of the SIA Group

JUL 2009

OCT 2010

MAY 2011

APR 2014

OCT 2014

MAR 2015

SINGAPORE:
The corporatisation of Changi's Airport operations and restructuring of CAAS results in the formation of two entities: new CAAS and Changi Airport Group

SINGAPORE:
Singapore is re-elected into the Council of the International Civil Aviation Organization

Chairman's Letter to Shareholders

"Singapore Airlines continued to build upon its global network during the last financial year, including through new services by subsidiary airlines and through new partnerships with other airlines."

OPERATING PROFIT

\$410M

an increase of \$151 million

GROUP NET PROFIT

+2.5%

for FY2014/15



The SIA Group has come a long way over the decades. In a year in which Singapore celebrates its 50th birthday, we can be proud of the role we have played in contributing to the nation's development.

We fully intend to contribute in a positive manner over the next 50 years as well. As a result, we have been investing in strategic initiatives to ensure the Group has a bright future.

The past financial year saw many of these initiatives come to fruition, in the main areas where we have identified challenges, namely: competition from other full-service airlines, competition from low-cost carriers, and expanding our reach beyond our home base. Few airlines can claim to have done so much to address challenges in as short a time as the SIA Group has.

During the last financial year, the Parent Airline continued to invest heavily in its products and services to retain its leadership position. New aircraft continued to enter the fleet, work began to retrofit Boeing 777-300ERs with the newest cabin products, and there was continued investment to bring new designs to SilverKris lounges around the world. Development

work also continued on the new Premium Economy Class, which will enter service in August this year, while there has been much investment in enhancing digital capabilities, alongside investment in new, industry-leading customer service initiatives.

At the same time SIA continued to build upon its global network during the last financial year, including through new services by subsidiary airlines and through new partnerships with other airlines. This work will continue in the year ahead as we maintain our focus on the further development of the Group's global network and on contributing to growth of the Singapore hub.

There have also been many developments in the low-cost side of our business, to further strengthen our portfolio of brands, in which we have investments in both full-service and budget segments of the market. Scoot has continued to expand its route network and recently took delivery of its first Boeing 787s. It has also been progressively stepping up its co-operation with Tigerair, in which SIA now has a majority stake. Similarly to how Singapore Airlines and SilkAir provide feed to each other



at the premium end of the spectrum, Scoot and Tigerair are increasingly providing feed to each other, which is a win-win for both airlines as well as for the Singapore hub.

A key element of the SIA Group's multi-hub strategy also saw significant development during the financial year, with Vistara launching services as India's newest full-service airline in January. The new airline is a joint venture with Tata Sons and we are positive about its prospects, given the huge potential of the Indian market for sustained growth in both domestic and international travel. Scoot's new joint venture airline in Thailand, NokScoot, also secured its air operator's certificate during the financial year.

Market conditions remain challenging, but a strong balance sheet continues to benefit the SIA Group as it gives the Board and Management the confidence to invest and take a long-term approach, which is vital for our business. In addition to the strategic initiatives outlined above, we are focused on boosting revenue through the KrisFlyer frequent-flyer programme, which will be increasingly important in the years ahead, and in new business ventures, such as the Airbus Asia Training Centre.

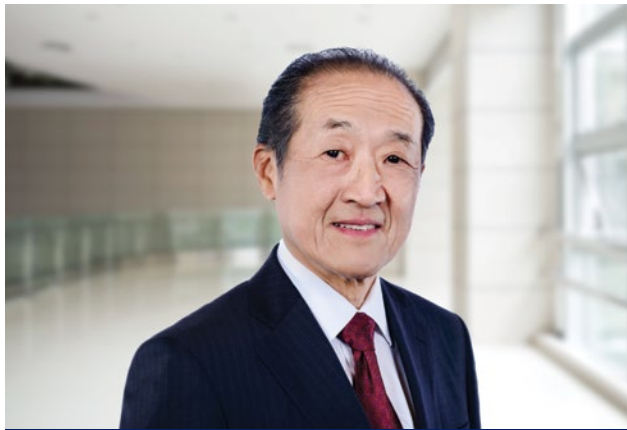
Amid the challenges, we have much to be proud of. We remain the world's most awarded airline, and this is in large part due to the dedication of our staff, who focus every day on providing the best travel experiences to our customers. To our employees around the world, my thanks to you all, for ensuring that customer service remains a true differentiator.

I would also like to thank my fellow Directors for their contributions during the past year, and in particular Jackson Tai, who retired from the Board after having served as a Director since 1 September 2011.

To our shareholders, I wish to thank you for your continued support for our strategic initiatives. It will naturally take time for the new investments to produce solid results, but they are necessary to strengthen the SIA Group, to ensure that the decades ahead are as fruitful as those behind us.


Stephen Lee
 CHAIRMAN

Board of Directors



▲ Stephen Lee Ching Yen

CHAIRMAN

Mr Lee is Chairman of SIA Engineering Company Limited and the NTUC Income Insurance Co-operative Limited. He is also the Managing Director of Shanghai Commercial and Savings Bank Ltd. (Taiwan) and Great Malaysia Textile Investments Pte Ltd. Among several other appointments, Mr Lee is a Senior International Advisor with Temasek International Advisors Pte Ltd and an alternate member of the Council of Presidential Advisers. He was President of the Singapore National Employers Federation from 1988 to 2014, and Chairman of the Singapore Business Federation, from 2002 to 2008, and International Enterprise Singapore, from 1995 to 2002. Mr Lee was a Nominated Member of Parliament from 1994 to 1997. In 2006, Mr Lee was awarded the Distinguished Service Order for his contributions to both the public and private sectors. For his sterling contributions to the labour movement, Mr Lee was awarded the Distinguished Comrade of Labour this year.



▲ Goh Choon Phong

DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Goh joined the Company in 1990 and has held senior management positions in various divisions in Singapore and overseas, ranging from Marketing to Information Technology to Finance and Cargo. Prior to his appointment as Chief Executive Officer, Mr Goh was Executive Vice President for Marketing and the Regions. He also served as President of Singapore Airlines Cargo Pte Ltd (2006 to 2010), Senior Vice President Finance (2004 to 2006) and Senior Vice President Information Technology (2003 to 2004). Mr Goh's other directorships and appointments include Director of SIA Engineering Company Limited, Virgin Australia Holdings Limited, Mount Alvernia Hospital, Member of the National University of Singapore Board of Trustees and a Member of the Board of Governors of the International Air Transport Association, of which he is a Member of the Strategy and Policy Committee.



▲ **Gautam Banerjee**

DIRECTOR

Mr Banerjee is a Senior Managing Director and co-Chairman of Blackstone Asia Operating Committee based in Singapore. He is also Chairman of Blackstone Singapore. He was with professional services firm PricewaterhouseCoopers (PwC) Singapore for over 30 years, including as its Executive Chairman and Chief Operating Officer for the Asia Pacific region. Mr Banerjee retired from PwC Singapore on 31 December 2012. Apart from his executive role in Blackstone, he serves as Vice Chairman of the Singapore Business Federation, Advisor to Singapore Institute of International Affairs, and is a Board Member of Piramal Enterprises Limited, India, The Indian Hotels Company Limited, EDB Investments Pte Ltd and GIC Private Ltd. He served on the Corporate Governance Council of the Monetary Authority of Singapore, Companies Act Reform Steering Committee and the Economic Strategies Committee chaired by the Finance Minister of Singapore from 2009 to 2010. Mr Banerjee was a Nominated Member of Parliament in Singapore between 2007 and 2009. In 2014, Mr Banerjee was awarded the Public Service Medal by the Singapore Government and an Honorary Doctor of Laws by the University of Warwick, England.



▲ **William Fung Kwok Lun**

DIRECTOR

Dr Fung is Group Chairman of Li & Fung Limited, a multinational group of companies headquartered in Hong Kong. Dr Fung has held key positions in major trade and business associations. He was Chairman of the Hong Kong General Chamber of Commerce (1994 to 1996), Hong Kong Exporters' Association (1989 to 1991) and Hong Kong Committee for the Pacific Economic Cooperation Council (1993 to 2002). Dr Fung has received numerous awards and accolades for his business contributions including the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2008. He was also conferred the Honorary Degrees of Doctor of Business Administration by the Hong Kong University of Science & Technology and by the Hong Kong Polytechnic University.

Board of Directors



▲ Hsieh Tsun-yan

DIRECTOR

Mr Hsieh is Chairman and Lead Counselor of LinHart Group, a leadership counselling firm founded by Mr Hsieh in 2008. Mr Hsieh has extensive experience in international business, leadership development and corporate transformation. He was with management consulting firm McKinsey & Company for 28 years and held posts in Singapore, Toronto and Copenhagen. He is a member of the Advisory Board at the School of Business and holds Provost Chair Professorship there and at the Lee Kuan Yew School of Public Policy, both at the National University of Singapore. He contributes to community with board roles current and past including the Singapore International Foundation, the Institute of Policy Studies, the Singapore Symphony Orchestra, Covenant House Canada and the University Health Network Foundation in Toronto.



▲ Christina Ong

DIRECTOR

Mrs Ong is a well-known hotelier and fashion retailer who owns the Como Hotels & Resorts Group of hotels and spas. She is also the owner of various high-end international fashion stores under the Club 21 umbrella. Mrs Ong was a recipient of the Italian Fashion Hall of Fame Award in 1995 and The Italian Award of Cavaliere De Lavo.



▲ **Helmut Gunter Wilhelm Panke**

DIRECTOR

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



▲ **Lucien Wong Yuen Kuai**

DIRECTOR

Mr Wong is Chairman and Senior Partner of Allen & Gledhill LLP and has over 30 years of experience in the practice of law, specialising in banking, corporate and financial services work. He is also Chairman of the Maritime and Port Authority of Singapore and Chairman of the Board of Directors of the Singapore International Arbitration Centre. Mr Wong is a member of the Board of Trustees for the Singapore Business Federation and sits on the Board of Directors of Temasek Holdings (Private) Limited, Hap Seng Plantations Holdings Berhad and Singapore Press Holdings Limited. He was a Board member of the Monetary Authority of Singapore from January 2006 to February 2013.

Operating Review

The Singapore Airlines Group recorded a \$151 million increase in full-year operating profit amid lower fuel costs.

The Year in Review

The Singapore Airlines Group earned an operating profit of \$410 million for the financial year ended 31 March 2015, a 58.3 per cent increase from last year, while net profit attributable to equity shareholders grew 2.5 per cent to \$368 million.

Financial Year Operating Results Excluding Tiger Airways¹

Tiger Airways became a subsidiary of the Group with effect from October 2014. Excluding Tiger Airways, the Group saw an increase in operating profit of \$160 million to \$419 million despite a marginal drop in Group revenue to \$15,209 million.

Passenger revenue improved 0.9 per cent, as Group passenger carriage and yields saw slight improvement. Group expenditure fell \$195 million from the last financial year, with the outstanding feature being a \$263 million reduction in net fuel cost.

Operating Performance

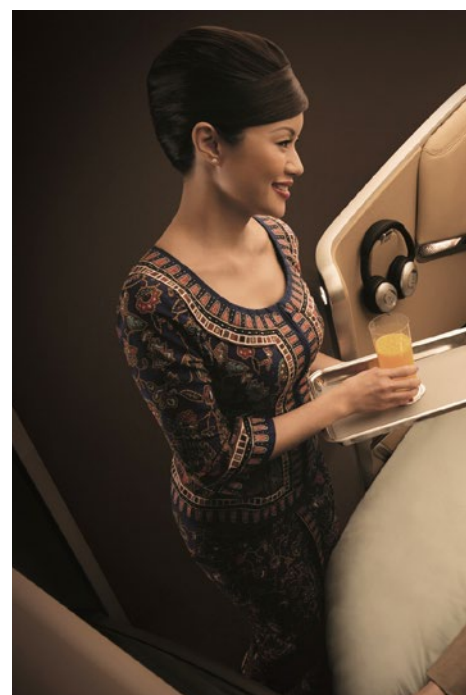
During the year in review, passenger carriage (in revenue passenger kilometres) for the Parent Airline Company declined 0.9 per cent on the back of a 0.4 per cent drop in capacity (in available seat-kilometres). Consequently, passenger load factor dipped 0.4 percentage points to 78.5 per cent. SilkAir registered a passenger load factor of 70.2 per cent, a 0.6 percentage-point increase from last year. With efforts to expand the regional network, passenger carriage rose 6.3 per cent, outpacing the 5.4 per cent growth in capacity.

SIA Cargo's freight carriage (in load tonne-kilometres) fell 1.1 per cent, against a 2.4 per cent reduction in capacity (in capacity tonne-kilometres). Load factor was therefore up 0.8 percentage points to 63.3 per cent.

Outlook

Looking ahead, market conditions remain challenging amid an uncertain global economic outlook. Demand in key markets is soft, primarily on Americas and European routes. Competition remains intense as other airlines continue to inject capacity with aggressive pricing. Depreciation of key revenue-generating currencies will place further pressure on yield and demand, while the stronger US Dollar will increase operating costs, year-on-year. To meet the challenges ahead, the Group will continue its disciplined approach in capacity deployment and cost management, while enhancing product offerings and leveraging the various airline subsidiaries to tap demand across a diverse range of travel segments. Supported by a strong balance sheet, the Group is in a strong position to maintain its competitive edge through the many strategic initiatives that are in place.

The Board of Directors recommends a final dividend of 17 cents per share for FY2014/15. Including the interim dividend of 5 cents per share paid on 27 November 2014, the total dividend for FY2014/15 will be 22 cents per share. The final dividend (tax exempt, one-tier) would be paid on 19 August 2015 to shareholders as at 5 August 2015.



GROUP OPERATING PROFIT OF

\$410M

a 58.3% increase from last year

NET PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS

+2.5%

to \$368 million

¹ Group results exclude Tiger Airways, which was consolidated with effect from October 2014, to facilitate a meaningful year-on-year comparison of results, as the results for Tiger Airways would not be included as part of SIA Group in FY2013/14.



Accolades

Singapore Airlines won **75 awards** in FY2014/15



Portfolio

Tigerair became a subsidiary, expanding the SIA Group portfolio



Services

USD80 million investment in the new Premium Economy travel class



Destinations

The SIA Group covers a total of **180 destinations**, including codeshare arrangements



Operating Review

The year in review saw more changes to the network as Singapore Airlines continued to match capacity to demand, while pursuing growth opportunities.

Network

The year in review saw more changes to the network as Singapore Airlines continued to match capacity to demand, while pursuing growth opportunities.

Flight frequency to Ho Chi Minh City was increased to 17 weekly services, bolstered by increased demand and to provide better connectivity for the Vietnam market. Singapore Airlines also welcomed SilkAir on the Denpasar (Bali), route, increasing combined services by both airlines to five times daily.

Singapore Airlines introduced daily A380 services to Beijing, Mumbai and New Delhi. Following the cessation of services to Riyadh and Cairo, Jeddah is served three times weekly via Dubai. In addition, the Group now operates Kolkata services seven times weekly, of which four are operated by SilkAir.

The launch of the Alliance between Air New Zealand and Singapore Airlines in January 2015 also saw the Auckland route being operated jointly by both airlines, with Singapore Airlines serving the city with an A380 starting October 2014, along with its daily service to Christchurch. Capacity to Adelaide, Australia, has been trimmed to seven times weekly.

In Japan and Europe, services to Haneda airport, in Tokyo, were increased to three daily flights and those to Istanbul increased to six weekly flights. In Americas, Los Angeles and New York continue to be served with daily A380 services via Tokyo-Narita and Frankfurt, respectively.

The dynamic competitive landscape will continue to necessitate judicious capacity management in the new financial year. Demand patterns will continue to be closely monitored and changes made to the Airline's network when necessary.



SINGAPORE AIRLINES FLIES TO

60 Destinations

The dynamic competitive landscape will continue to necessitate judicious capacity management in the new financial year.





ON FIRM ORDER

110
wide-body aircraft

OUR FLEET

7yrs 1mth
average age of fleet



Fleet Management

FY2014/15 saw the delivery of an additional five Airbus A330-300 aircraft and three Boeing 777-300ER aircraft.

Two 777-200s were leased to other carriers. One A330-300, one 777-200 and one 777-200ER were returned to lessors.

Singapore Airlines' total firm aircraft orders stood at 110 as at 31 March 2015. On order are three A330-300s, two 777-300ERs, five A380-800s, 70 A350-900s and 30 787-10s.

Singapore Airlines is committed to maintaining a young and modern fleet. The SIA passenger aircraft fleet in operation, as at 31 March 2015, comprised 105 aircraft, with an average age of seven years and one month.

SIA Cargo's fleet as at 31 March 2015 comprised eight 747-400 freighters, with an average age of 12 years and six months.

The fleet of SilkAir as at 31 March 2015 comprised 13 A320s, five A319s and nine 737-800NGs, with an average age of four years and six months. SilkAir had in August 2012 announced firm orders for 54 aircraft – 23 737-800s and 31 737 MAX 8s. Deliveries are due to continue to 2021, by which time the airline's fleet will have more than doubled in size.

Scot operated a fleet of two 787-9 Dreamliners and four 777-200s as at the end of the financial year. The two 787s, inducted in the last quarter of the financial year, are part of a firm order for 20 such aircraft.

Operating Review

The Airline continued to introduce new products and services, both on the ground and in the air.

Products & Services

KrisFlyer

The KrisFlyer programme ventured into new partnership sectors during the year in review, while working on enhancing the range of benefits and rewards for members. The programme expanded to include additional SIA Group airlines – Scoot, Tigerair and Vistara – as well as 11 non-airline partners during the year, providing members with a total of 32 airline partners and over 170 global non-airline partners in financial services, travel and increasingly in retail and everyday spend.

Since June 2014, members were given more options to earn miles when shopping with KrisShop, Singapore Airlines' inflight retail store. The programme also launched KrisFlyer Spree, the Airline's new online shopping mall, from which members can purchase items ranging from clothing and accessories to electronics and toys while being rewarded with miles. With over 2,000 global brands and merchants for members to choose from, KrisFlyer Spree provides a wide range of options for members.

A first for the programme, two conversion initiatives with Virgin Australia's Velocity Frequent Flyer programme and Dairy Farm Group Singapore were launched in the year for members in Australia and Singapore, respectively. Members can now access rewards both in the air and on the ground, through Velocity's range of non-redemption rewards and instant cash rebates at selected brands under Dairy Farm Singapore.

Existing KrisFlyer programme benefits were also enhanced in the year. Members can now combine KrisFlyer miles and cash not just for Singapore Airlines and SilkAir flights but also to pay for preferred seats in Economy Class on Singapore Airlines flights for bookings made on singaporeair.com.



EXPANDED TO

32

airline partners

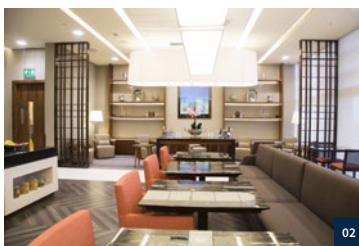
OVER

170

global non-airline
partners



01



02



03

Ground Services

Following the launch of the new-concept SilverKris Lounge in Sydney in December 2013, the lounge in Hong Kong welcomed its first guests on 31 October 2014, followed by an official opening on 26 January 2015.

The SilverKris Lounge at Heathrow's Terminal 2: The Queen's Terminal, London, opened on 8 April 2015. Developed from the concept of 'Home Away From Home', the lounge follows a strong residential concept that provides an exceptional level of comfort and familiarity to our guests.

The new-concept SilverKris Lounge has been well received, with many compliments for its design and offerings. The multi-million-dollar investment programme to upgrade SilverKris lounges around the world will see the completion of lounge developments in Manila, Bangkok and Brisbane in FY2015/16.



04

01-03. SilverKris Lounge at Heathrow's Terminal 2: The Queen's Terminal, London.

04. Vanda 'Miss Joaquim' prints on plush wingback chairs at the Hong Kong SilverKris Lounge.

Inflight Services

01 Fitting of Latest Cabin Products to Boeing 777-300ER Fleet

Singapore Airlines announced an investment of USD325 million in May 2014 to upgrade 19 Boeing 777-300ERs with the latest generation of cabin products. This upgrade features new seats which offer enhanced comfort in all classes of travel and KrisWorld, the Airline's advanced inflight entertainment system upgraded with the latest hardware offerings and an intuitive graphical user interface. The new cabin products, introduced in September 2013, following delivery of the first of eight additional 777-300ERs ordered from Boeing, will be fitted to provide consistency across the entire fleet. Installation work on the 19 earlier 777-300ERs will be completed on all aircraft by September 2016.

02 Singapore Airlines' New Premium Economy Class

In May 2014, the Airline made an announcement on plans for a new travel class, Premium Economy, which was met with highly positive public feedback. Suggestions were later incorporated into plans for the new product offerings. From February 2015, bookings were opened for travel starting from August 2015. Customers can expect a bespoke contemporary and stylish design with thoughtful touches, coupled with more space, comfort and convenience. Besides a comfortably wide seat with an eight-inch recline, the seats are complemented by a sleek 13.3-inch full HD monitor, the largest in its class. Customers will be able to choose from a more extensive range of food and beverage offerings including the Premium Economy Book the Cook service. There will also be priority check-in and baggage handling. Premium Economy Class will be introduced on flights to Sydney, and then progressively to other points including Beijing, Hong Kong, Frankfurt, London, Mumbai, New Delhi, New York, Shanghai, Tokyo and Zurich in the later part of 2015 and early 2016. The total investment for the new cabin class, which will initially be introduced on 19 A380s, 19 777-300ERs and the first 20 A350s, is estimated at USD80 million.

UPGRADING

19

Boeing 777-300ERs
with the latest
generation of cabin
products





01. Boeing 777-300ER fleet will be upgraded with the latest generation of cabin products

02. A380 Suites progressively being refreshed and expected to be completed by January 2016

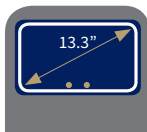
In May 2014, the Airline made an announcement on plans for a new travel class, Premium Economy, which was met with highly positive public feedback.

03 Suites Refresh

Singapore Airlines introduced the first refreshed A380 Suites in June. Designed by Coste Design, the seat and ottoman have been re-upholstered with new leather colours and stitching detailing to reflect a more modern and contemporary look. In-suite lighting has also been improved to enhance the overall reading and dining experience. The Suites are being progressively refreshed on the A380 fleet. To date, work has been completed on nine aircraft, with the remaining expected to be completed by January 2016.

Largest Screen

13.3-inch Full HD monitor
Complemented by a comfortably wide seat with an eight-inch recline in Premium Economy Class.



New Cabin Class

USD80 million invested for Premium Economy Class
On **19** A380s, **19** 777-300ERs and the first **20** A350s.



A380 Suites Refresh

Work on 9 aircraft has been completed
Designed by Coste Design, the seat and ottoman have been re-upholstered with new leather colours to reflect a more modern look.



Inflight Services

04 New Wine Consultant

In June 2014, Singapore Airlines welcomed Oz Clarke as a new Wine Consultant. He replaced Steven Spurrier, who retired from our Wine Panel after 25 years of excellent service to Singapore Airlines. Oz, one of the world's most celebrated and colourful wine authorities, has received many accolades over the years, including the Officier de l'Ordre du Mérite Agricole from the French government. He is also the author of numerous books on wine, including *Bordeaux*, which earned him the Louis Roederer International Wine Book of the Year in 2009. The former actor also hosts several popular television and radio programmes on wine.



05 Singapore Airlines Wine Programme: Cellars in the Sky 2014 Results

With expert advice from our Wine Panel consisting of Michael Hill-Smith, Jeannie Cho Lee and Oz Clarke, Singapore Airlines' Wine Programme was revitalised with the introduction of two additional wines – Penfolds RWT Shiraz from Australia and Dog Point Sauvignon Blanc from New Zealand – to our First Class wine list in September 2014.

Together with the iconic Dom Pérignon and Krug Grande Cuvée champagnes, the Second Growth Red Bordeaux and “Grand Cru” Red Burgundy, the Airline clinched the Gold Medal for Best First Class Cellar in *Business Traveller's* Cellars in the Sky Awards 2014. Three wines from our First Class wine list were also recognised for their top quality at the Awards.

First Class Fortified/ Dessert Wine:

2009 Chateau Filhot
The depth of flavours come together harmoniously, bearing aromas of pineapple, mango and papaya. The wine originates from Bordeaux, France.



First Class Sparkling:

2004 Dom Pérignon
The full taste lingers with the utmost elegance on a sappy, spicy note. Vintage Sparkling Wine from Champagne, France.



First Class White:

2013 Dog Point Sauvignon Blanc
Dog Point Vineyard Winery, New Zealand. This wine pairs well with white meats, pale cheeses and seafood, especially scallops and oysters.





01. Singapore Airlines' Wine Programme was revitalised with the introduction of two additional wines to our First Class wine list

02. The new Business Class Champagne – Taittinger Prelude “Grands Cru”

03. Singapore Airlines welcomed Oz Clarke as a new Wine Consultant

06 Singapore Airlines Wine Programme: New Business Class Champagne

The Airline launched a new Business Class champagne – Taittinger Prelude “Grands Cru” – in August 2014. This outstanding champagne is made solely from the first pressings of Chardonnay and Pinot Noir grapes from the best Grand Cru vineyards at the Taittinger Estate. Aged for over five years in the cellar, it is an exquisite and elegant wine for our Business Class passengers.



WELCOME NEW WINE CONSULTANT

Oz

Clarke who replaced Steven Spurrier after 25 years of service

TOP QUALITY

3 Wines

from our First Class wine list were recognised for their top quality

With expert advice from our Wine Panel, Singapore Airlines' Wine Programme was revitalised with the introduction of two additional wines to our First Class wine list in September 2014.

People Development

Singapore Airlines embarked on the next phase of the Towards Optimal Productivity initiative through a corporate-wide review.

The Airline's "Towards Optimal Productivity (TOP)" initiative, launched in December 2012 with the support of Singapore Airlines Staff Union (SIASU), gained much traction. This encouraged the Airline to embark on the next phase of TOP through a corporate-wide review to improve productivity, optimise jobs, and enable a structure to better meet the career aspirations of our workforce. Enhancements are also being made to the previous programmes implemented under TOP such as the introduction of a second tier of lump sum merit awards and an increased cash voucher quantum for Workplace Improvement and Innovation Scheme (WINS) contributions.

In 2014, the Airline enhanced its existing training for ground staff by updating and offering more targeted courses in the areas of customer servicing, sales and marketing, reservations and ticketing, and airport operations. Ground staff were also trained in the usage of the new Customer Experience Management (CEM) System via a suite of e-learning courses.

For cabin crew, the Cabin Crew Readiness Programme (CCRP) was recently accredited under the Service Excellence Workforce Skills Qualifications (WSQ) framework set out by the Singapore Workforce Development Agency (WDA). This is testament to Singapore Airlines' commitment to service training.

The accreditation allows our CCRP to be benchmarked against national standards and reinforces the importance of empowering employees with nationally-recognised certifications for training and development. The WSQ certification is a significant step forward in recognising our cabin crew members as service professionals. It will also enhance the Airline's ability to continue attracting the best talent. About 800 new crew members who undergo the 15-week programme each year will benefit from this certification.

Beyond picking up functional skills required for their professional duties on board, cabin crew also have opportunities for personal and professional development through the Self-Directed Learning (SDL) programme. SDL courses are made available for their enrolment on a voluntary basis during their off days or annual leave, and they cover a wide array of courses from skills development in languages, the culinary arts, training to leadership and people management.

The SIA Wellness and Health Programme, introduced in 2011, continues to offer annual health screening and sports try-out sessions for staff. Apart from activities that are centred on physical wellness, lunch-time talks covering topics on health, mental and financial wellness, as well as healthy-cooking sessions, are also included.



WSQ CERTIFICATION

800

new crew members will benefit from the certification annually

STAFF STRENGTH INCREASED

1.7%



01



03



02

To promote a healthy lifestyle and employee well-being, employee engagement activities were organised by the Airline under the SIA Sports and Social Activities Calendar. The 33rd SIA Group Athletics Meet 2014 was held over two weekends in May 2014 at Yishun Stadium. Events included traditional track and field events, as well as two special relays where divisions competed against one another for the CEO Challenge award. Other games like badminton, basketball and floorball were organised by the respective Staff Interest Groups regularly for staff, to foster greater employee interaction and camaraderie.

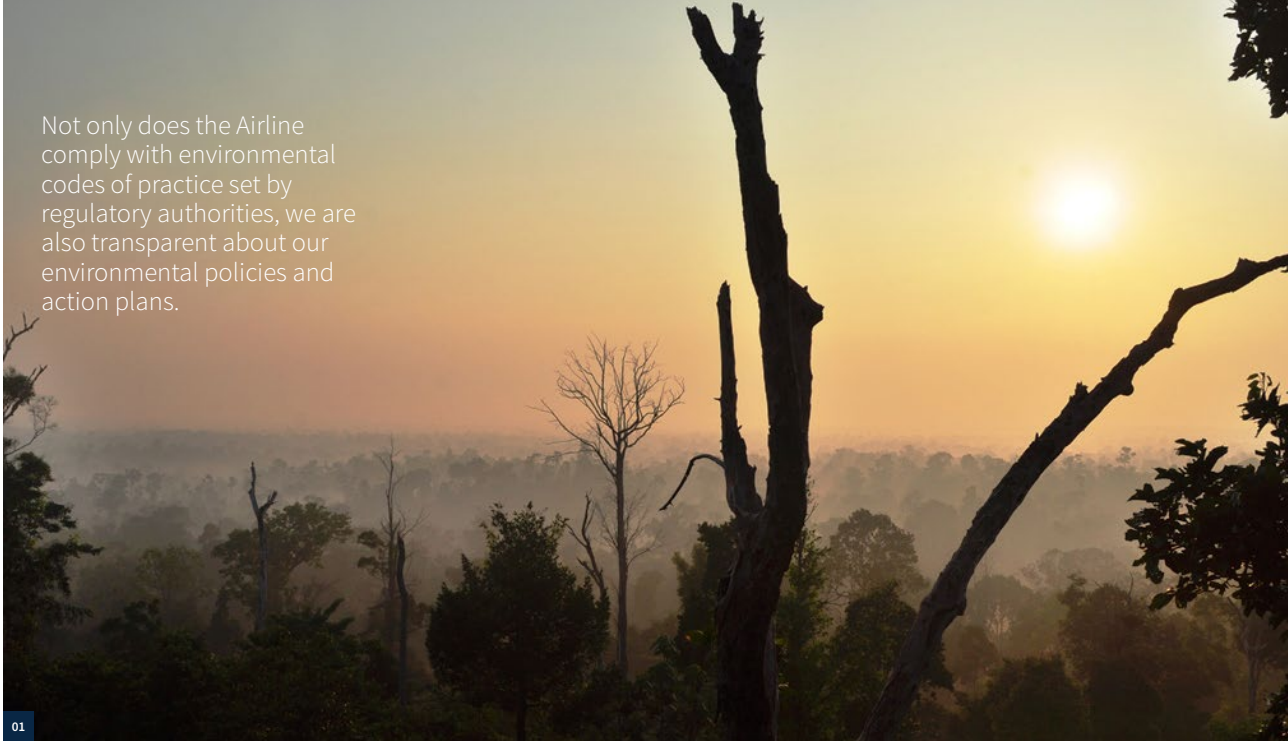
The SIA Group Road Run 2015 was held on 7 March at a new scenic route, the Punggol Waterway Park. The 5km run encouraged staff across all ages to participate in the morning work-out.

More information on the staff strength of the Airline and the SIA Group can be found on pages 49 and 57.

01. Singapore Airlines team at the World Airline Road Race (WARR) held at Dublin, Ireland

02-03. The 33rd SIA Group Athletics Meet was held over two weekends in May at Yishun Stadium

Environment



Not only does the Airline comply with environmental codes of practice set by regulatory authorities, we are also transparent about our environmental policies and action plans.

01

Besides safely and reliably flying passengers and freight around the world, the environment is another key priority for Singapore Airlines. We believe that we have a long-term responsibility to help protect the environment. Not only does the Airline comply with environmental codes of practice set by regulatory authorities, we are also transparent about our environmental policies and action plans.

SIA has a longstanding policy of maintaining a young and modern fleet of aircraft and commits to new technologies to harness the benefits of greenhouse gas emissions, improved fuel productivity, reduced noise levels and more efficient utilisation of resources.

We continually work towards improving fuel consumption in our operations as part of our efforts to reduce the climate change caused by increased greenhouse gases in the atmosphere. The SIA Group has in place a comprehensive fuel efficiency programme to mitigate rising CO₂ emission levels through fleet renewal and more efficient operational measures. The passenger fleet for the Airlines in the Group – SIA, SilkAir, Scoot and Tigerair – as well as SIA Cargo's freighters, all meet the stringent 2004 ICAO CAEP/6 Emission Standards for NOx.

SIA also participates in the Asia and Pacific Initiative to Reduce Emissions (ASPIRE) programme, a partnership of air navigation

service providers focused on environmental stewardship in the region. Under the 'ASPIRE-Daily City Pair' programme, regular 'green' flights are conducted between pairs of airports throughout the Asia-Pacific region, one of the fastest-growing aviation markets in the world. Selected daily flights operating between Singapore and Melbourne, Sydney, Auckland and Christchurch have been included in this programme.

We believe the use of sustainable aviation fuels has the potential to meet the industry's carbon neutral growth goals as well as reduce the dependence on fossil fuels. As a member of the Sustainable Aviation Fuel Users Group (SAFUG), which is focused on accelerating the development and commercialisation of sustainable aviation fuels, SIA has pledged to advance and adopt aviation biofuels produced sustainably and is committed to working in partnership with government agencies and stakeholders to do so.

SIA supports the International Air Transport Association (IATA)'s Four-Pillar Strategy to promote and drive efforts towards carbon neutral growth from 2020 onwards – specifically in the areas of technology, operations, infrastructure and economic measures.

More of the Airline's environmental activities and programmes are available in the Singapore Airlines Sustainability Report FY2014/15.

We believe the use of sustainable aviation fuels has the potential to meet the industry's carbon neutral growth goals as well as reduce the dependence on fossil fuels.

01. SIA is the exclusive airline partner for the Harapan Rainforest Initiative, aimed at restoring and protecting the biodiverse ecosystem.

02. Underprivileged children under the Caritas Zurich project had the opportunity to tour Zurich Airport and explore SIA's A380 aircraft.

03. Volunteers from SIA Community Service Club had a fun treasure hunt adventure with beneficiaries from MINDS IEDC at Changi Point Boardwalk on 19 July 2014.

Community Engagement



02

As a global carrier, SIA stands committed to various causes and contributes to the communities in which we operate.

\$2.5M

raised for charity from two fund-raising events

Singapore Airlines firmly believes in being socially responsible and contributing to the communities in which we operate. As a global carrier serving some 60 destinations in over 30 countries, SIA stands committed to various causes including education, arts, sports, heritage institutions and tourism through ticket sponsorships, cash contributions, donations-in-kind as well as staff involvement.

In the lead-up to Singapore's 50th birthday in August 2015, the Airline organised two major fund-raising events – the SIA Charity Gala held in October 2014 and the SIA Charity Run in November 2014. With the support of about 500 staff volunteers, a total of \$2.5 million was raised for the Community Chest of Singapore, a non-profit organisation that raises funds for many charities in Singapore. This was matched dollar-for-dollar by the Singapore Government under the national Care & Share Movement, lifting total funds raised to about \$5 million. The matched amount will go towards building the capabilities and capacities of the social service sector to meet rising needs.

During the year in review, SIA continued to actively take part in the annual “Give A Hand!” campaign, which raises funds for the adopted beneficiaries of the Community Chest. The funds are then channelled to help children with special needs.



03

Community Engagement



01. A total of \$2.5 million was raised for the Community Chest of Singapore in the lead-up to Singapore's 50th Birthday

The Airline was also acknowledged as a Diamond Partner in the SG Care & Share 2015 event, which marked the closing of the fund-raising activities of the Care & Share Movement. As part of the Movement, several of our employees participated in the Festive Care & Share “Fu Dai” project in January 2015 and distributed goodie bags to the elderly, in celebration of the Chinese Lunar New Year.

SIA has a longstanding commitment to grow the Singapore arts scene and we continued this tradition by contributing to the Singapore Symphony Orchestra, Singapore Dance Theatre, Singapore Lyric Opera and Singapore Chinese Orchestra. We have also worked closely with the National Arts Council on various community arts projects.

We also continued our support for Médecins Sans Frontières (MSF), also known as Doctors Without Borders. MSF is a leading international humanitarian organisation that delivers emergency aid to people in more than 70 countries affected by armed conflict, epidemics, natural disasters and exclusion from healthcare. MSF offers assistance to people based on need, irrespective of race, religion, gender or political affiliation.

On the education front, SIA supported numerous initiatives which provided students with opportunities to achieve their full academic

potential, including contributing \$5 million to the JY Pillay Global-Asia Programme, which raises local levels of research and fieldwork. In addition, we contribute to the LASALLE College of the Arts, where the young and talented pursue an arts education.

Since 2010, SIA has been partnering Salvation Army Singapore (SAS) by donating items left behind by our customers (i.e. uncollected for more than four months). Proceeds raised from the sale of these items at SAS' Family Thrift Stores go towards the charity's social and community programmes. Between 1 January and 31 December 2014, \$51,844 was raised from the sale of SIA's donated items.

SIA has been the exclusive airline partner for the Harapan Rainforest (also known as Hutan Harapan) Initiative, a large-scale green project aimed at restoring and protecting one of the world's most threatened and bio-diverse ecosystems, since August 2010. Our contribution stems from our strong belief that environmental efforts must focus on making a real and direct difference to the well-being of our planet, and sustain our shared environment for future generations.

More details of our community initiatives are available in the Singapore Airlines Sustainability Report FY2014/15.

The Airline was also acknowledged as a Diamond Partner in the SG Care & Share 2015 event, which marked the closing of the fund-raising activities of the Care & Share Movement.

Subsidiaries



SIAEC MANAGES
A FLEET OF
181
aircraft

SERVES
MORE THAN
80
airlines
worldwide

SIAEC remains a competitive player at Changi Airport, maintaining a strong revenue stream from its line maintenance business.

SIA Engineering Company

SIAEC posted a net profit of \$185 million for the financial year ended 31 March 2015. Revenue was \$1,119.7 million, a decrease of \$59 million or 5 per cent. Airframe and component overhaul revenue declined with fewer heavy checks, partially mitigated by higher fleet management revenue. Share of profits of associated and joint venture companies fell \$55 million to \$108 million. The contributions from the engine repair and overhaul centres decreased by \$57 million with reduced engine shop visits, arising from engine improvement modifications as well as an extension of the “on-wing” life of certain models and the continuing retirement of the older engine models.

SIAEC remains a competitive player at Changi Airport, maintaining a strong revenue stream from its line maintenance business. Beyond Singapore, the Company is focused on growing its line maintenance international network, which currently serves more than 80 airlines worldwide at 34 airports in seven countries.

The engineering subsidiary continues to extend the depth and breadth of its maintenance, repair and overhaul (MRO) capabilities. Leveraging on its deep bench strength of more than a thousand engineers, SIAEC supported the Entry into Service (EIS) of SilkAir’s 737NG and Scoot’s 787 Dreamliner

Subsidiaries

SIA Engineering Company

SIAEC's reputation as a renowned MRO Centre in the region received a further boost when the Company's Training Academy was appointed as an Airbus Maintenance Training Centre in March 2015.

in FY2014/15. In FY2015/16, SIAEC is gearing up for the EIS of SIA's A350 fleet.

Under the fleet management business, SIAEC manages a fleet of 181 aircraft, establishing it as a leading fleet management service provider. An expanding pool of airlines around the world are attracted by the integrated total care services offered under fleet management, which bundles MRO services with 24/7 fleet management support. The Company made further inroads into the fleet management business when it signed a pioneering agreement with The Boeing Company to jointly provide fleet management services to airlines in the Asia-Pacific and beyond. The SIAEC-Boeing joint venture will leverage on Boeing's OEM expertise and e-enabling technology, and SIAEC's extensive MRO experience and intimate knowledge of airlines' engineering needs. The joint venture's service offerings will cover the Boeing 737, 747, 777 and 787 fleets.

SIAEC's reputation as a renowned MRO Centre in the region received a further boost when the Company's Training Academy was appointed as an Airbus Maintenance Training Centre in March 2015. Under an agreement signed with Airbus, SIAEC's training facility in Singapore will be equipped with Airbus' latest maintenance training devices and courseware for the A320, A330, A380 and A350 aircraft. These best-in-class training services will augment SIAEC's MRO services and strengthen its ability to deliver total engineering solutions to airlines around the world.





SIA CARGO FLEET
COMPRISES

8

Boeing 747-400
freighter aircraft

SIA Cargo expanded network connectivity and growth opportunities through partnership arrangements with other airlines.

SIA Cargo

SIA Cargo narrowed its operating loss to \$22 million for the year in review. Despite a moderate recovery in global air freight demand as reported by the International Air Transport Association, the air cargo industry continued to experience challenges, with uneven demand growth and continued downward pressure on yields.

As at 31 March 2015, SIA Cargo's fleet consisted of eight Boeing 747-400 freighter aircraft. Freighter aircraft utilisation improved from the previous year as a result of more effective deployment of capacity to match demand through both scheduled services and charters. During the year in review, SIA Cargo launched a weekly New Delhi freighter service to complement bellyhold capacity on existing scheduled passenger flights. Frequency of freighter services to Americas and Europe was also increased during periods of high demand. In particular, air freight demand to the USA received a boost in February and March 2015 as a result of sea port congestion on the US West Coast.

Besides widening its own network, SIA Cargo expanded network connectivity and growth opportunities through partnership arrangements with other airlines. From 1 April 2015, SIA Cargo started managing SilkAir's bellyhold space. The integration of SilkAir's bellyhold capacity into SIA Cargo's overall operations will deliver a stronger value proposition to its customers, by providing



Subsidiaries

SIA Cargo



a single customer contact point for cargo matters and seamless access to a wider network of flights.

SIA Cargo continues to enhance its competencies in the carriage of specialised types of cargo including express traffic, pharmaceuticals, live animals, aerospace engines and odd-sized equipment. For the year in review, SIA Cargo operated numerous charter services for the carriage of live animals, including livestock for breeding and horses for world-class performances such as Cavalia, as well as for the transportation of racing vehicles and equipment for various motorsport events. SIA Cargo also worked closely with aerospace partners to ensure superior handling of the latest aircraft engine models on its freighters. Handling capabilities for postal mail were also enhanced through improvements in mail tracking and the transmission of electronic data between SIA Cargo and the postal companies.

Staying ahead of technology developments in the industry, SIA Cargo extended electronic airwaybill (e-AWB) implementation to 12 locations in its network, bringing the total number of e-AWB enabled stations to 21. As at March 2015, SIA Cargo's global penetration rate of e-AWB on feasible trade lanes was 41.8 per cent.

As part of its corporate social responsibility efforts, SIA Cargo's Corporate Citizenship Programme adopted Singapore Children's Society as its beneficiary, supporting the welfare of less-privileged children through corporate funding and employee volunteering. On the arts and heritage front, SIA Cargo also partnered renowned local and overseas museums in the transport of valuable artworks for various international exhibitions.

SIA Cargo's dedication to service quality continues to be recognised through various industry forums. In 2014, SIA Cargo was named the "Best Air Cargo Carrier in Asia" at the Asian Freight & Supply Chain Awards for the fifth consecutive year, and received the "Quest for Quality" Award from Logistics Management.

As part of its corporate social responsibility efforts, SIA Cargo's Corporate Citizenship Programme adopted Singapore Children's Society as its beneficiary, supporting the welfare of less-privileged children through corporate funding and employee volunteering.





4 New
Destinations added
in FY2014/15

FLEET OF
27
aircraft



The Airline was recognised as the 'Best Boutique Airline in Asia' by Chiang Mai-based travel publication, Now Travel Asia, in the Now Travel Asia Awards 2014.

SilkAir

During the financial year in review, SilkAir continued to expand its network, with the addition of four new destinations – Kalibo, Mandalay, Hangzhou and Denpasar.

Thrice-weekly services to Kalibo, the gateway of Boracay in the Philippines, commenced on 27 May 2014, while thrice-weekly services to Mandalay, the second-largest city in Myanmar, began on 10 June 2014.

Hangzhou was added to the network on 27 June 2014, increasing SilkAir's network in China to eight destinations. SilkAir also started offering daily flights to Denpasar from 12 December 2014, joining Singapore Airlines' four daily flights to Bali's capital, to offer customers a total of five round-trip services a day.

As part of an ongoing review of its network and capacity during the financial year, the Airline suspended twice-weekly services to Solo in Central Java, Indonesia from 26 October 2014. SilkAir continues to serve Central Java via two other points – Yogyakarta and Semarang.

On the product and services front, the Airline launched a new wireless inflight entertainment system, SilkAir Studio, in May 2014. With this service, customers on SilkAir flights are now able to stream movies, short TV features as well as chart-topping music to their personal laptops and handheld devices, on a complimentary basis. For flights above two hours, tablets are

Subsidiaries

SilkAir



extended to Business Class customers to enjoy SilkAir Studio.

During the year, SilkAir's fleet continued to grow with the delivery of seven new 737-800NG aircraft. The fleet, as at 31 March 2015, stood at 27 aircraft, comprising 13 A320s, five A319s and nine 737-800NGs.

On the corporate social responsibility front, SilkAir in January 2015 adopted Child's Dream Foundation, a charitable, not-for-profit organisation based in Chiang Mai, Thailand, dedicated to improving the educational and health situation for children and youths in the Sub-Mekong Region, including Myanmar, Laos, Thailand and Cambodia. The Foundation is committed to identifying the most needy beneficiaries and implementing projects that serve their needs in the most efficient and effective way.

On the local front, the Airline entered into tie-ups with the Singapore Lions XII football team, and Aluminaid Team Singapura Everest, as the official airline partner.

SilkAir's efforts to provide high standards of product and service quality continue to be recognised in the region. It was ranked 3rd in

the Top 10 Airlines by Passenger Carriage in the Changi Airline Awards 2014, presented by the Changi Airport Group. The Airline continues to be honoured in the TTG Asia Travel Hall of Fame, which it was inducted into in 2010 following its 10th win at the TTG Asia Travel Awards in 2009. SilkAir was once again voted one of the Top 10 Airlines Worldwide for Cabin Service in the Best in Travel Poll 2014 by Hong Kong-based online travel magazine, Smart Travel Asia.

In China, SilkAir received various accolades including 'Most Popular Airline' awarded by the Chengdu Times, 'Best Airline in Services' by the Xiamen Daily News, and '2014 Top 10 Tourism Unit in Service' by the Hubei Tourism Board. The Airline was also recognised as the 'Best Boutique Airline in Asia' by Chiang Mai-based travel publication, Now Travel Asia, in the Now Travel Asia Awards 2014.

SilkAir's efforts to provide high standards of product and service quality continue to be recognised in the region. It was ranked 3rd in the Top 10 Airlines by Passenger Carriage in the Changi Airline Awards 2014, presented by the Changi Airport Group.





FIRM
ORDERS OF
20
Boeing 787
Dreamliners

FLYING TO
13
Destination
points in total

Scoot carried more than 4.3 million passengers with an average load factor of about 80 per cent.

Scoot

In FY2014/15, its second year of operations, Scoot carried more than 4.3 million passengers with an average load factor of about 80 per cent. At the end of the financial year, Scoot operated a fleet of two 787 Dreamliners and four 777-200 aircraft. The two 787s, inducted in the last quarter of the financial year, are part of a firm order for 20 such aircraft.

No destinations were added during the year in the lead-up to the transition to an all 787 fleet. However, the airline announced that flights between Singapore and Melbourne, its 14th destination, will begin in November 2015. More routes will be announced and launched during FY2015/16.



A successful application to the Competition Commission of Singapore (CCS) for anti-trust immunity (ATI) has enabled the airline to deepen its alliance with Tigerair. The approval, granted in August 2014, allows Scoot and Tigerair to jointly market parallel routes, and co-ordinate sales, pricing and schedules. In an early manifestation of such co-operation, the two airlines have been operating joint venture services on two parallel routes – Singapore to Hong Kong and Bangkok – since January 2015.

Work is also underway to allow the seamless booking of each airline's flights on their respective websites, which will be further improved by integrating the Scoot and Tigerair reservation systems in 2015. Joint ground handling is also planned at the airlines' Singapore home base.

Subsidiaries

Scoot



Other developments include the joint venture with Thai partner Nok Air to establish a new Bangkok-based medium-haul airline called NokScoot. NokScoot received its Air Operator Certificate in October 2014 and has since operated a series of well-received charter flights to Japan and Korea.

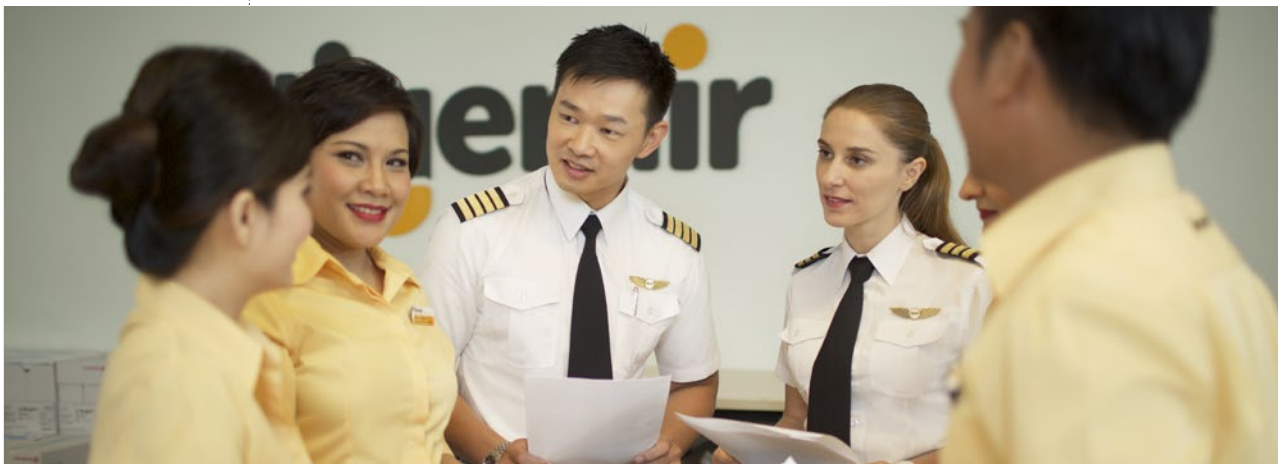
The establishment of NokScoot has progressed well but has faced a new challenge after the International Civil Aviation Organization (ICAO) recently flagged concerns over some aspects of Thailand's oversight of its aviation industry. The ICAO finding on Thailand's Department of Civil Aviation, which is not specific to NokScoot, has affected all Thai-registered airlines due to some countries electing not to allow new flights until the findings are addressed. Both Nok Air and Scoot remain committed to NokScoot and are

working to help Thailand's Department of Civil Aviation expeditiously resolve the situation.

Scoot was recognised as 2014 Marketer of the Year by Marketing Magazine, and was honoured as Asia-Pacific's Best Low Cost Airline by AirlineRatings.com.

FY2015/16 will be a year of expansion for Scoot, as it receives nine more 787s and retires its remaining four 777s. In addition to already-announced Melbourne services, a number of new routes to North Asia will be inaugurated.

Scoot was recognised as 2014 Marketer of the Year by Marketing Magazine, and was honoured as Asia-Pacific's Best Low Cost Airline by AirlineRatings.com.



37
DESTINATIONS
 across 12 countries

FLEET OF
24
 A320-200s

In the face of the challenging environment, Tigerair went through a series of difficult but necessary decisions to turn around its financial performance.

Tigerair

The year under review was a difficult one for Tigerair, as it was impacted by overcapacity in the region, which resulted in pressure on yields. In the face of the challenging environment, Tigerair went through a series of difficult but necessary decisions to turn around its financial performance. These included stemming of further losses from overseas ventures, shedding of surplus aircraft, capacity management for the Singapore operations, and strengthening of its balance sheet.

The execution of the turnaround plan delivered encouraging results as the business recorded an improved operating performance in the second half of the year, where the recovery came mainly from stronger yields and load factors, aided by lower fuel prices.

Tigerair Mandala ceased operations in July 2014, while Tigerair Australia was fully divested to Virgin Australia in February 2015. Tigerair Philippines had already been divested to Cebu Pacific at the end of the last financial year. Tigerair was then burdened with surplus aircraft that were previously operated in Indonesia and the Philippines.

Tigerair subleased 12 aircraft to InterGlobe Aviation Limited. This was in addition to one aircraft subleased to Tigerair Taiwan during the year. Tigerair plans to sublease one more aircraft to Tigerair Taiwan and sell two owned aircraft in the new financial year.

The subleasing and sale of surplus aircraft enables Tigerair to focus on improving yield and load factor, with its operating fleet of 24 aircraft as at 31 March 2015, and a further adjustment to 23 aircraft at the end of the new financial year. Capacity management involved removal of weak routes, while frequencies were increased to other points. New destinations were also added to the network, the latest addition being Ipoh where services began in May 2015.

The strengthening of Tigerair's balance sheet through the rights issue completed in January 2015 placed the airline on a firmer footing to execute its turnaround plan. The rights issue exercise garnered strong support from shareholders. Net proceeds of the rights issue amounted to approximately \$227.4 million.

Following the conversion of perpetual convertible capital securities to ordinary shares and the completion of the rights issue, SIA's stake in Tigerair was raised from 40 per cent to 55.8 per cent. Tigerair became a subsidiary of SIA during the third quarter of the financial year. At the same time, the Competition Commission of Singapore gave approval for merger control, which effectively allows all forms of collaboration between Tigerair and the SIA Group. Tigerair and Scoot had already engaged in deep co-operation since August 2014, and this is now extended to the rest of the SIA Group, an example of which is Tigerair's participation in SIA's KrisFlyer frequent-flyer programme.

Going forward, there continues to be surplus capacity in the industry which would place downward pressure on yields. Nonetheless, Tigerair expects to continue making headway in its turnaround effort.

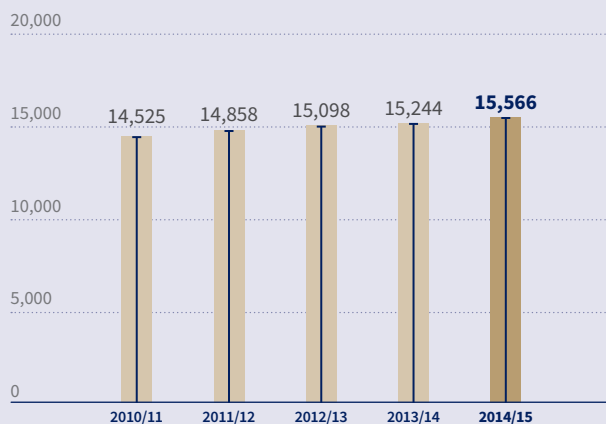
Financial Review

Highlights of the Group's Performance

Revenue (\$ million)

\$15,566M
(+\$322 million)

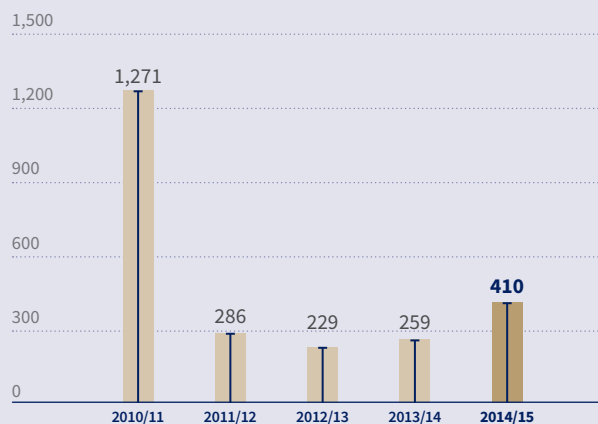
+2.1%



Operating Profit (\$ million)

\$410M
(+\$151 million)

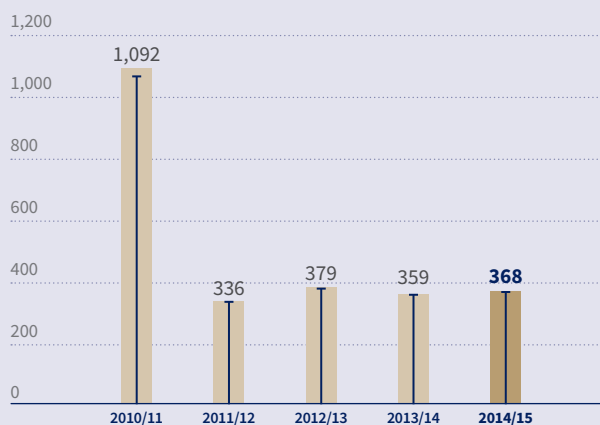
+58.3%



Profit attributable to owners of the Parent (\$ million)

\$368M
(+\$9 million)

+2.5%



Performance of the Group

Key Financial Highlights

	2014/15	2013/14	% Change
Earnings For The Year (\$ million)			
Revenue	15,565.5	15,243.9	+ 2.1
Expenditure	15,156.1	14,984.6	+ 1.1
Operating profit	409.4	259.3	+ 57.9
Profit attributable to owners of the Parent	367.9	359.5	+ 2.3
Per Share Data (cents)			
Earnings per share – basic	31.4	30.6	+ 2.6
Ordinary dividend per share	22.0	21.0	+ 4.8
Special dividend per share	–	25.0	n.m.
Ratios (%)			
Return on equity holders' funds	2.9	2.7	+ 0.2 point
Return on total assets	1.7	1.9	- 0.2 point

n.m. not meaningful

Group Earnings

During the financial year, the operating landscape for the aviation industry remained challenging with economic and political instability in key markets, intense competition, and currency fluctuations. Yields remained soft as tactical promotions were launched to boost loads. Unfavourable foreign exchange movements for revenue-generating currencies against the Singapore dollar pushed yields down, while strengthening of the US dollar (a major expenditure currency) against the Singapore dollar adversely impacted the Group's expenditure. These were partially mitigated by the steep fall in fuel prices in the second half of the financial year which resulted in significant reduction in net fuel cost, constituting about 37 per cent of the Group's total operating expenditure.

With effect from October 2014, Tiger Airways Holdings Limited ("Tiger Airways") became a subsidiary of the Group, and recorded an operating deficit of \$9 million since consolidation on the back of \$357 million revenue against \$366 million operating expenditure.

Excluding Tiger Airways, Group revenue declined marginally (-0.2 per cent or -\$35 million) against last year to \$15,209 million. Passenger revenue rose as passenger carriage and yields saw improvement of 0.2 per cent and 0.9 per cent respectively. Cargo revenue was lower, largely due to a 2.4 per cent reduction in capacity. Engineering services revenue declined with reduced overhaul activities, as did incidental revenue with a reduction of aircraft leasing income following the expiry of leases to Royal Brunei Airlines, and lower compensation pertaining to changes in aircraft delivery slots. The Group's revenue (excluding Tiger Airways) by business segment is shown below:

	2014/15 \$ million	2013/14 \$ million
Airline operations	12,498.7	12,444.7
Cargo operations	2,234.8	2,248.3
Engineering services	437.8	508.5
Others	37.2	42.4
Total revenue (excluding Tiger Airways)	15,208.5	15,243.9

Financial Review

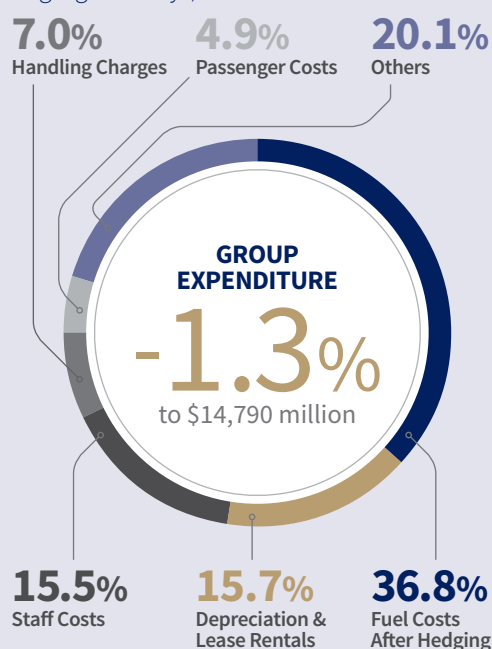
Performance of the Group (continued)

Group Earnings (continued)

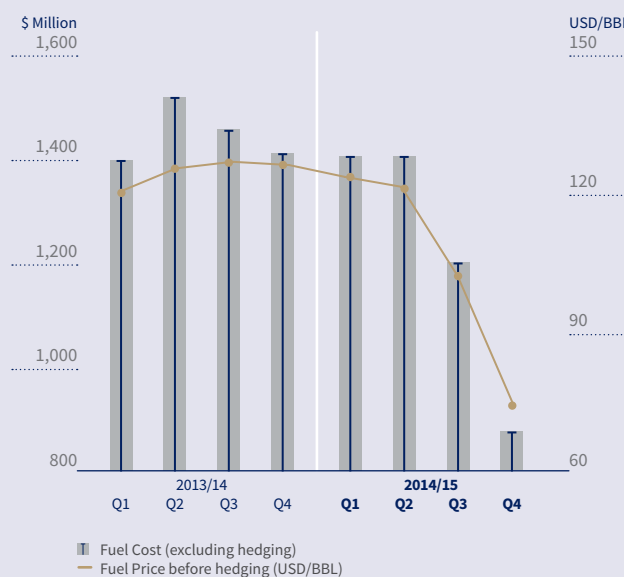
Excluding Tiger Airways, Group expenditure decreased by \$195 million (-1.3 per cent) year-on-year to \$14,790 million, primarily from a \$263 million reduction in net fuel cost. Before hedging, fuel cost declined \$899 million, with the average jet fuel price sliding 15.4 per cent from a year earlier and a 1.6 per cent fall in volume uplifted, partially offset by the stronger US Dollar against the Singapore Dollar, and a \$549 million hedging loss compared to the hedging gain of \$87 million last year. Non-fuel costs increased \$68 million, primarily due to higher lease rentals with more aircraft on lease, alleviated by lower depreciation and staff costs.

Consequently, the Group's operating profit excluding Tiger Airways improved \$160 million to \$419 million for the financial year ended 31 March 2015. Except for SIA Engineering Company ("SIAEC Group"), operating performance for all the major companies in the Group improved from the preceding year. Singapore Airlines ("the Company") recorded an operating profit of \$340 million in the financial year, an improvement of \$84 million from a year ago. SIAEC Group's operating profit was \$32 million lower, as the reduction in revenue (-\$59 million) outstripped the reduction in expenditure (-\$27 million). SIA Cargo narrowed its full year operating loss by \$78 million to \$22 million, largely attributable to its capacity rationalisation effort in response to excess capacity in the air cargo market. Please refer to the review of the Company and subsidiary companies for further details.

Group Expenditure (excluding Tiger Airways)



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



Performance of the Group (continued)

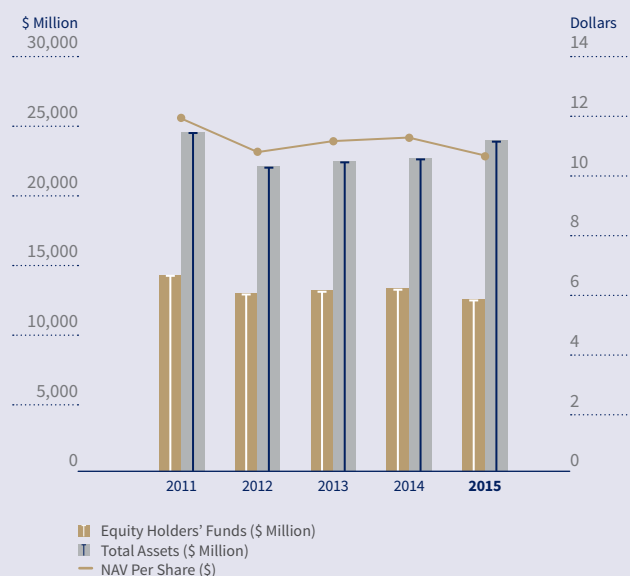
Financial Position

As at 31 March 2015, equity attributable to owners of the Parent decreased by \$774 million or 5.8 per cent to \$12,464 million due mainly to fair value changes on cash flow hedges (-\$739 million), payment of the 2013/14 final and special dividends (-\$423 million) and the 2014/15 interim dividend (-\$58 million). These were partially offset by share of other changes in equity of an associated company (+\$81 million) and profits for the financial year (+\$368 million). The fair value change on cash flow hedges of \$739 million was mainly attributable to losses incurred on outstanding hedges due to decline in fuel price.

Total Group assets increased by \$1,279 million or 5.6 per cent to \$23,921 million as at 31 March 2015 mainly due to increase in property, plant and equipment (+\$497 million), cash balances (+\$370 million), intangible assets (+\$274 million) and investment in associated companies (+\$193 million), partially offset by a decrease in short-term investments (-\$119 million). The increase in property, plant and equipment was largely attributable to the consolidation of Tiger Airways. The consolidation of Tiger Airways also gave rise to the recognition of goodwill (+\$164 million), and brand and trademarks (+\$110 million) which were included as intangible assets. The increase in associated companies was mainly due to the investment in Virgin Australia Holdings Limited (+\$401 million) reclassified from long-term investments, partially offset by the investment in Tiger Airways (-\$229 million), which became a subsidiary during the financial year. Net asset value per share decreased 5.3 per cent to \$10.66.

The Group's net liquid assets^{R1} decreased by \$523 million to \$3,683 million as at 31 March 2015, mainly attributable to an increase in borrowings (-\$775 million), and a decrease in short term investments (-\$119 million), partially offset by higher cash and bank balances (+\$370 million). The increase in borrowings primarily arose from the Company's issuance of \$500 million notes during the financial year and the consolidation of Tiger Airways. The higher cash balances were mainly due to proceeds from the issuance of notes (+\$500 million) and sale and leaseback transactions (+\$874 million), partially offset by dividend payments (-\$481 million), acquisition of long-term investments (-\$379 million), as well as purchase of treasury shares (-\$107 million). Total debt to equity ratio increased by 0.07 times to 0.14 times as at 31 March 2015.

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



Group Net Liquid Assets



^{R1} Net liquid assets is defined as the sum of cash and bank balances, and short-term investments, net of finance lease commitments, loans and bonds issued.

Financial Review

Performance of the Group (continued)

Dividends

For the financial year ended 31 March 2015, the Board recommends a final dividend of 17 cents per share. Including the interim dividend of 5 cents per share paid on 27 November 2014, the total dividend for the 2014/15 financial year will be 22 cents per share. This amounts to a payout of approximately \$257 million based on the number of issued shares as at 31 March 2015. The total ordinary dividend per share of 22 cents translates to a payout ratio of 69.9 per cent, an increase of 1.2 percentage points compared to the 2013/14 payout ratio of 68.7 per cent.

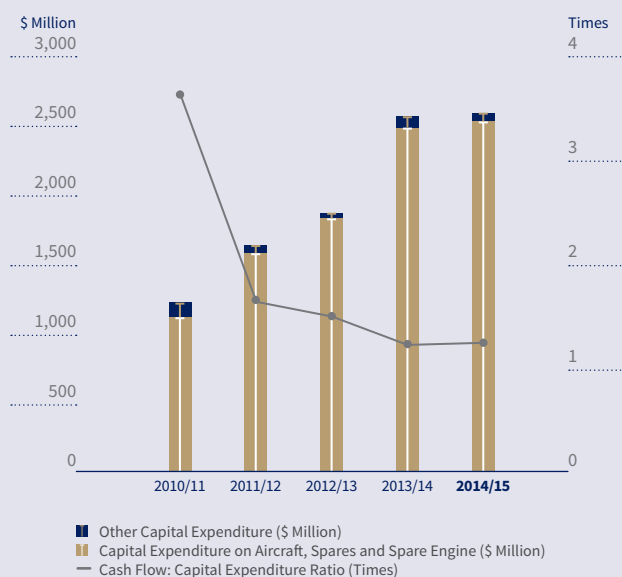
Dividend Payout



Capital Expenditure and Cash Flow of the Group

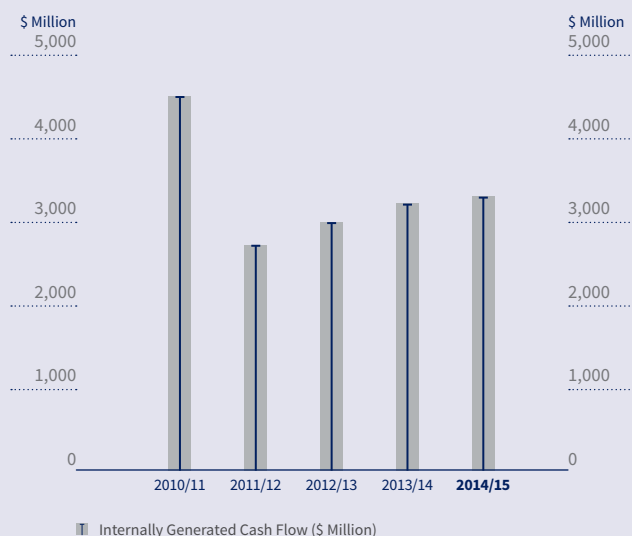
Capital expenditure was \$2,600 million, 1.0 per cent higher than last year. About 98 per cent of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of \$3,306 million (+2.6 per cent) was 1.27 times of capital expenditure. The increase in internally generated cash flow was primarily from operations, supplemented by higher proceeds from disposal of aircraft, spares and spare engines, partially offset by lower dividends received from associated and joint venture companies.

Group Capital Expenditure



Performance of the Group (continued)

Internally Generated Cash Flow



Group Staff Strength and Productivity

The Group's staff strength as at 31 March 2015 is as follows:

	31 March		
	2015	2014	% Change
Singapore Airlines	13,920	14,160	- 1.7
SIA Engineering Group	6,198	6,432	- 3.6
SilkAir	1,452	1,462	- 0.7
SIA Cargo	882	914	- 3.5
Others	1,674	832	+ 101.2 ^{R2}
	24,126	23,800	+ 1.4

Average staff productivity is as follows:

	2014/15	2013/14	% Change
Revenue per employee (\$)	649,564	642,769	+ 1.1
Value added per employee (\$)	183,483	184,268	- 0.4

^{R2} Other subsidiary companies' staff strength was up 101.2 per cent, largely due to inclusion of Tiger Airways' staff strength of 840 as at 31 March 2015.

Financial Review

Performance of the Group

(continued)

Statements of Value Added and its Distribution

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

	2014/15 \$ million	2013/14 \$ million
Total revenue	15,565.5	15,243.9
Less: Purchase of goods and services	(11,254.7)	(11,026.5)
	4,310.8	4,217.4
Add:		
Interest income	74.9	62.7
Surplus on disposal of aircraft, spares and spare engines	51.9	51.2
Dividends from long-term investments	13.2	19.6
Other non-operating items	(14.3)	1.9
Share of profits of joint venture companies	52.6	94.8
Share of losses of associated companies	(126.8)	(39.2)
Exceptional items	34.5	(38.3)
Total value added for distribution	4,396.8	4,370.1
Applied as follows:		
To employees:		
– Salaries and other staff cost	2,335.2	2,336.7
To government:		
– Corporation taxes	39.1	(49.7)
To suppliers of capital:		
– Interim and proposed dividends	257.2	540.5
– Finance charges	49.6	37.3
– Non-controlling interests	38.8	64.9
Retained for future capital requirements:		
– Depreciation and amortisation	1,566.2	1,621.4
– Retained profit	110.7	(181.0)
Total value added	4,396.8	4,370.1
Value added per \$ revenue (\$)	0.28	0.29
Value added per \$ employment cost (\$)	1.88	1.87
Value added per \$ investment in property, plant and equipment (\$)	0.18	0.18

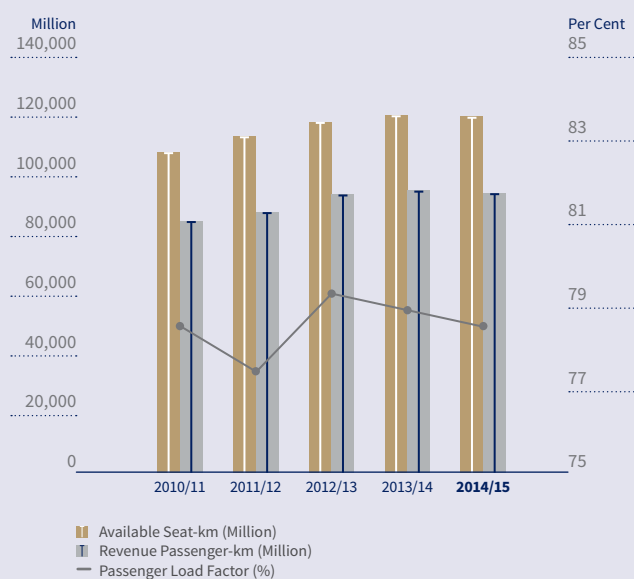
Performance of the Company

Operating Performance

	2014/15	2013/14	% Change	
Passengers carried (thousand)	18,737	18,628	+	0.6
Available seat-km (million)	120,000.8	120,502.8	-	0.4
Revenue passenger-km (million)	94,209.2	95,064.3	-	0.9
Passenger load factor (%)	78.5	78.9	-	0.4 point
Passenger yield (¢/pkm)	11.2	11.1	+	0.9
Passenger unit cost (¢/ask)	8.9	9.1	-	2.2
Passenger breakeven load factor (%)	79.5	82.0	-	2.5 points

During the financial year, the Company continued to be impacted by intense competition and economic uncertainties in key markets. Passenger load factor of 78.5 per cent was 0.4 percentage point lower year-on-year, as the decline in passenger traffic of 0.9 per cent trailed the capacity reduction of 0.4 per cent. Yields improved by 0.9 per cent against last year to 11.2 ¢/pkm, whereas passenger unit cost reduced by 2.2 per cent primarily as result of lower fuel costs. Consequently, the passenger breakeven load factor fell by 2.5 percentage points to 79.5 percent.

Available Seat Capacity, Passenger Traffic and Load Factor



Financial Review

Performance of the Company (continued)

Operating Performance (continued)

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

	By Route Region ^{R3} (2014/15 against 2013/14)					
	Passengers Carried Change		Revenue Passenger KM		Available Seat KM	
	(thousand)		% Change		% Change	
East Asia	+	131	+	3.0	+	3.8
Americas	-	197	-	13.5	-	9.1
Europe	+	31	+	0.6	+	2.2
South West Pacific	+	140	+	3.8	-	0.6
West Asia and Africa	+	4	-	1.3	-	2.3
Systemwide	+	109	-	0.9	-	0.4

Passenger load factor by route region is as follows:

	Passenger Load Factor (%)			
	2014/15	2013/14	%	Change points
East Asia	76.1	76.7	-	0.6
Americas	79.6	83.6	-	4.0
Europe	79.6	80.9	-	1.3
South West Pacific	82.7	79.2	+	3.5
West Asia and Africa	72.2	71.5	+	0.7
Systemwide	78.5	78.9	-	0.4

^{R3} Each route region comprises routes originating from Singapore to final destinations in countries within the region concerned and vice versa. For example, Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region. East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, South Korea, Malaysia, People's Republic of China, Myanmar, Philippines, Thailand, Taiwan and Vietnam. Americas comprises Brazil and USA. Europe consists of Denmark, England, France, Germany, Italy, Russia, Spain, Switzerland, The Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa is made up of Bangladesh, Egypt, India, Maldives, Saudi Arabia, South Africa, Sri Lanka and United Arab Emirates.

Performance of the Company (continued)

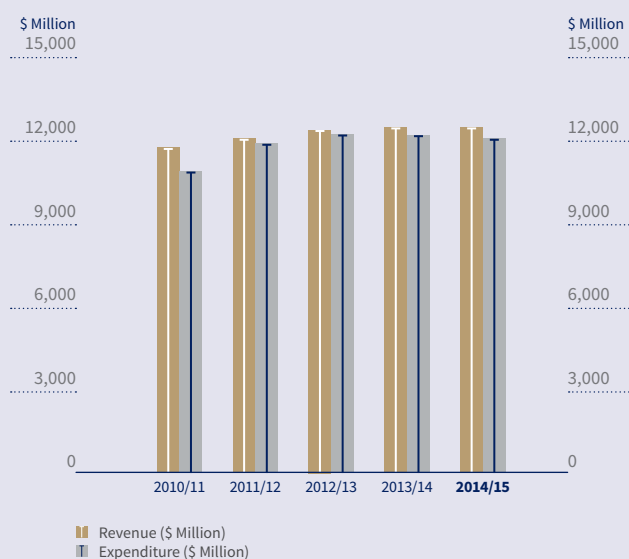
Operating Performance (continued)

Earnings

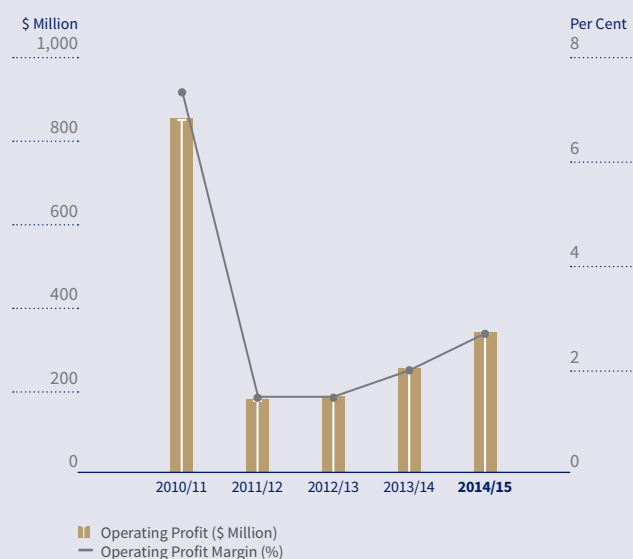
	2014/15	2013/14	
	\$ million	\$ million	% Change
Revenue	12,418.4	12,479.7	- 0.5
Expenditure	12,078.2	12,224.1	- 1.2
Operating profit	340.2	255.6	+ 33.1
Finance charges	(44.0)	(33.6)	- 31.0
Interest income	79.3	64.3	+ 23.3
Surplus on disposal of aircraft, spares and spare engines	36.8	45.6	- 19.3
Dividends from subsidiary and associated companies	215.2	211.5	+ 1.7
Dividends from long-term investments	4.9	5.4	- 9.3
Other non-operating items	(65.2)	(52.7)	- 23.7
Profit before exceptional items	567.2	496.1	+ 14.3
Exceptional items ^{R4}	(4.1)	40.3	n.m.
Profit before taxation	563.1	536.4	+ 5.0
Taxation	(22.8)	2.1	n.m.
Profit after taxation	540.3	538.5	+ 0.3

n.m. not meaningful

Company Revenue and Expenditure



Operating Profit and Operating Profit Margin



^{R4} The exceptional items in 2014/15 pertained to provision for settlement with plaintiffs in the Transpacific Class Action (\$11.4 million), partly offset by additional gain on sale of Virgin Atlantic Limited ("VAL") (\$7.3 million). Last year's exceptional item pertained to gain on sale of the Company's 49 per cent equity stake in VAL.

Financial Review

Performance of the Company

(continued)

Revenue

The Company's revenue declined marginally by 0.5 per cent to \$12,418 million as follows:

	2014/15 \$ million	2013/14 \$ million	Change	
			\$ million	%
Passenger revenue	8,155.7	8,172.3	- 16.6	- 0.2
Bellyhold revenue from SIA Cargo	1,120.6	1,130.5	- 9.9	- 0.9
Others	3,142.1	3,176.9	- 34.8	- 1.1
Total operating revenue	12,418.4	12,479.7	- 61.3	- 0.5

The Company's passenger revenue decreased in 2014/15, as a result of:

	\$ million	\$ million
0.9% decrease in passenger traffic:	-	73.5
1.2% increase in passenger yield (excluding fuel surcharge):		
Higher local currency yields	+ 174.6	
Change in passenger mix	- 71.7	
Foreign exchange	- 46.0	+ 56.9
Decrease in passenger revenue	-	16.6

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

	\$ million
1.0% point change in passenger load factor, if yield and seat capacity remain constant	103.9
1.0% change in passenger yield, if passenger traffic remains constant	81.6

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

	By Route Region (\$ million)			By Area of Original Sale ^{R5} (\$ million)		
	2014/15	2013/14	% Change	2014/15	2013/14	% Change
East Asia	2,701.3	2,577.5	+ 4.8	4,509.6	4,397.4	+ 2.6
Americas	1,346.6	1,566.6	- 14.0	580.9	698.0	- 16.8
Europe	1,916.2	1,903.8	+ 0.7	1,375.7	1,383.8	- 0.6
South West Pacific	1,488.4	1,419.0	+ 4.9	1,304.9	1,336.5	- 2.4
West Asia and Africa	703.2	705.4	- 0.3	384.6	356.6	+ 7.9
Systemwide	8,155.7	8,172.3	- 0.2	8,155.7	8,172.3	- 0.2

^{R5} Each area of original sale comprises countries within a region from which the sale is made.

Performance of the Company (continued)

Expenditure

The Company's expenditure declined 1.2 per cent to \$12,078 million in 2014/15.

	2014/15		2013/14		% Change
	\$ million	%	\$ million	%	
Fuel costs	4,536.2	37.5	4,772.6	39.1	- 5.0
Staff costs	1,540.2	12.8	1,567.0	12.8	- 1.7
Depreciation ^{R6}	1,264.0	10.5	1,311.7	10.7	- 3.6
Handling charges	876.2	7.3	870.6	7.1	+ 0.6
Rentals on leased aircraft	698.3	5.8	564.8	4.6	+ 23.6
Inflight meals and other passenger costs	676.7	5.6	671.8	5.5	+ 0.7
Aircraft maintenance and overhaul costs	655.7	5.4	675.6	5.5	- 2.9
Airport and overflying charges	594.8	4.9	599.4	4.9	- 0.8
Sales costs ^{R7}	552.9	4.6	549.6	4.5	+ 0.6
Communication and information technology costs ^{R8}	85.0	0.7	81.7	0.7	+ 4.0
Other costs ^{R9}	598.2	4.9	559.3	4.6	+ 7.0
Total	12,078.2	100.0	12,224.1	100.0	- 1.2

A breakdown of fuel cost is shown below:

	2014/15	2013/14	Change
	\$ million	\$ million	\$ million
Fuel cost (before hedging)	4,079.3	4,843.7	- 764.4
Fuel hedging loss/(gain)	456.9	(71.1)	+ 528.0
	4,536.2	4,772.6	- 236.4

Expenditure on fuel before hedging was \$764 million lower because of:

	\$ million
15.4% decrease in weighted average fuel price from 124.8 USD/BBL to 105.6 USD/BBL	- 733.9
1.9% decline in volume uplifted from 31.0 million BBL to 30.4 million BBL	- 77.2
Strengthening of USD against SGD	+ 46.7
	- 764.4

Rentals on leased aircraft increased \$134 million (+23.6 per cent) mainly due to more aircraft on lease.

Depreciation declined \$48 million (-3.6 per cent) largely from the sale of A340-500 aircraft, and revision of the estimated useful lives of certain aircraft types to better reflect the economic useful lives, partially offset by higher depreciation for overhauls.

Staff costs decreased \$27 million (-1.7 per cent), mainly from lower staff strength and allowances.

^{R6} Depreciation included impairment of property, plant and equipment and amortisation of computer software.

^{R7} Sales costs included commission and incentives, frequent flyer programme cost, computer reservation system booking fees, advertising expenses, reservation system IT cost and other sales costs.

^{R8} Communication and information technology costs were for data transmission and contract service fees, hire of computer equipment, maintenance/rental of software, and information technology contract and professional fees.

^{R9} Other costs mainly comprised crew expenses, company accommodation cost, foreign exchange revaluation and hedging loss, comprehensive aviation insurance cost, airport lounge expenses, non-information technology contract and professional fees, expenses incurred to mount non-scheduled services, aircraft licence fees and recoveries.

Financial Review

Performance of the Company (continued)

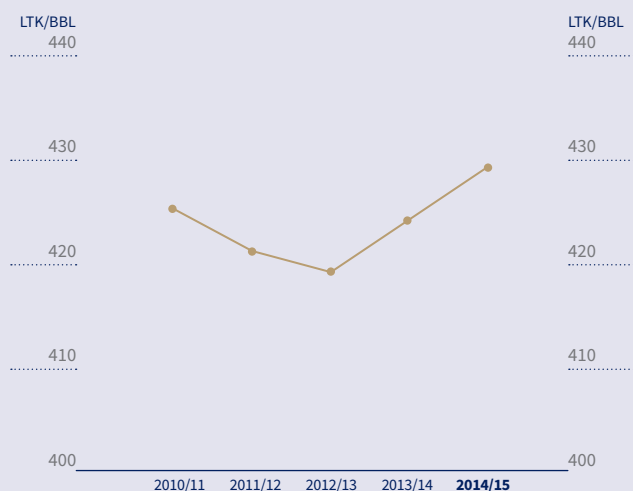
Fuel Productivity and Sensitivity Analysis

Fuel productivity as measured by load tonne-km per barrel (ltk/BBL) improved 1.2 per cent over the previous year to 429ltk/BBL. This was largely due to the cessation of the ultra long-haul direct flights to Americas.

A change in fuel productivity (passenger aircraft) of 1.0 per cent would impact the Company's annual fuel cost by about \$44 million, before accounting for changes in fuel price, US dollar exchange rate and flying operations.

A change in the price of fuel of one US dollar per barrel affects the Company's annual fuel cost by about \$42 million, before accounting for US dollar exchange rate movements, and changes in volume of fuel consumed.

Fuel Productivity of Passenger Fleet



Finance Charges

In 2014/15, finance charges rose \$10 million or 31.0 per cent, mainly due to interest expense incurred on the \$500 million notes issued in April 2014.

Interest Income

Interest income was \$15 million or 23.3 per cent higher, largely due to higher interest from short-term deposits, bonds, fixed rate notes and investment funds.

Surplus on Disposal of Aircraft, Spares and Spare Engines

The \$37 million gain on disposal of aircraft, spares and spare engines arose mainly from the sale and leaseback of three 777-300ER and sale of one 777-200 aircraft. Last year's \$46 million gain on disposal was due mainly to sale of three 777-200 and five A340-500 aircraft.

Other Non-operating Items

Other non-operating items in 2014/15 pertained mainly to impairment losses (\$43 million) on the Company's investment in Singapore Flying College Pte Ltd being written down to its estimated recoverable amount, and two grounded 777-200 aircraft (\$22 million). Last year's non-operating items comprised largely impairment loss of \$54 million recorded on the Company's investment in Tiger Airways being written down to its fair market value.

Taxation

There was a net tax expense of \$23 million, comprising current tax charge of \$85 million and deferred tax credit of \$62 million.

As at 31 March 2015, the Company's deferred taxation account stood at \$1,326 million.

Performance of the Company (continued)

Staff Strength and Productivity

The Company's staff strength as at 31 March 2015 was 13,920, a decrease of 240 over last year. The distribution of employee strength by category and location is as follows:

	31 March		
	2015	2014	% Change
Category			
Senior staff (administrative and higher ranking officers)	1,319	1,335	- 1.2
Technical crew	2,099	2,148	- 2.3
Cabin crew	7,586	7,733	- 1.9
Other ground staff	2,916	2,944	- 1.0
	13,920	14,160	- 1.7
Location			
Singapore	11,922	12,147	- 1.9
East Asia	856	846	+ 1.2
Europe	420	407	+ 3.2
South West Pacific	321	323	- 0.6
West Asia and Africa	254	281	- 9.6
Americas	147	156	- 5.8
	13,920	14,160	- 1.7

The Company's average staff productivity ratios^{R10} are shown below:

	2014/15	2013/14	% Change
Seat capacity per employee (seat-km)	8,547,066	8,462,275	+ 1.0
Passenger load carried per employee (tonne-km)	625,516	625,995	- 0.1
Revenue per employee (\$)	884,501	876,383	+ 0.9
Value added per employee (\$)	242,970	242,184	+ 0.3

^{R10} The Company's staff productivity ratios were computed based on average staff strength of 14,040 in 2014/15 (2013/14: 14,240).

Performance of the Subsidiary Companies

The major subsidiary companies are SIA Engineering Company Limited (“SIAEC Group”), SIA Cargo and SilkAir (Singapore) Private Limited (“SilkAir”). The following performance review includes intra-group transactions.

SIAEC Group

	2014/15 \$ million	2013/14 \$ million	% Change	
Total revenue	1,119.7	1,178.2	-	5.0
Total expenditure	1,035.4	1,062.6	-	2.6
Operating profit	84.3	115.6	-	27.1
Net profit	185.0	265.7	-	30.4

SIAEC Group’s revenue was \$1,120 million, a decrease of \$59 million or 5.0 per cent. Airframe and component overhaul revenue declined with fewer heavy checks, partially mitigated by higher fleet management revenue. Expenditure at \$1,036 million was lower by \$27 million or 2.6 per cent, largely due to a reduction in material usage in line with the decline in the number of heavy checks and lower staff costs, partly offset by higher subcontract costs. The subcontract costs increase was mainly for the fleet management contracts, which typically require part of the obligations to be outsourced.

As a result, operating profit at \$84 million was \$32 million or 27.1 per cent lower compared to the previous financial year.

Share of profits of associated and joint venture companies fell by \$55 million or 33.8 per cent to \$108 million. The

contributions from the engine repair and overhaul centres decreased \$57 million or 45.9 per cent with reduced engine shop visits, arising from engine improvement modifications as well as an extension of the “on-wing” life of certain models and the continuing retirement of the older engine models.

Net profit of \$185 million for the financial year ended 31 March 2015 was \$81 million or 30.4 per cent lower than last year.

As at 31 March 2015, SIAEC Group’s equity attributable to owners of the Parent of \$1,327 million was \$34 million or 2.5 per cent lower than at 31 March 2014. Net asset value per share of \$1.18 as at 31 March 2015 was \$0.04 or 3.3 per cent lower year-on-year.

Basic earnings per share was 16.51 cents for this financial year.

SIA Cargo

	2014/15 \$ million	2013/14 \$ million	% Change	
Total revenue	2,240.8	2,253.7	-	0.6
Total expenditure	2,262.8	2,354.1	-	3.9
Operating loss	(22.0)	(100.4)	+	78.1
Exceptional items	(83.3)	(380.4)	+	78.1
Loss after taxation	(99.7)	(418.3)	+	76.2

SIA Cargo's revenue declined by \$13 million (-0.6 per cent) against last year to \$2,241 million, notwithstanding a higher load factor (+0.8 percentage point) and yield (+0.3 per cent), largely due to a 2.4 per cent reduction in capacity. Expenditure decreased \$91 million (-3.9 per cent) arising from the reduction in fuel cost and depreciation with the removal of four freighters from the operating fleet. This translated to an operating loss of \$22 million for 2014/15, an improvement of \$78 million as compared to a year ago.

In 2014/15, cargo capacity (in capacity tonne kilometers) dropped 2.4 per cent as a result of rationalisation efforts in response to excess capacity in the air cargo market, while overall cargo traffic (in load tonne kilometers) dropped by 1.1 per cent, resulting in an improvement in cargo load factor by 0.8 percentage point to 63.3 per cent. Cargo breakeven load

factor improved by 1.8 percentage points to 65.2 per cent due to lower unit cost (-2.3 per cent) and stronger yields (+0.3 per cent).

The exceptional items in 2014/15 pertained mainly to impairment loss of \$64 million on its investment in China Cargo Airlines, a provision of USD10 million (\$14 million) for settlement with a customer to resolve all pending and potential civil damage claims regarding the air cargo issues, and additional impairment loss of \$7 million on two surplus freighters removed from the operating fleet. These were offset by a partial refund of \$1 million from the South Korean Fair Trade Commission being part of the fine amount paid previously, following SIA Cargo's appeal.

As at 31 March 2015, SIA Cargo operated a fleet of eight 747-400 freighters. SIA Cargo's equity was \$751 million (-15.5 per cent).

SilkAir

	2014/15 \$ million	2013/14 \$ million	% Change	
Total revenue	902.5	856.6	+	5.4
Total expenditure	861.7	822.1	+	4.8
Operating profit	40.8	34.5	+	18.3
Profit after taxation	53.7	37.1	+	44.7

SilkAir's revenue increased by \$46 million (+5.4 per cent) to \$903 million, as passenger revenue was boosted by a 6.3 per cent improvement in passenger carriage and a 1.5 per cent improvement in passenger yield. The increase in expenditure of \$40 million (+4.8 per cent) was primarily due to higher aircraft standing charges and payroll costs. As a result, the operating profit increased by \$6 million (+18.3 per cent) to \$41 million.

Yield increased 1.5 per cent to 13.9 ¢/pkm and unit cost declined by 1.0 per cent to 9.7 ¢/ask. Consequently, the breakeven load factor improved by 1.7 percentage points to 69.8 per cent.

Profit after taxation improved 44.7 per cent to \$54 million.

SilkAir's route network spanned 48 cities in 12 countries including Singapore. During the year, SilkAir launched new services to Kalibo (Philippines), Mandalay (Myanmar), Hangzhou (China) and Denpasar (Indonesia).

As at 31 March 2015, equity holders' funds of SilkAir stood at \$829 million (+2.1 per cent).

List of Awards

2014

APRIL 2014

Randstad Award
(Singapore)

**Singapore's Most
Attractive Employer**
(Third Consecutive Year)

**Inducted into Randstad's
Hall of Fame**

MAY 2014

Business Traveller
Middle East Awards

**Best Asian Airline
Servicing the Middle East**
(Third Consecutive Year)

JUNE 2014

BILANZ Survey
(Switzerland)

LEADING BI-MONTHLY
BUSINESS MAGAZINE

**Singapore Airlines
Ranked Number One**

AB Japan Airline
Ranking

Best Overall Airline
(Third Consecutive Year)

Best Inflight Meals

2015

JANUARY 2015

Hurun Report 2015
(China) Best of the
Best Rankings

**Best International First and
Business Class Award**
(Fourth Consecutive Year)

FEBRUARY 2015

Wanderlust Travel
Awards (UK)

Top Worldwide Airline
(Seventh Consecutive Year)

DestinAsian
(Jakarta leading luxury
and lifestyle magazine)
Readers' Choice
Awards

Best Airline Overall
(10th Consecutive Year)

**Best Airline for Premium
Class Travel**

**Best Airline for Economy
Class Travel**

JULY 2014

Business
Traveller Germany
Best Airline

SEPTEMBER 2014

Business Traveller
(Asia-Pacific) 2014

Best Airline
(23 Consecutive Years)

Best Asia Pacific Airline
Best Airline for First Class
Best Airline for Business Class
Best Airline for Economy Class
Best Inflight Catering

Korean
Customer Forum
Brand of the Year 2014

OCTOBER 2014

Conde Nast Traveler
(USA), 2014 Readers'
Choice Awards

Best Airline in the World
(26 Out of 27 Years)

Robb Report (China)
Seventh Annual
“Best of the Best”
Awards
Best Airline

DECEMBER 2014

Telegraph Travel
Awards (UK)

Best Long Haul Airline
(Third Consecutive Year)

Saveur Culinary Awards
(USA)

Readers' Choice
Best Inflight Dining
– Economy Class

Readers' Choice
Best Airport Lounge
– SilverKris Lounge

MARCH 2015

Fortune Magazine's
World's Most Admired
Companies 2015

Ranked 19th
(the only Singaporean Company and just
one of three airlines to be on the list)

Singapore Airlines won 75 awards in FY2014/15. As the world's most awarded airline, we are both proud and humbled that customers and industry alike have recognised our commitment to product leadership and service excellence.

Statement on Risk Management

1. SIA Group Enterprise-Wide Risk Management Framework

Since 2002, a formalised Risk Management Framework has been implemented across SIA Group under which risks are identified, evaluated and controlled on a coordinated and integrated basis. Details of the key elements of this Framework can be found on SIA's Website¹.

2. Highlights of Significant Risk Management Activities

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

(a) Review of Compliance Risks from Outsourced Activities

As more functions and activities are outsourced to service vendors, there is an increased level of compliance actions that are performed by service vendors on SIA's behalf. A review was conducted to ensure that these compliance activities are appropriately managed, and the Audit Committee was updated accordingly.

(b) Review of strategies for managing Information Technology Risks

A review was performed to look at the strategies to manage Information Technology Risks, taking into account developing and possible future threats from a holistic perspective, to ensure that plans and responses are developed in a timely manner. Computer Incident Response capabilities were simulated in exercises and also reviewed, with the Audit Committee updated on the outcome of the reviews.

(c) Review of Subsidiaries' Implementation of Risk Management Framework

To ensure alignment to SIA's practices, the risk management framework and implementation thereof at some subsidiary companies were reviewed as part of on-going efforts to identify gaps and shortcomings, if any, for improvement.

(d) Review of Strategic Investments Risks

In line with the Group's strategic thrust, investment in a range of strategic partners was undertaken, and a review of the risks arising from participation in these ventures was initiated. As the investment growth is expected to be on-going, a standing Committee chaired by CEO was formed to review strategic investment risks.

(e) Review of Risks from Critical Supplier

In view of continuing consolidation and specialisation of businesses globally, some suppliers to SIA increasingly pose supply-chain risks that may result in disruption to SIA's business. A review was carried out to ensure good understanding of the critical supply-chain exposures and the management thereof.

(f) On-going Risk Committee Activities and Risk Reviews

As part of embedded and on-going activities, the Board Safety & Risk Committee (BSRC) reviewed top risks and corresponding controls, including reports of testing and simulation of business continuity plans and other risk responses. The BSRC also ensured that the other Board Committees and the full Board of Directors were kept informed of the strategic and other key risks. The SIA Group Risk Management Committee supported the BSRC in ensuring that risks are surfaced and reviewed, and risk responses across the Group were coordinated and integrated, such as Crisis Management, Disaster Recovery and Pandemic Response plans. Correspondingly, Risk Management Committees at company level ensured that the Risk Management Framework is maintained and risk management processes are being applied, by reviewing risks and controls, including identification of new risks and changes in the evaluation of risks.

(g) Written Assurances of Implementation of Risk Management Processes

As part of risk governance and assurance, Business Unit Heads provided written assurances to the Risk Committees regarding their implementation of risk management and identification of risks within their respective business units. Corresponding written assurances were provided by CEO and by Senior Vice President Finance to the Board Safety & Risk Committee.

3. Board Of Directors' Comments on the Practice of Risk Management in Singapore Airlines

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

¹ <http://www.singaporeair.com/pdf/media-centre/riskmanagementframework.pdf>

Corporate Governance Report

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

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

The Board's Conduct of Affairs, Board Composition and Guidance, Chairman and Chief Executive Officer (Principles 1 to 3)

The Board's principal functions include charting the Group's strategic direction, reviewing and approving annual budgets, financial plans and monitoring the Group's performance; approving major acquisitions and fund-raising exercises; and ensuring the Group's compliance with all laws and regulations as may be relevant to the business.

The Board currently comprises eight Directors. The size and composition of the Board are reviewed from time to time, taking into account the scope and nature of operations of the Company, to ensure that the size of the Board is adequate to provide for a diversity of views, facilitate effective decision-making, and that the Board has an appropriate balance of executive, independent and non-independent Directors. The Directors come from diverse backgrounds with varied expertise in finance, legal, industry, business, marketing and management fields. Their profiles are found on pages 16 to 19.

There is a strong independent element in the Board, with the Nominating Committee considering six out of eight Directors to be independent from Management and the Company's substantial shareholder, Temasek Holdings (Private) Limited ("Temasek"). Mr Goh Choon Phong is the Chief Executive Officer ("CEO") of the Company while Mr Lucien Wong is a Director

on the board of Temasek. All Directors have demonstrated objectivity in their deliberations in the interests of the Company.

Management briefs new Directors on the Company's business and strategic directions, as well as governance practices. The Company conducts orientation programmes and site visits for new Directors, and arranges for Directors to be updated on new laws and regulations, as well as changing commercial risks and industry developments, as deemed appropriate. Formal letters are issued to newly-appointed Directors upon their appointment, including details of their duties and obligations as Directors.

The Chairman, Mr Stephen Lee, and the CEO, Mr Goh Choon Phong, are not related to each other. There is appropriate division of responsibilities between the Chairman and the CEO, which ensures a balance of power and authority within the Company. The Chairman leads the Board and is responsible for its workings and proceedings. He plays a crucial role in fostering constructive dialogue with shareholders at the Company's Annual and Extraordinary General meetings. The CEO heads the Management Committee and oversees the execution of the Company's corporate and business strategies and policies, and the conduct of its business.

Board Membership and Performance (Principles 4 and 5)

Five Board Committees have been formed to assist the Board in the execution of its responsibilities, namely:

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

These Committees have written mandates and operating procedures, which are reviewed periodically.

The Board currently comprises the following members:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of Appointment
Stephen Lee Ching Yen	Chairman	26 April 2004	30 July 2014	Non-executive/Independent
Goh Choon Phong	Director	1 October 2010	26 July 2013	Executive/Non-Independent
Gautam Banerjee	Director	1 January 2013	26 July 2013	Non-executive/Independent
William Fung Kwok Lun	Director	1 December 2009	30 July 2014	Non-executive/Independent
Hsieh Tsun-yan	Director	1 September 2012	26 July 2013	Non-executive/Independent
Christina Ong	Director	1 September 2007	26 July 2012	Non-executive/Independent
Helmut Gunter Wilhelm Panke	Director	1 September 2009	26 July 2012	Non-executive/Independent
Lucien Wong Yuen Kuai	Director	1 September 2007	26 July 2013	Non-executive/Non-Independent

Note: Mr Jackson Peter Tai retired on 31 July 2014

Corporate Governance Report

The Board held four meetings in the financial year. The Board holds separate Strategy Sessions to assist Management in developing its plans and strategies for the future. The non-executive Directors also set aside time to meet without the presence of Management to review the latter's performance in meeting goals and objectives. A table setting out the Board Members, their memberships on the various Board Committees and attendance at Board and Committee meetings can be found on page 73.

Board Executive Committee ("ExCo")

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

Board Audit Committee ("AC")

The AC comprised Mr Gautam Banerjee (Chairman), Dr William Fung, Mr Hsieh Tsun-yan and Mr Jackson Tai (until 30 July 2014). All the AC members are independent Directors. The role and responsibilities of the AC are described in the section on "Audit Committee" (Principle 12) as shown on pages 70 to 71.

Board Safety and Risk Committee ("BSRC")

The members of the BSRC are Dr Helmut Panke (Chairman), Mrs Christina Ong and Mr Lucien Wong. The functions of the BSRC include ensuring that systems and programmes in the Group comply with regulatory requirements and accord with the best practices of the aviation industry; reviewing regular reports on safety performances; reviewing accident investigation findings and recommendations; and advising Management and reporting to the Board on safety issues.

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

Board Nominating Committee ("NC")

The members of the NC are Mr Stephen Lee (Chairman), Mrs Christina Ong and Mr Lucien Wong.

The NC's functions include considering and making recommendations to the Board concerning the appointment

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

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

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

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

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

For FY2014/15, the NC had engaged an independent global executive search firm not affiliated to the Company or any of its Directors, to assist them in conducting a formal evaluation of the SIA Board and its Board Committees. The process involved questionnaires which provided opportunities for feedback from the Directors. The evaluation confirmed that the SIA Board and its Board Committees were generally functioning effectively and performing well, within a highly competitive and challenging environment. The performance of individual Directors was reviewed by the Chairman and the NC, while the Chairman's performance was reviewed by the rest of the Board.

The NC has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The NC and the Board are of the view that, setting a maximum number of listed company board

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

The NC's terms of reference also include the responsibility for reviewing the training and professional development programmes for the Board. For FY2014/15 Board members attended briefings on regulatory and governance matters, the challenges facing the airline industry, as well as other related topics conducted by global airline industry leaders and experts.

Board Compensation and Industrial Relations Committee ("BCIRC")

The BCIRC was chaired by Mr Stephen Lee, and comprised Mr Gautam Banerjee, Mr Hsieh Tsun-yan, Dr Helmut Panke and Mr Jackson Tai (until 30 July 2014). All members of the Committee are non-executive Directors.

With reference to the guidelines of the Code, the Board considered the fact that Mr Lee had shown that since his appointment on the Board, he had exercised independent business judgement in all matters affecting SIA, with a view to protect the interests of the Company and all shareholders. Although Mr Lee has served on the Board beyond nine years, he has continued to demonstrate strong independence in character and judgement in the discharge of his responsibilities as a Director of the Company. Accordingly, the Board continues to consider Mr Lee as an independent non-executive Director of SIA.

The BCIRC reviews and recommends for the Board's approval the general framework of remuneration for the Board and Relevant Key Management Personnel¹. The BCIRC also recommends the specific remuneration packages for each Director and Relevant Key Management Personnel and administers the Company's Profit Sharing Bonus, EVA-based Incentive Plan, Enhanced Strategic Incentive Plan, Performance Share Plan and Restricted Share Plan for senior executives. The award of shares to senior executives is based on organisational and individual performance. Professional advice is sought by the BCIRC, as it deems necessary, in the development and execution of the remuneration plan for the Company's senior executives. For FY2014/15, Carrots Consulting Pte Ltd was engaged as a remuneration consultant to provide professional advice on human resource matters. The principal consultant

providing such services was Mr Johan Grundlingh. Carrots Consulting only provides remuneration consulting services to the Company, and has no other relationship with the Company.

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

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

Access to Information (Principle 6)

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

Directors have separate and independent access to Senior Management and the Company Secretary at all times. Directors can seek independent professional advice if required. Such costs will be borne by the Company.

Remuneration Matters (Principles 7, 8 and 9)

Remuneration Mix

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

¹ Relevant Key Management Personnel are employees holding the rank of Executive Vice President and above. For FY2014/15, they comprised the CEO and two Executive Vice Presidents.

Fixed Component

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

Variable Components

Cash Incentive Plans for CEO and Senior Management

This comprises the following three components:

a. Profit-Sharing Bonus (“PSB”)

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

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

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

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

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

b. Economic Value Added (“EVA”)-based Incentive Plan (“EBIP”):

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

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

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

c. Enhanced Strategic Incentive Plan (“ESIP”)

The ESIP is an incentive scheme established with the objective of rewarding, motivating, and retaining a select group of key Senior Management staff who shoulder the responsibility for divisional-focused strategic initiatives and future-oriented growth. It consists of two components: the Base SIP and the Additional SIP.

Under the Base SIP, a target bonus is set equal to three times the monthly base salary of the respective Senior Management staff for meeting strategic initiatives set under the Individual Performance Scorecard. At the end of the financial year, the target bonus is modified by the incumbent’s performance on the execution of the strategic initiatives as assessed by the BCIRC. The resultant payout varies between 0-150% of the Base SIP target bonus with settlement of 50% in cash and 50% in shares under the Deferred Share Award (“DSA”).

The maximum SIP bonus payable is four and a half times the individual’s monthly base salary.

Under the Additional SIP, a group funding pool of up to three million Singapore Dollars in cash is allocated individually to the eligible Senior Management staff. The group funding pool scales from 0-100% at the discretion of the BCIRC. Individual allocations are distributed based on the incumbent's position level and performance in achieving pre-set individual contributions to the Group's strategic initiatives, with the individual allocation ranging from 0-100%, subject to available funding and at the sole discretion of the BCIRC.

Share Incentive Plans

i. The SIA Performance Share Plan 2014 ("PSP 2014")

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

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

ii. The SIA Restricted Share Plan 2014 ("RSP 2014")

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

Under the RSP 2014, an initial award is made in the form of rights to shares, provided performance conditions are met in future. Annual grants are made based on individual performance of the key executives selected to participate in the RSP 2014. Final awards may vary between 0-150% of the initial award, depending on the extent to which targets based on Group and Company EBITDAR Margin and Group

and Company Staff Productivity are met. The performance measures are selected as they are key drivers of shareholder value and are aligned to the Group and the Company's business objectives. The final award is subject to extended vesting, with 50% of the final award paid out at the end of the two-year performance period, and the rest paid out equally over the next two years.

iii. The SIA Deferred Share Award ("DSA")

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

The PSP 2014 and RSP 2014 were adopted with shareholders' approval at the Extraordinary General Meeting of the Company held on 30 July 2014 to replace the previous performance share plan ("PSP") and restricted share plan ("RSP"), which were due to expire on 27 July 2015 and were terminated following the adoption of the PSP 2014 and RSP 2014. The new plans have substantially the same terms as the previous plans, except that the total number of shares which may be delivered under the PSP 2014 and RSP 2014 (whether in the form of shares or cash in lieu of shares) is subject to a reduced maximum limit of 5% of the total number of issued shares (excluding treasury shares). In addition, the total number of shares under awards to be granted under the PSP 2014 and RSP 2014 from the forthcoming Annual General Meeting to the next Annual General Meeting (the "Relevant Year") shall not exceed 0.5% of the total number of issued shares (excluding treasury shares) from time to time (the "Yearly Limit"). However, if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit can be used for grants of awards in subsequent years.

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

Details of the PSP 2014, RSP 2014, DSA and ESOP can be found on pages 85 to 88 of the Report of the Board of Directors.

Compensation Risk Assessment

Under the Code, the compensation system should take into account the risk policies of the Company, be symmetric with

Corporate Governance Report

risk outcomes and be sensitive to the time horizon of risks. The BCIRC has reviewed the various compensation risks that may arise and introduced mitigating policies to better manage risk exposures identified. The BCIRC will also undertake periodic reviews of the compensation-related risks in future.

Pay-for-Performance Alignment

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

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

A pay-for-performance alignment study was conducted by the appointed external remuneration consultant and reviewed by BCIRC. It was found that there was sufficient evidence indicating pay-for-performance alignment for the Group in both absolute and relative terms, against a peer group of large listed airline companies for the six-year period from FY2008/09 to FY2013/14.

Directors' Fees

The Directors' fees paid in FY2014/15 amounted to \$1,544,727 [FY2013/14: \$1,531,863] and were based on the following rates:

		Rates (\$)
Board Retainers	Board Member	90,000
	Chairman	225,000
Committee Retainers	Chairman of Executive Committee and Audit Committee	60,000
	Chairman of Safety & Risk Committee and Compensation and Industrial Relations Committee	45,000
	Member of Executive Committee and Audit Committee and Chairman of Nominating Committee	35,000
	Member of Safety and Risk Committee and Compensation and Industrial Relations Committee	25,000
	Member of Nominating Committee	20,000
Attendance Fees	Home – City	5,000
	In – Region	10,000
	Out – Region	20,000
	Teleconference – normal hours	1,000
	Teleconference – odd hours	2,000

Disclosure on Remuneration

The following table shows the composition of the remuneration of Directors.

DIRECTORS	Fee \$	Salary \$	Bonuses ¹ \$	Shares ² \$	Benefits ³ \$	Total \$
Stephen Lee Ching Yen	350,000	–	–	–	10,006	360,006
Gautam Banerjee	205,000	–	–	–	835	205,835
William Fung Kwok Lun	165,000	–	–	–	–	165,000
Hsieh Tsun-yan	170,000	–	–	–	1,130	171,130
Christina Ong	155,000	–	–	–	285	155,285
Helmut G W Panke	240,000	–	–	–	–	240,000
Jackson Peter Tai	89,727	–	–	–	1,050	90,777
Lucien Wong Yuen Kuai	170,000	–	–	–	2,359	172,359
Goh Choon Phong ⁴	–	1,144,000	1,695,131	1,550,877	134,360	4,524,368

¹ Includes EVA-based incentive plan (EBIP) payment, Profit-Sharing Bonus, cash component [50%] of the Base Strategic Incentive Plan (Base SIP) and 100% of the Additional Strategic Incentive Plan (Additional SIP). The amount paid in the reporting year is a percentage of the individual's EVA Bank. See above for additional information on the EBIP, Base SIP and Additional SIP.

² Based on the Fair Values of RSP (\$9.40), PSP (\$9.38) and DSA (\$9.19; share component [50%] of the Base SIP) granted in FY2014/15.

³ Includes transport and travel benefits provided to Directors.

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

There were no employees who were immediate family members of a Director or the CEO, and whose remuneration exceeded \$50,000, during FY2014/15.

Relevant Key ⁴ Management Personnel	Fee %	Salary %	Bonuses ¹ %	Shares ² %	Benefits ³ %	Total %
Between \$2,250,000 to \$2,500,000						
Ng Chin Hwee	–	26	41	30	3	100
Between \$2,000,000 to \$2,250,000						
Mak Swee Wah	–	28	37	31	4	100

¹ Includes EVA-based Incentive Plan (EBIP) payment, Profit-Sharing Bonus, cash component [50%] of the Base Strategic Incentive Plan (Base SIP) and 100% of the Additional Strategic Incentive Plan (Additional SIP). The amount paid in the reporting year is a percentage of the individual's EVA Bank. See above for additional information on the EBIP, Base SIP and Additional SIP.

² Based on the Fair Values of RSP (\$9.40), PSP (\$9.38) and DSA (\$9.19; share component [50%] of the Base SIP) granted in FY2014/15.

³ Includes value of transport and travel benefits provided to employees.

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

For FY2014/15 the aggregate total remuneration paid to the Relevant Key Management Personnel (who are not Directors or the CEO) amounted to \$4,522,601.

For FY2014/15, there were no termination, retirement or post-employment benefits granted to Directors, the CEO and Relevant Key Management Personnel other than the standard contractual notice period termination payment in lieu of service, and the post-retirement travel benefits for the CEO and Relevant Key Management Personnel.

Accountability and Audit (Principle 10)

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

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

Risk Management and Internal Controls (Principle 11)

A dedicated Risk Management Department looks into and manages the Group's risk management policies. The Risk Management Report can be found on page 62.

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

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

Audit Committee (Principle 12)

The AC's activities for FY2014/15, in accordance with its responsibilities and duties under its Charter, included the following:

(a) Financial Reporting

The AC reviewed the quarterly and annual financial statements and financial announcements required by The Singapore Exchange Securities Trading Limited ("SGX-ST") for recommendation to the Board for approval. The review focused on changes in accounting policies and practices, major judgemental and risk areas, significant adjustments

resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with SGX-ST and other legal requirements. The AC keeps itself apprised of changes in accounting policies and guidelines through scheduled regular updates by the external auditor, of such, in meeting agendas.

(b) External Audit

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

During the year, the AC reviewed proposals from several reputable audit firms (including the incumbent auditor) and made a recommendation to the Board for its proposal to shareholders. The AC nominated KPMG LLP as auditor for the financial year April 2015 – March 2016, and KPMG LLP had expressed their willingness to accept the appointment.

The proposal for a new auditor resulted from an internal corporate governance process to review its auditor arrangements every five years.

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

(c) Internal Audit

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

During the year, the AC commissioned an External Quality Assessment Review of the Internal Audit function and its activities in line with the Standards for the Professional Practice of Internal Auditing set up by the Institute of Internal Auditors.

(d) Risk Management

The AC reviewed the adequacy and effectiveness of the

Group's material controls, including financial, compliance and operational controls, to safeguard shareholders' investments and the Group's assets.

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

(e) Interested Person Transactions

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

(f) Whistle-Blowing

The AC reviewed and was satisfied with the adequacy of the whistle-blowing programme instituted by the Company through which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. All whistle-blower reports are reviewed by the AC at its quarterly meetings to ensure independent investigation and adequate resolution.

(g) Others

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

Internal Audit (Principle 13)

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

SIA Internal Audit also performs analyses of data and transactions periodically (continuous monitoring) on selected areas that are more susceptible to fraud risk.

In relation to audit activities conducted during the financial year, SIA Internal Audit had unfettered access to the Group's documents, records, properties and personnel, as well as the AC.

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and various Board Committees, the Board with the concurrence of the AC is of the opinion that the Group's internal controls were adequate and effective as at 31 March 2015 to address financial, operational, information technology and compliance risks, which the Group considers relevant and material to its operations.

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

Shareholder Rights and Responsibilities (Principles 14 and 15)

Singapore Airlines is committed to continually strengthen our relationship with the investing community and believes in timely and consistent disclosure of pertinent information to enable a transparent assessment of the Company's value. The Company values dialogue with shareholders, and holds analyst and media briefings when announcing half-yearly and year-end results. Full transcripts of the proceedings are made available on SGXNet and our Company's website at www.singaporeair.com/investor.

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

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

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

Conduct of Shareholder Meetings (Principle 16)

The Board members always endeavour to attend shareholder meetings where shareholders are given the opportunity to raise questions and clarify issues they may have relating to the resolutions to be passed, with the Board. The Chairmen of the various Board Committees or members of the Board Committees standing in for them, as well as the external auditor, would be present and available to address questions at these meetings. Minutes of shareholders' meetings are available on request by registered shareholders.

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

Banking Transaction Procedures

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

Membership and Attendance of Singapore Airlines Limited Board of Directors and Board Committee Members

For the Period 1 April 2014 to 31 March 2015

Name of Directors	Board		Board Executive Committee		Board Audit Committee		Board Compensation and Industrial Relations Committee		Board Safety and Risk Committee		Nominating Committee	
	No. of Meetings held	No. of meetings attended	No. of Meetings held	No. of meetings attended	No. of Meetings held	No. of meetings attended	No. of Meetings held	No. of meetings attended	No. of Meetings held	No. of meetings attended	No. of Meetings held	No. of meetings attended
Stephen Lee Ching Yen	4	4	7	7	–	–	4	4	–	–	4	4
Goh Choon Phong	4	4	7	7	–	–	–	–	–	–	–	–
Gautam Banerjee	4	4	7	7	5	5	4	4	–	–	–	–
William Fung Kwok Lun	4	4	–	–	5	5	–	–	–	–	–	–
Hsieh Tsun-yan	4	4	–	–	5	5	4	4	–	–	–	–
Christina Ong	4	4	–	–	–	–	–	–	4	4	4	4
Helmut Gunter Wilhelm Panke	4	4	–	–	–	–	4	4	4	4	–	–
Jackson Peter Tai ⁽¹⁾	2*	2	–	–	2*	1	2*	1	–	–	–	–
Lucien Wong Yuen Kuai	4	4	7	7	–	–	–	–	4	4	4	4

* Number of meetings held during Director's tenure on Board / Committee

Note:

⁽¹⁾ Retired from the Board on 31 July 2014

Further Information on Board of Directors

Stephen Lee Ching Yen ^{aged 68}

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Academic and Professional Qualifications:

Master of Business Administration, Northwestern University, Illinois

Date of first appointment as a director:	26 April 2004
--	---------------

Date of last re-election as a director:	30 July 2014
---	--------------

Board committee(s) served on:

Board Executive Committee	Chairman
Board Compensation and Industrial Relations Committee	Chairman
Board Nominating Committee	Chairman

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. SIA Engineering Company Limited	Chairman
2. CapitaLand Limited	Director

Other Major Appointments

Organisation/Company	Title
1. Shanghai Commercial & Savings Bank Ltd, TWN	Managing Director
2. Great Malaysia Textile Investments Pte Ltd	Managing Director

Others

Organisation/Company	Title
1. NTUC Income Insurance Co-operative Limited	Chairman
2. Temasek International Advisors Pte Ltd	Senior International Advisor
3. China National Petroleum Corporation Beijing	Director
4. G2000 Apparel (S) Private Limited	Director
5. Kidney Dialysis Foundation	Director
6. Singapore Labour Foundation	Director
7. Shanghai Commercial Bank Ltd, Hong Kong	Director
8. NTUC Enterprise Co-operative Limited	Director
9. SLF Strategic Advisers Private Limited	Director
10. Dr Goh Keng Swee Scholarship Fund	Member
11. National Wages Council	Member
12. Council of Presidential Advisers, Singapore	Alternate Member

Directorships/Appointments in the past 3 years

Organisation/Company	Title
1. COFCO Corporation, China	Director
2. Singapore National Employers Federation	President

Goh Choon Phong ^{aged 51}EXECUTIVE AND NON-INDEPENDENT DIRECTOR

Academic and Professional Qualifications:

Master of Science in Electrical Engineering and Computer Science
Bachelor of Science in Computer Science & Engineering
Bachelor of Science in Management Science
Bachelor of Science in Cognitive Science
Massachusetts Institute of Technology

Date of first appointment as a director:	1 October 2010
---	----------------

Date of last re-election as a director:	26 July 2013
--	--------------

Board committee(s) served on:	
Board Executive Committee	Member

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. SIA Engineering Company Limited	Director
2. Virgin Australia Holdings Limited	Director

Others

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

Gautam Banerjee ^{aged 60}NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Academic and Professional Qualifications:

Bachelor of Science in Accounting and Financial Analysis, University of Warwick
Fellow of the Institute of Chartered Accountants, England and Wales
Fellow of the Institute of Chartered Accountants, Singapore

Date of first appointment as a director:	1 January 2013
---	----------------

Date of last re-election as a director:	26 July 2013
--	--------------

Board committee(s) served on:	
Board Audit Committee	Chairman
Board Executive Committee	Member
Board Compensation and Industrial Relations Committee	Member

Current Directorships in Other Listed Companies

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

Further Information on Board of Directors

Gautam Banerjee ^{aged 60} (continued)

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Other Major Appointments

Organisation/Company	Title
1. Blackstone Group	Senior Managing Director and Co-Chairman, Asia Operating Committee
2. Blackstone Singapore Pte Ltd	Chairman
3. Singapore Business Federation	Vice Chairman
4. Government of Singapore Investment Corporation Pte Ltd	Director

Others

Organisation/Company	Title
1. Singapore Centre for Social Enterprise Ltd	Chairman
2. Singapore International Arbitration Centre	Director
3. EDB Investments Pte Ltd	Director
4. Singapore Legal Service Commission	Director
5. The Blackstone Group (Australia) Pty Limited	Director
6. The Blackstone Group (HK) Limited	Director
7. Blackstone Advisors India Private Limited	Director
8. Nanyang Business School	Member, Advisory Board
9. Yale-NUS College	Member, Governing Board
10. Indian Heritage Centre	Member, Steering Committee
11. Singapore Business Advisors & Consultants Council	Governing Council Member
12. Singapore Indian Development Association	Term Trustee, Board of Trustees
13. The Friends of The University of Warwick, Singapore	Trustee
14. The Stephen A. Schwarzman Scholars Trust	Trustee

Directorships/Appointments in the past 3 years

Organisation/Company	Title
1. PricewaterhouseCoopers (PwC) Singapore	Chairman
2. Economic Development Board	Director
3. Shared Services for Charities Limited	Director
4. Singapore Arts School Ltd	Director
5. The Straits Trading Company Limited	Director

William Fung Kwok Lun ^{aged 66}NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Academic and Professional Qualifications:

Master of Business Administration, Harvard Graduate School of Business, Boston
Bachelor of Science in Engineering, Princeton University, New Jersey

Date of first appointment as a director:	1 December 2009
---	-----------------

Date of last re-election as a director:	30 July 2014
--	--------------

Board committee(s) served on: Board Audit Committee	Member
---	--------

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. Li & Fung Limited	Group Chairman
2. Global Brands Group Holding Limited	Chairman
3. Trinity Limited	Deputy Chairman
4. Convenience Retail Asia Limited	Director
5. Shui On Land Limited	Director
6. Sun Hung Kai Properties Limited	Director
7. VTech Holdings Limited	Director
8. The Hongkong and Shanghai Hotels, Limited	Director

Directorships/Appointments in the past 3 years

Organisation/Company	Title
1. The Hongkong and Shanghai Banking Corporation Limited	Deputy Chairman

Further Information on Board of Directors

Hsieh Tsun-Yan ^{aged 62}

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Academic and Professional Qualifications:

Master of Business Administration, Harvard University
Bachelor of Science in Mechanical Engineering, University of Alberta

Date of first appointment as a director:	1 September 2012
Date of last re-election as a director:	26 July 2013
Board committee(s) served on:	
Board Audit Committee	Member
Board Compensation and Industrial Relations Committee	Member

Current Directorships in Other Listed Companies

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

Other Major Appointments

Organisation/Company	Title
1. LinHart Group, Singapore	Chairman

Others

Organisation/Company	Title
1. Lee Kuan Yew School of Public Policy, Singapore	Provost Chair Professor
2. Institute of Policy Studies Academic Panel, Singapore	Member
3. Singapore International Foundation	Member, Board of Governors
4. National University of Singapore Business School	Provost Chair Professor (practice track) of Management and Management Advisory Board Member

Directorships/Appointments in the past 3 years

Organisation/Company	Title
1. Bharti Airtel Limited, India	Director
2. Sony Corporation, Japan	Director
3. World Bank Knowledge Advisory Commission, United States	Member

Christina Ong ^{aged 67}

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Academic and Professional Qualifications:

Bachelor of Arts in Economics, University of Westminster

Date of first appointment as a director:	1 September 2007
---	------------------

Date of last re-election as a director:	26 July 2012
--	--------------

Board committee(s) served on:

Board Nominating Committee	Member
Board Safety and Risk Committee	Member

Major Appointments

Organisation/Company	Title
1. AX 21 Holdings Pte Ltd	Managing Director
2. Club 21 Pte Ltd	Managing Director

Others

Organisation/Company	Title
1. National Parks Board	Chairperson
2. Club 21 Distribution (Singapore) Pte Ltd	Director
3. Club 21 Enterprises (S) Pte Ltd	Director
4. Club 21 Malaysia Sdn Bhd	Director
5. Como Foundation Inc	Director
6. Heritage Holdings Pte Ltd	Director
7. Jomo Private Limited	Director
8. Kids 21 Pte Ltd	Director
9. Maison Takuya 21 Holdings Pte Ltd	Director
10. Moco Private Limited	Director
11. Mogems Services Pte Ltd	Director
12. Shambhala Yoga Centre Pte Ltd	Director
13. Viva Foundation for Children with Cancer	Director
14. Singapore Health Services Pte Ltd	Director
15. Y.S. Fu Holdings (2002) Pte Ltd	Director

Further Information on Board of Directors

Helmut Gunter Wilhelm Panke^{aged 68}

NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Academic and Professional Qualifications:

Doctor in Physics, University of Munich

Date of first appointment as a director:

1 September 2009

Date of last re-election as a director:

26 July 2012

Board committee(s) served on:

Board Safety and Risk Committee

Chairman

Board Compensation and Industrial Relations Committee

Member

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. Bayer AG	Director
2. Microsoft Corporation	Director

Directorships/Appointments in the past 3 years

Organisation/Company	Title
1. UBS Group AG	Director

Lucien Wong Yuen Kuai ^{aged 61}NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR

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

Date of first appointment as a director: 1 September 2007

Date of last re-election as a director: 26 July 2013

Board committee(s) served on:

Board Executive Committee	Member
Board Nominating Committee	Member
Board Safety and Risk Committee	Member

Current Directorships in Other Listed Companies

Organisation/Company	Title
1. Hap Seng Plantations Holdings Berhad	Director
2. Singapore Press Holdings Limited	Director

Other Major Appointments

Organisation/Company	Title
1. Allen & Gledhill LLP	Chairman and Senior Partner
2. Maritime and Port Authority of Singapore	Chairman
3. Singapore International Arbitration Centre	Chairman
4. Temasek Holdings (Private) Limited	Director

Others

Organisation/Company	Title
1. Eastern Development Holdings Pte Ltd	Director
2. Eastern Development Private Limited	Director
3. Epimetheus Ltd	Director
4. Singapore Health Services Pte Ltd	Director
5. Singapore Business Federation	Member, Board of Trustees
6. Singapore International Mediation Centre Limited	Director

Directorships/Appointments in the past 3 years

Organisation/Company	Title
1. Cerebos Pacific Limited	Director
2. Monetary Authority of Singapore	Board Member

Financial Report

Financial Contents

83	Report by the Board of Directors
91	Independent Auditor's Report
93	Consolidated Profit and Loss Account
94	Consolidated Statement of Comprehensive Income
95	Statements of Financial Position
96	Statements of Changes in Equity
102	Consolidated Statement of Cash Flows
104	Notes to Financial Statements
205	Additional Information
206	Quarterly Results of the Group
207	Five-Year Financial Summary of the Group
209	Ten-Year Statistical Record
210	The Group Fleet Profile
211	Group Corporate Structure
212	Information on Shareholdings
214	Share Price and Turnover
215	Notice of Annual General Meeting

Report by the Board of Directors

The Directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

1 Directors of the Company

The Directors in office at the date of this report are:

Stephen Lee Ching Yen – Chairman (Independent)
 Goh Choon Phong – Chief Executive Officer
 Gautam Banerjee (Independent)
 William Fung Kwok Lun (Independent)
 Hsieh Tsun-yan (Independent)
 Christina Ong (Independent)
 Helmut Gunter Wilhelm Panke (Independent)
 Lucien Wong Yuen Kuai (Non Independent)

2 Arrangements to Enable Directors to Acquire Shares and Debentures

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangements to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares or share options in, or debentures of, the Company or any other body corporate, other than as disclosed under “Equity Compensation Plans of the Company” in this report.

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 and debentures of the Company, and of related corporations:

Name of Director	Direct interest		Deemed interest	
	1.4.2014	31.3.2015	1.4.2014	31.3.2015
Interest in Singapore Airlines Limited				
<u>Ordinary shares</u>				
Stephen Lee Ching Yen	9,400	9,400	–	–
Goh Choon Phong	306,158	559,667	–	–
William Fung Kwok Lun	–	–	200,000	200,000
Christina Ong	100,000	100,000	–	–
Lucien Wong Yuen Kuai	–	–	58,000	58,000
<u>Options to subscribe for ordinary shares</u>				
Goh Choon Phong	189,600	–	–	–
<u>Conditional award of restricted shares (Note 1)</u>				
Goh Choon Phong – Base Awards	102,000	122,976	–	–
– Final Awards (Pending Release)	6,912	18,950	–	–
<u>Conditional award of performance shares (Note 2)</u>				
Goh Choon Phong – Base Awards	206,754	236,728	–	–
<u>Award of time-based restricted shares</u>				
Goh Choon Phong – Base Awards	52,958	27,135	–	–

Report by the Board of Directors

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

Name of Director	Direct interest		Deemed interest	
	1.4.2014	31.3.2015	1.4.2014	31.3.2015
<u>Conditional award of deferred restricted shares (Note 3)</u>				
Goh Choon Phong – Base Awards	41,020	61,607	–	–
Interest in Singapore Telecommunications Limited				
<u>Ordinary shares</u>				
Stephen Lee Ching Yen	190	190	190	190
Goh Choon Phong	1,610	1,610	–	–
Hsieh Tsun-yan	31,000	–	55,000	55,000
Lucien Wong Yuen Kuai	1,680	1,680	1,540	–
Interest in Neptune Orient Lines Limited				
<u>Ordinary shares</u>				
Stephen Lee Ching Yen	30,000	30,000	–	–
<u>\$400 million 4.25% Notes due 2017</u>				
Hsieh Tsun-yan	\$250,000	\$250,000	–	–
Interest in Mapletree Industrial Trust				
<u>Units</u>				
Lucien Wong Yuen Kuai	315,962	339,419	–	–
Interest in Singapore Technologies Engineering Limited				
<u>Ordinary shares</u>				
Goh Choon Phong	6,000	6,000	–	–
Lucien Wong Yuen Kuai	298,000	298,000	–	–

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 the two-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 final award will be vested equal 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).

Except as disclosed in this report, no other Director who held office at the end of the financial year had interests in shares, share options or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Between the end of the financial year and 21 April 2015, Mr Goh Choon Phong's direct interest in the Company increased to 586,802 shares due to the release of 27,135 shares to him on 1 April 2015, following the final vesting of 25% of time-based restricted shares awarded in May 2010.

Except as disclosed above, there were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2015.

4 Directors' Contractual Benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

5 Equity Compensation Plans of the Company

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

At the date of this report, the Board Compensation & Industrial Relations Committee which administers the ESOP, RSP, RSP 2014, PSP and PSP 2014 comprises the following Directors:

Stephen Lee Ching Yen – Chairman
Gautam Banerjee
Hsieh Tsun-yan
Helmut Gunter Wilhelm Panke

(i) ESOP

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

At the end of the financial year, options to take up 25,233,029 unissued shares in the Company were outstanding:

Date of grant	Number of options to subscribe for unissued ordinary shares			Exercise price *	Exercisable Period
	Balance at 1.4.2014	Cancelled	Exercised	Balance at 31.3.2015	
1.7.2004	1,680,405	(479,154)	(1,201,251)	–	\$7.69 1.7.2005 – 30.6.2014
1.7.2005	3,971,409	(57,565)	(1,454,214)	2,459,630	\$8.02 1.7.2006 – 30.6.2015
3.7.2006	5,685,863	(153,402)	(754,656)	4,777,805	\$9.34 3.7.2007 – 2.7.2016
2.7.2007	10,149,489	(761,402)	–	9,388,087	\$15.46 2.7.2008 – 1.7.2017
1.7.2008	9,322,678	(665,958)	(49,213)	8,607,507	\$12.07 1.7.2009 – 30.6.2018
	30,809,844	(2,117,481)	(3,459,334)	25,233,029	

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

The details of options granted to and exercised by a Director of the Company are as follows:

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

No options have been granted to controlling shareholders or their associates, or Parent Group Directors or employees.

Report by the Board of Directors

5 Equity Compensation Plans of the Company (continued)

(i) ESOP (continued)

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

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

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

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

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

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

Under the RSP/RSP 2014 and PSP/PSP 2014, a base number of conditional share awards ("Base Award") was/is granted to eligible participants annually. Depending on the achievement of pre-determined targets over a two-year performance period for the RSP/RSP 2014 and a three-year performance period for the PSP/PSP 2014, the Board Compensation & Industrial Relations Committee will determine an achievement factor which will then be applied to the Base Award to determine the final number of RSP/RSP 2014 shares and PSP/PSP 2014 shares to be awarded at the end of the respective performance periods ("Final Award"). The achievement factor could range from 0% to 150% for the RSP/RSP 2014 and from 0% to 200% for the PSP/PSP 2014.

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

No awards have been granted to controlling shareholders or their associates, or Parent Group Directors or employees under the RSP/RSP 2014 and PSP/PSP 2014.

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

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

1. RSP Base Awards

Name of participant	Balance as at 1 April 2014	Base Awards granted during the financial year	Base Awards vested during the financial year	Modification [*]	Balance as at 31 March 2015	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	102,000	60,000	42,000	2,976	122,976	280,232

5 Equity Compensation Plans of the Company (continued)

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

2. RSP Final Awards (Pending Release)^{R1}

Name of participant	Balance as at 1 April 2014	Final Awards granted during the financial year [#]	Final Awards released during the financial year	Modification [^]	Balance as at 31 March 2015	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Goh Choon Phong	6,912	34,440	22,860	458	18,950	90,072

3. PSP Base Awards^{R2}

Name of participant	Balance as at 1 April 2014	Base Awards granted during the financial year	Base Awards vested during the financial year [*]	Modification [^]	Balance as at 31 March 2015	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Goh Choon Phong	206,754	82,500	58,254	5,728	236,728	346,228	61,482

(iii) Time-based RSP

Details of the time-based RSP are disclosed in Note 5 to the financial statements. The one-off grant of time-based RSP awards granted on 7 May 2010 was made under the authority of the Board Compensation & Industrial Relations Committee.

The details of the shares awarded under time-based RSP to a Director of the Company are as follows:

Name of participant	Balance as at 1 April 2014	Awards granted during the financial year	Awards vested during the financial year	Modification [^]	Balance as at 31 March 2015	Aggregate Awards granted since commencement of RSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Goh Choon Phong	52,958	–	26,479	656	27,135	105,917	79,438

(iv) Deferred RSP/RSP 2014

Details of the deferred RSP/RSP 2014 awards of restricted shares are disclosed in Note 5 to the financial statements. The grant of deferred RSP/RSP 2014 awards granted on 4 September 2013 and 28 August 2014 were made under the authority of the Board Compensation & Industrial Relations Committee.

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

(a) Deferred RSP Awards

Name of participant	Balance as at 1 April 2014	Base Awards granted during the financial year	Awards vested during the financial year	Modification [^]	Balance as at 31 March 2015	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	41,020	–	–	1,017	42,037	42,037	–

Report by the Board of Directors

5 Equity Compensation Plans of the Company (continued)

(iv) Deferred RSP/RSP 2014 (continued)

(b) Deferred RSP 2014 Awards

Name of participant	Balance as at 1 April 2014	Base Awards granted during the financial year	Awards vested during the financial year	Modification [^]	Balance as at 31 March 2015	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	–	19,570	–	–	19,570	19,570	–

[^] Following approval by the Company's shareholders of a special dividend of \$0.25 per share on 30 July 2014, the Board Compensation & Industrial Relations Committee approved an increase in all restricted and performance shares outstanding on 14 August 2014 under the RSP/RSP 2014 and PSP/PSP 2014.

^{R1} The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the two-year performance periods relating to the relevant awards.

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

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

^{*} 14,570 PSP Final Awards of fully paid ordinary shares were released to Mr Goh Choon Phong pursuant to the vesting of 58,254 PSP Base Awards during the financial year.

6 Equity Compensation Plans of Subsidiaries

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

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

The SIAEC Employee Share Option Plan ("SIAEC ESOP") was approved by the shareholders of SIAEC on 9 February 2000. At the end of the financial year, options to take up 18,982,713 unissued shares in SIAEC were outstanding under the SIAEC ESOP.

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

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

(ii) Tiger Airways Holdings Limited ("Tiger Airways")

The Tiger Airways Share Options Scheme ("Tiger Airways ESOP") was approved by the Tiger Airways Board of Directors on 24 April 2008. At the end of the financial year, 10,865 options were outstanding under the Tiger Airways ESOP.

The Tiger Airways Long Term Incentive Plan ("the LTIP") was approved by shareholders of Tiger Airways on 30 July 2010. Pursuant to the approval of the LTIP, employees are eligible to participate in the Tiger Airways Restricted Share Plan ("Tiger Airways RSP") and Tiger Airways Performance Share Plan ("Tiger Airways PSP").

Details and terms of the Tiger Airways ESOP, Tiger Airways RSP and Tiger Airways PSP have been disclosed in the Directors' Report of Tiger Airways.

7 Audit Committee

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

Gautam Banerjee – Chairman
William Fung Kwok Lun
Hsieh Tsun-yan

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

- (i) quarterly and annual financial statements;
- (ii) audit scopes, plans and reports of the external and internal auditors;
- (iii) effectiveness of material controls, including financial, compliance, information technology and risk management controls;
- (iv) interested person transactions;
- (v) whistle-blowing programme instituted by the Company; and
- (vi) any material loss of funds, significant computer security incidents and legal cases.

The Audit Committee has recommended to the Board of Directors the appointment of KPMG LLP as external auditor of the Company in place of the retiring auditor, Ernst & Young LLP, at the forthcoming 2015 Annual General Meeting.

8 Auditor

The retiring auditor, Ernst & Young LLP, will not be seeking re-appointment. KPMG LLP has expressed its willingness to accept appointment as auditor.

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 14th day of May 2015

Statement by the Directors Pursuant to Section 201(15)

We, Stephen Lee Ching Yen and Goh Choon Phong, being two of the directors of Singapore Airlines Limited, do hereby state that in the opinion of the directors:

- (i) the accompanying statements of financial position, consolidated profit and loss account, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (ii) 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.

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 14th day of May 2015

Independent Auditor's Report

To the members of Singapore Airlines Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Singapore Airlines Limited (the "Company") and its subsidiaries (the "Group") set out on pages 93 to 204, which comprise the statements of financial position of the Group and the Company as at 31 March 2015, the statements of changes in equity of the Group and the Company and the consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Independent Auditor's Report

Report on Other 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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

Dated this 14th day of May 2015
Singapore

Consolidated Profit and Loss Account

For The Financial Year Ended 31 March 2015 (in \$ million)

		The Group	
	Notes	FY2014/15	FY2013/14
Revenue	4	15,565.5	15,243.9
Expenditure			
Staff costs	5	2,335.2	2,336.7
Fuel costs		5,579.7	5,702.1
Depreciation	21	1,538.8	1,575.5
Impairment of property, plant and equipment	21	1.5	20.2
Amortisation of intangible assets	22	25.9	25.7
Aircraft maintenance and overhaul costs		668.6	641.8
Commission and incentives		375.6	346.6
Landing, parking and overflying charges		747.9	716.6
Handling charges		1,066.2	1,038.7
Rentals on leased aircraft		839.5	649.5
Material costs		176.7	223.1
Inflight meals		553.5	549.1
Advertising and sales costs		258.5	257.6
Insurance expenses		44.9	41.5
Company accommodation and utilities		119.5	119.1
Other passenger costs		175.0	173.3
Crew expenses		146.4	144.7
Other operating expenses		502.7	422.8
		15,156.1	14,984.6
Operating profit	6	409.4	259.3
Finance charges	7	(49.6)	(37.3)
Interest income	8	74.9	62.7
Surplus on disposal of aircraft, spares and spare engines		51.9	51.2
Dividends from long-term investments		13.2	19.6
Other non-operating items	9	(14.3)	1.9
Share of profits of joint venture companies	25	52.0	94.0
Share of losses of associated companies	24	(129.1)	(45.2)
Profit before exceptional items		408.4	406.2
Exceptional items	10	34.5	(38.3)
Profit before taxation		442.9	367.9
Taxation	11	(36.2)	56.5
Profit for the financial year		406.7	424.4
Profit attributable to:			
Owners of the Parent		367.9	359.5
Non-controlling interests		38.8	64.9
		406.7	424.4
Basic earnings per share (cents)	12	31.4	30.6
Diluted earnings per share (cents)	12	31.2	30.3

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

Consolidated Statement of Comprehensive Income

For The Financial Year Ended 31 March 2015 (in \$ million)

		The Group	
	Notes	FY2014/15	FY2013/14
Profit for the financial year		406.7	424.4
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation differences		(17.7)	14.0
Available-for-sale financial assets	16(d)	67.2	(71.9)
Adjustment on acquisition of an associated company	16(d)	15.0	–
Cash flow hedges		(738.8)	20.8
Surplus on dilution of interest in an associated company due to share options exercised		1.6	0.6
Share of other comprehensive income of associated and joint venture companies		(13.9)	(1.3)
Realisation of reserves on liquidation of an associated company		(0.5)	–
Realisation of reserves on disposal of an associated company		2.4	116.6
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Actuarial gain/(loss) on revaluation of defined benefit plans		10.3	(0.7)
Share of gain on property revaluation of an associated company		10.6	13.1
Total comprehensive income for the financial year, net of tax		(663.8)	91.2
Total comprehensive income for the financial year		(257.1)	515.6
Total comprehensive income attributable to:			
Owners of the Parent		(310.3)	449.4
Non-controlling interests		53.2	66.2
		(257.1)	515.6

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

Statements of Financial Position

As At 31 March 2015 (in \$ million)

	Notes	The Group		The Company	
		2015	2014	2015	2014
Equity attributable to owners of the Parent					
Share capital	14	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	15	(326.3)	(262.2)	(326.3)	(262.2)
Other reserves	16	10,933.8	11,643.3	10,049.5	10,518.2
		12,463.6	13,237.2	11,579.3	12,112.1
Non-controlling interests					
		466.5	337.4	–	–
Total equity		12,930.1	13,574.6	11,579.3	12,112.1
Deferred account					
	17	141.7	226.4	115.1	213.1
Deferred taxation					
	18	1,599.6	1,788.9	1,325.5	1,516.2
Long-term liabilities					
	19	1,370.0	904.3	1,001.0	800.0
Provisions					
	20	936.9	587.3	682.9	555.8
Defined benefit plans					
	5	160.4	169.6	152.4	162.0
		17,138.7	17,251.1	14,856.2	15,359.2
Represented by:					
Property, plant and equipment					
	21				
Aircraft, spares and spare engines		9,957.5	10,100.8	7,700.3	8,378.1
Land and buildings		209.4	226.9	59.9	64.9
Others		3,356.3	2,699.0	2,146.2	1,815.9
		13,523.2	13,026.7	9,906.4	10,258.9
Intangible assets					
	22	497.6	223.4	159.4	157.9
Subsidiary companies					
	23	–	–	3,364.7	2,021.6
Associated companies					
	24	922.2	729.4	472.4	313.5
Joint venture companies					
	25	167.9	126.5	–	–
Long-term investments					
	26	1,125.0	1,125.2	1,100.2	1,045.1
Other receivables					
	27	163.9	92.2	17.9	92.2
Deferred account					
	17	56.4	8.4	36.3	–
Current assets					
Inventories	28	202.0	243.0	131.7	169.2
Trade debtors	29	1,486.9	1,604.7	993.7	1,113.2
Deposits and other debtors	30	43.4	50.1	22.5	20.3
Prepayments		124.6	107.5	92.9	83.5
Amounts owing by subsidiary companies	29	–	–	311.5	599.9
Investments	31	168.6	287.4	102.7	233.3
Derivative assets	37(a)	114.4	134.1	107.0	133.3
Cash and bank balances	32	5,254.1	4,883.9	4,646.5	4,623.8
Assets held for sale	21	71.0	–	–	–
		7,465.0	7,310.7	6,408.5	6,976.5
Less: Current liabilities					
Sales in advance of carriage		1,464.7	1,446.3	1,328.6	1,376.4
Deferred revenue		612.5	572.9	612.5	572.9
Current tax payable		161.9	201.1	111.4	161.8
Trade and other creditors	33	2,906.5	2,977.9	2,088.6	2,287.4
Amounts owing to subsidiary companies	33	–	–	1,048.7	1,034.8
Finance lease commitments	19	54.1	52.5	–	–
Loans	19	93.0	8.2	–	–
Notes payable	19	300.0	–	300.0	–
Provisions	20	170.2	75.7	138.0	44.0
Derivative liabilities	37(a)	1,019.6	56.8	981.8	29.2
		6,782.5	5,391.4	6,609.6	5,506.5
Net current assets/(liabilities)		682.5	1,919.3	(201.1)	1,470.0
		17,138.7	17,251.1	14,856.2	15,359.2

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 2015 (in \$ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2014		1,856.1	(262.2)	123.7
<u>Comprehensive income</u>				
Currency translation differences	16(b)	–	–	–
Net fair value changes on available-for-sale assets	16(d)	–	–	–
Adjustment on acquisition of an associated company	16(d)	–	–	–
Net fair value changes on cash flow hedges		–	–	–
Actuarial gain on revaluation of defined benefit plans		–	–	–
Surplus on dilution of interest in an associated company due to share options exercised		–	–	–
Realisation of reserves on liquidation of an associated company		–	–	–
Realisation of reserves on disposal of an associated company		–	–	–
Share of other comprehensive income of associated and joint venture companies		–	–	10.6
Other comprehensive income for the financial year		–	–	10.6
Profit for the financial year		–	–	–
Total comprehensive income for the financial year, net of tax		–	–	10.6
<u>Transactions with owners, recorded directly in equity</u>				
<u>Contributions by and distributions to owners</u>				
Share of other changes in equity of associated companies		–	–	81.3
Surplus on dilution of interest in subsidiary companies due to share options exercised		–	–	–
Share-based compensation expense	5	–	–	–
Share options lapsed		–	–	–
Purchase of treasury shares	15	–	(107.0)	–
Treasury shares reissued pursuant to equity compensation plans	15	–	42.9	2.8
Dividends	13	–	–	–
Total contributions by and distributions to owners		–	(64.1)	84.1
<u>Changes in ownership interests in subsidiaries</u>				
Acquisition of non-controlling interests		–	–	(2.5)
Acquisition of a subsidiary company		–	–	–
Rights shares allotted to non-controlling interests of a subsidiary company		–	–	–
Total changes in ownership interests in subsidiaries		–	–	(2.5)
Total transactions with owners		–	(64.1)	81.6
Balance at 31 March 2015		1,856.1	(326.3)	215.9

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

Attributable to Owners of the Parent						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non- controlling interests	Total equity
(101.5)	134.5	(40.4)	11,527.0	13,237.2	337.4	13,574.6
(32.1)	–	–	–	(32.1)	14.4	(17.7)
–	–	67.2	–	67.2	–	67.2
–	–	15.0	–	15.0	–	15.0
–	–	(738.8)	–	(738.8)	–	(738.8)
–	–	–	10.3	10.3	–	10.3
–	–	–	1.6	1.6	–	1.6
(0.5)	–	–	–	(0.5)	–	(0.5)
(1.6)	–	4.0	–	2.4	–	2.4
–	(0.7)	(13.2)	–	(3.3)	–	(3.3)
(34.2)	(0.7)	(665.8)	11.9	(678.2)	14.4	(663.8)
–	–	–	367.9	367.9	38.8	406.7
(34.2)	(0.7)	(665.8)	379.8	(310.3)	53.2	(257.1)
–	–	–	–	81.3	–	81.3
–	(5.8)	–	14.1	8.3	8.9	17.2
–	9.2	–	–	9.2	–	9.2
–	(6.9)	–	6.9	–	–	–
–	–	–	–	(107.0)	–	(107.0)
–	(17.1)	–	–	28.6	–	28.6
–	–	–	(481.2)	(481.2)	(72.0)	(553.2)
–	(20.6)	–	(460.2)	(460.8)	(63.1)	(523.9)
–	–	–	–	(2.5)	–	(2.5)
–	–	–	–	–	38.5	38.5
–	–	–	–	–	100.5	100.5
–	–	–	–	(2.5)	139.0	136.5
–	(20.6)	–	(460.2)	(463.3)	75.9	(387.4)
(135.7)	113.2	(706.2)	11,446.6	12,463.6	466.5	12,930.1

Statements of Changes in Equity

For The Financial Year Ended 31 March 2015 (in \$ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2013		1,856.1	(269.8)	110.3
Effects of adopting revised FRS 19		–	–	–
Restated balance at 1 April 2013		1,856.1	(269.8)	110.3
<u>Comprehensive income</u>				
Currency translation differences	16(b)	–	–	–
Net fair value changes on available-for-sale assets	16(d)	–	–	–
Net fair value changes on cash flow hedges		–	–	–
Actuarial loss on revaluation of defined benefit plans		–	–	–
Arising from the disposal of an associated company		–	–	–
Surplus on dilution of interest in an associated company due to share options exercised		–	–	–
Share of other comprehensive income of associated and joint venture companies		–	–	13.1
Other comprehensive income for the financial year		–	–	13.1
Profit for the financial year		–	–	–
Total comprehensive income for the financial year, net of tax		–	–	13.1
<u>Transactions with owners, recorded directly in equity</u>				
<u>Contributions by and distributions to owners</u>				
Surplus on dilution of interest in subsidiary companies due to share options exercised		–	–	–
Share-based compensation expense	5	–	–	–
Share options and share awards lapsed		–	–	–
Purchase of treasury shares	15	–	(16.0)	–
Treasury shares reissued pursuant to equity compensation plans	15	–	23.6	0.3
Dividends	13	–	–	–
Total transactions with owners		–	7.6	0.3
Balance at 31 March 2014		1,856.1	(262.2)	123.7

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

Attributable to Owners of the Parent							
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non- controlling interests	Total equity	
(191.8)	151.7	(27.1)	11,475.3	13,104.7	312.6	13,417.3	
–	–	–	(15.2)	(15.2)	–	(15.2)	
(191.8)	151.7	(27.1)	11,460.1	13,089.5	312.6	13,402.1	
12.7	–	–	–	12.7	1.3	14.0	
–	–	(71.9)	–	(71.9)	–	(71.9)	
–	–	20.8	–	20.8	–	20.8	
–	–	–	(0.7)	(0.7)	–	(0.7)	
77.6	–	39.0	–	116.6	–	116.6	
–	–	–	0.6	0.6	–	0.6	
–	(0.1)	(1.2)	–	11.8	–	11.8	
90.3	(0.1)	(13.3)	(0.1)	89.9	1.3	91.2	
–	–	–	359.5	359.5	64.9	424.4	
90.3	(0.1)	(13.3)	359.4	449.4	66.2	515.6	
–	(7.1)	–	21.3	14.2	16.0	30.2	
–	4.7	–	–	4.7	–	4.7	
–	(4.0)	–	4.0	–	–	–	
–	–	–	–	(16.0)	–	(16.0)	
–	(10.7)	–	–	13.2	–	13.2	
–	–	–	(317.8)	(317.8)	(57.4)	(375.2)	
–	(17.1)	–	(292.5)	(301.7)	(41.4)	(343.1)	
(101.5)	134.5	(40.4)	11,527.0	13,237.2	337.4	13,574.6	

Statements of Changes in Equity

For The Financial Year Ended 31 March 2015 (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 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	16(d)	–	–	–	–	67.3	–	67.3
Adjustment on acquisition of an associated company	16(d)	–	–	–	–	15.0	–	15.0
Net fair value changes on cash flow hedges	16(d)	–	–	–	–	(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	15	–	(107.0)	–	–	–	–	(107.0)
Treasury shares reissued pursuant to equity compensation plans	15	–	42.9	2.8	(17.1)	–	–	28.6
Dividends	13	–	–	–	–	–	(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

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 2015 (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 2013		1,856.1	(269.8)	(9.4)	124.5	2.9	10,254.3	11,958.6
Effects of adopting revised FRS 19		–	–	–	–	–	(13.1)	(13.1)
Restated balance at 1 April 2013		1,856.1	(269.8)	(9.4)	124.5	2.9	10,241.2	11,945.5
<u>Comprehensive income</u>								
Net fair value changes on available-for-sale assets	16(d)	–	–	–	–	(70.8)	–	(70.8)
Net fair value changes on cash flow hedges	16(d)	–	–	–	–	16.4	–	16.4
Actuarial loss on revaluation of defined benefit plans		–	–	–	–	–	(0.6)	(0.6)
Other comprehensive income for the financial year		–	–	–	–	(54.4)	(0.6)	(55.0)
Profit for the financial year		–	–	–	–	–	538.5	538.5
Total comprehensive income for the financial year, net of tax		–	–	–	–	(54.4)	537.9	483.5
<u>Transactions with owners, recorded directly in equity</u>								
<u>Contributions by and distributions to owners</u>								
Share-based compensation expense		–	–	–	3.7	–	–	3.7
Share options and share awards lapsed		–	–	–	(3.9)	–	3.9	–
Purchase of treasury shares	15	–	(16.0)	–	–	–	–	(16.0)
Treasury shares reissued pursuant to equity compensation plans	15	–	23.6	0.3	(10.7)	–	–	13.2
Dividends	13	–	–	–	–	–	(317.8)	(317.8)
Total transactions with owners		–	7.6	0.3	(10.9)	–	(313.9)	(316.9)
Balance at 31 March 2014		1,856.1	(262.2)	(9.1)	113.6	(51.5)	10,465.2	12,112.1

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 2015 (in \$ million)

		The Group	
	Notes	FY2014/15	FY2013/14
Cash flow from operating activities			
Profit before taxation		442.9	367.9
Adjustments for:			
Depreciation	21	1,538.8	1,575.5
Impairment of property, plant and equipment	21	1.5	20.2
Amortisation of intangible assets	22	25.9	25.7
Impairment of trade debtors	6	0.7	1.1
Writedown of inventories	28	38.1	22.3
Income from short-term investments	6	(1.7)	(1.6)
Provisions	20	339.5	177.6
Share-based compensation expense	5	9.2	4.7
Exchange differences		(44.8)	(8.7)
Amortisation of deferred gain on sale and operating leaseback transactions	6	(5.7)	(12.6)
Finance charges	7	49.6	37.3
Interest income	8	(74.9)	(62.7)
Surplus on disposal of aircraft, spares and spare engines		(51.9)	(51.2)
Dividends from long-term investments		(13.2)	(19.6)
Other non-operating items	9	14.3	(1.9)
Share of profits of joint venture companies	25	(52.0)	(94.0)
Share of losses of associated companies	24	129.1	45.2
Exceptional items	10	(34.5)	38.3
Operating cash flow before working capital changes		2,310.9	2,063.5
Decrease in trade and other creditors		(319.5)	(23.3)
(Decrease)/Increase in sales in advance of carriage		(55.9)	12.0
Decrease in trade debtors		199.6	138.9
Decrease in deposits and other debtors		22.5	4.8
Increase in prepayments		(2.8)	(4.3)
(Increase)/Decrease in inventories		(0.5)	9.6
Increase in deferred revenue		39.6	40.4
Cash generated from operations		2,193.9	2,241.6
Payment of fines	10	(10.4)	(78.3)
Income taxes paid		(116.3)	(65.2)
Net cash provided by operating activities		2,067.2	2,098.1

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

		The Group	
	Notes	FY2014/15	FY2013/14
Cash flow from investing activities			
Capital expenditure	34	(2,600.2)	(2,574.6)
Purchase of intangible assets	34	(30.9)	(29.7)
Proceeds from disposal of aircraft and other property, plant and equipment		997.8	808.7
Purchase of long-term investments		(378.9)	(550.8)
Payment for purchase of derivatives		–	(20.8)
Proceeds from disposal of long-term investments		9.5	12.6
Proceeds from disposal of short-term investments		120.1	110.3
Dividends received from associated and joint venture companies		114.3	171.4
Dividends received from investments		14.1	20.5
Interest received from investments and deposits		54.9	50.3
Proceeds from liquidation of an associated company		18.5	–
Proceeds from disposal of an associated company		7.3	459.4
Proceeds from disposal of a subsidiary company, net of cash disposed		8.9	–
Acquisition of additional interest in a subsidiary company		(3.4)	–
Acquisition of a subsidiary company, net of cash acquired		135.6	–
Investments in associated companies		(33.2)	(281.8)
Investments in a joint venture company		(39.6)	–
Return of capital by an associated company		–	1.8
Net cash used in investing activities		(1,605.2)	(1,822.7)
Cash flow from financing activities			
Dividends paid	13	(481.2)	(317.8)
Dividends paid by subsidiary companies to non-controlling interests		(72.0)	(57.4)
Interest paid		(41.5)	(36.4)
Proceeds from borrowings		8.8	16.9
Repayment of borrowings		(38.2)	(0.9)
Repayment of long-term lease liabilities		(52.3)	(67.6)
Proceeds from exercise of share options		45.8	43.4
Proceeds from issuance of bonds	19	500.0	–
Proceeds from issuance of rights shares to non-controlling interests		100.5	–
Purchase of treasury shares	15	(107.0)	(16.0)
Net cash used in financing activities		(137.1)	(435.8)
Net cash inflow/(outflow)		324.9	(160.4)
Cash and cash equivalents at beginning of the financial year		4,883.9	5,059.6
Effect of exchange rate changes		45.3	(15.3)
Cash and cash equivalents at end of the financial year		5,254.1	4,883.9
Analysis of cash and cash equivalents			
Fixed deposits	32	4,246.2	4,309.1
Cash and bank	32	1,007.9	574.8
Cash and cash equivalents at end of the financial year		5,254.1	4,883.9

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

Notes to the Financial Statements

31 March 2015

1 General

Singapore Airlines Limited (“the Company”) is a limited liability company incorporated in the Republic of Singapore which is also the place of domicile. 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 principal activities of the Group consist of passenger and cargo air transportation, engineering services, training of pilots, air charters and tour wholesaling and related activities. The principal activity of the Company consists of passenger air transportation.

The financial statements for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2015.

2 Summary of Significant Accounting Policies

The accounting policies applied by the Group and the Company are consistent with those used in the previous financial year.

(a) Basis of preparation

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

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

The financial statements are presented in Singapore Dollars (SGD) and all values in the tables are rounded to the nearest million as indicated.

(b) Changes in accounting policies

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

On 1 April 2014, the Group adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual financial periods beginning on or after 1 April 2014. 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.

2 Summary of Significant Accounting Policies (continued)

(c) Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRS (January 2014)	1 July 2014
Improvements to FRS (February 2014)	1 July 2014
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: Investment entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 16 Property, Plant and Equipment and FRS 41: Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Improvements to FRS (November 2014)	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017
FRS 109 Financial Instruments	1 January 2018

Except for FRS 115 and FRS 109, the Management expects that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115.

FRS 109 Financial Instruments

In December 2014, the Accounting Standards Council issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The Group is currently assessing the impact of FRS 109.

Notes to the Financial Statements

31 March 2015

2 Summary of Significant Accounting Policies (continued)

(d) Basis of consolidation

The consolidated financial statements comprise the separate financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. A list of the Group's subsidiary companies is shown in Note 23 to the financial statements.

All intra-group balances, transactions, income and expenses and unrealised profits and losses resulting from intra-group transactions are eliminated in full.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the profit and loss account or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interest in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the profit and loss account.

The Group elects for each individual business combination, whether 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.

Any excess of the sum 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 assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2(f). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the profit and loss account on the acquisition date.

Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Parent, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Parent.

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. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent.

2 Summary of Significant Accounting Policies (continued)

(e) Subsidiary, associated and joint venture companies

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

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee, if and only if, the Group has all of the following:

- power over the investee
- exposure, or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

An associated company is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. A list of the Group's associated companies is shown in Note 24 to the financial statements.

A joint venture company is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. A list of the Group's joint venture companies is shown in Note 25 to the financial statements.

The Group accounts for its investments in associated and joint venture companies using the equity method from the date on which it becomes an associated or joint venture company.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associated or joint venture company's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associated or joint venture companies are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated or joint venture companies. The profit or loss reflects the share of results of operations of the associated or joint venture companies. Distributions received from associated or joint venture companies reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associated or joint venture companies, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associated or joint venture companies are eliminated to the extent of the interest in the associated or joint venture companies.

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.

Notes to the Financial Statements

31 March 2015

2 Summary of Significant Accounting Policies (continued)

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associated or joint venture company. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated or joint venture company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated or joint venture company and its carrying value and recognises the amount in profit or loss.

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 co-terminous 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 necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon 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.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated or joint venture company on the same basis as would have been required if that associated or joint venture company had directly disposed of the related assets or liabilities.

When an investment in an associated company becomes an investment in a joint venture company or an investment in joint venture company becomes an investment in an associated company, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associated or joint venture company is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

When an available-for-sale investment becomes an investment in an associated company, the changes in fair value previously recognised in fair value reserve are reversed through other comprehensive income to bring the investment back to its original cost.

(f) Intangible assets

(i) Computer software

Computer software acquired separately is measured initially at cost. Following initial acquisition, computer software is stated at cost less accumulated amortisation and accumulated impairment losses, if any. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 10 years and assessed for impairment whenever there is an indication that the computer software may be impaired. Advance and progress payments are not amortised. The amortisation period and method are reviewed at least annually.

(ii) Deferred engine development cost

This relates to the Group's share of engine development payments made in connection with its participation in aircraft engine development projects with other companies. Amortisation of such intangibles begins only 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 20 years. The amortisation period and amortisation method would be reviewed annually in light of experience and changing circumstances, and adjusted prospectively, as appropriate at the end of each reporting period.

2 Summary of Significant Accounting Policies (continued)

(f) Intangible assets (continued)

(iii) Brand and trademarks

The brand and trademarks were acquired in business combinations. The useful life of the brand is estimated to be indefinite because based on the assumption that the subsidiary company is operating as a going concern, management believes there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group. The trademarks are amortised on a straight line basis over its finite useful life of 23 to 24 years.

(iv) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Goodwill impairment is determined by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

(v) Others

Purchased landing slots are measured initially at cost. Following initial recognition, landing slots are measured at cost less accumulated impairment losses, if any. Landing slots based within the European Union are not amortised, as regulations provide that these landing slots have an indefinite useful life, and are tested for impairment annually.

Licences were acquired in business combinations. These intangible assets are amortised on a straight-line basis over an estimated useful life of 3 years.

(g) Foreign currencies

The Management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

Foreign currency transactions are converted into SGD at exchange rates which approximate bank rates prevailing at dates of transactions.

All foreign currency monetary assets and liabilities are translated into SGD using year-end exchange rates. 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.

Notes to the Financial Statements

31 March 2015

2 Summary of Significant Accounting Policies (continued)

(g) Foreign currencies (continued)

Gains and losses arising from conversion of monetary assets and liabilities are taken to the profit and loss account.

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

Goodwill and fair value adjustments arising from the acquisition of foreign operations on or after 1 April 2005 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.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in other comprehensive income relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

(h) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of all aircraft is stated net of manufacturers' credit. Aircraft and related equipment acquired on an exchange basis are stated at amounts paid plus the fair value of the fixed asset traded-in. Expenditure for heavy maintenance visits on aircraft, engine overhauls and landing gear overhauls, is capitalised at cost. Expenditure for engine overhaul costs covered by power-by-hour (fixed rate charged per hour) maintenance agreements is recorded as advance payment and capitalised upon completion of an overhaul. Expenditure for other maintenance and repairs is charged to the profit and loss account. 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

(i) Depreciation of property, plant and equipment

Property, plant and equipment 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. Operational lives, residual values and depreciation method are reviewed annually in the light of experience and changing circumstances, and adjusted prospectively, if appropriate.

Freehold land, advance and progress payments are not depreciated.

Fully depreciated assets are retained in the financial statements until they are no longer in use. No depreciation is charged after assets are depreciated to their residual values.

2 Summary of Significant Accounting Policies (continued)

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

(i) Aircraft, spares and spare engines

The Group depreciates its new passenger aircraft, spares and spare engines over 15 to 20 years to 5% to 10% residual values.

The Group depreciates its new freighter aircraft over 20 years to 5% residual values. For used freighter aircraft, the Group depreciates them over the remaining life (20 years less age of aircraft) to 5% residual values.

Major inspection costs relating to landing gear overhauls, heavy maintenance visits and engine overhauls (including inspection costs provided under power-by-hour maintenance agreements) are capitalised and depreciated over the average expected life between major overhauls, estimated to be 4 to 10 years.

Training aircraft are depreciated over 5 to 15 years to 10% to 20% residual values.

Flight simulators are depreciated over 5 to 10 years to nil residual values.

(ii) Land and buildings

Freehold buildings, leasehold land and buildings are depreciated to nil residual values as follows:

Company owned office premises	–	according to lease period or 30 years, whichever is the shorter.
Company owned household premises	–	according to lease period or 10 years, whichever is the shorter.
Other premises	–	according to lease period or 5 years, whichever is the shorter.
Leasehold hotel properties held by an associated company	–	according to lease period of 99 years, up to 2081.

(iii) Others

Plant and equipment, office and computer equipment are depreciated over 1 to 15 years to nil residual values.

(j) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets 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.

For sale and finance leaseback, differences between sales proceeds and net book values are taken to the statement of financial position as deferred gain or loss on sale and leaseback transactions, included under deferred account and amortised over the minimum lease terms.

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

Notes to the Financial Statements

31 March 2015

2 Summary of Significant Accounting Policies (continued)

(j) Leases (continued)

(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.

Gains or losses arising from sale and operating leaseback of aircraft are determined based on fair values. Excess of sales proceeds over fair values are taken to the statement of financial position as deferred gain on sale and leaseback transactions, included under deferred account and amortised over the minimum lease terms. If the sales proceeds are below fair values, the loss is recognised in the profit and loss account except that, if the loss is compensated for by future lease payments at below market values, the deferred loss is included under deferred account and is amortised over the minimum lease period.

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

(iii) Operating lease – as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Aircraft leased out under operating leases are included under property, plant and equipment and are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Rental income is recognised on a straight-line basis over the lease term.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

(l) Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit and loss account.

All regular purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2 Summary of Significant Accounting Policies (continued)

(l) Financial assets (continued)

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as fair value through profit or loss. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short-term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives are also classified under this category unless they are designated as effective hedging instruments. Gains or losses on financial assets held at fair value through profit or loss are recognised in the profit and loss account.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the profit and loss account when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category, or not classified in any other categories. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised in other comprehensive income, except that impairment losses and interest are recognised in the profit and loss account. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the profit and loss account as a reclassification adjustment when the investment is derecognised.

(m) Investments

Investments held by the Group are classified as available-for-sale or held-to-maturity. Investments classified as available-for-sale are stated at fair value, unless there is no active market for trading. Fair value is determined in the manner described in Note 37(b). Investments with no active market for trading are stated at cost less accumulated impairment losses as their fair value cannot be reliably measured. Held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. The accounting policy for both categories of financial assets is stated in Note 2(l).

(n) Trade debtors and other receivables

Trade debtors, including amounts owing by subsidiary, associated and joint venture companies, deposits and other debtors are classified and accounted for as loans and receivables. Other non-current receivables are also classified and accounted for in the same way. The accounting policy for this category of financial assets is stated in Note 2(l).

Further details on the accounting policy for impairment of financial assets are stated in Note 2(q).

Notes to the Financial Statements

31 March 2015

2 Summary of Significant Accounting Policies (continued)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits in banks and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and deposits in banks. The accounting policy for this category of financial assets is stated in Note 2(l), under loans and receivables.

(p) 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 exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

(q) Impairment of financial assets

The Group also assesses at the end of each reporting period whether a financial asset or a group of financial assets is impaired.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The impairment loss is recognised in the profit and loss account.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

2 Summary of Significant Accounting Policies (continued)

(q) Impairment of financial assets (continued)

(i) Financial assets carried at amortised cost (continued)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit and loss account.

(ii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from other comprehensive income to the profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss account; increase in the fair value after impairment are recognised directly in other comprehensive income.

In the case of non-equity investments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit and loss account. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a non-equity investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed in the profit and loss account.

(r) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Notes to the Financial Statements

31 March 2015

2 Summary of Significant Accounting Policies (continued)

(r) Financial liabilities (continued)

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the profit and loss account.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss account.

(s) Offsetting of financial assets and liabilities

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

(t) 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.

(u) Trade and other creditors

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

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

2 Summary of Significant Accounting Policies (continued)

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty claims is made for engine overhaul, repairs and maintenance of aircraft (excluding line maintenance) based on past experience of the level of repairs.

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

(w) Maintenance reserve

Maintenance reserve relates to payments made by the lessee for maintenance activities undertaken during the lease period. The Group will reimburse the lessee for agreed maintenance work done as and when incurred. The Group records the amounts received as maintenance reserve. At the expiry of the lease term, excess maintenance reserve is recognised in the profit and loss account.

(x) Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(y) Treasury shares

When shares are reacquired by the Company, the amount of consideration paid 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 pursuant to equity compensation plans, 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 for the Group and no dividends are allocated to them respectively.

(z) 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, estimated based on expected utilisation of these benefits, is deferred until they are utilised. These are included under deferred revenue on the statement of financial position. Any remaining unutilised benefits are recognised as revenue upon expiry.

Notes to the Financial Statements

31 March 2015

2 Summary of Significant Accounting Policies (continued)

(aa) Taxation

(i) Current income tax

Tax recoverable and tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income. 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 items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided, using the liability 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 liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from 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
- In respect of taxable 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 the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of 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 except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition 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
- In respect of deductible temporary differences associated with investments in subsidiary, associated and joint venture companies, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is 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. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow 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.

2 Summary of Significant Accounting Policies (continued)

(aa) Taxation (continued)

(ii) Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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.

(iii) Indirect taxes

Revenues, expenses and assets are recognised net of the amount of indirect tax except:

- Where the indirect tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the indirect tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of indirect tax included.

The net amount of indirect tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

(ab) Revenue

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

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

Passenger and cargo sales are recognised as operating revenue when the transportation is provided. The value of unused tickets and air waybills is included in current liabilities as sales in advance of carriage. The value of tickets and air waybills is recognised as revenue if unused after two years and one year respectively.

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

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

Notes to the Financial Statements

31 March 2015

2 Summary of Significant Accounting Policies (continued)

(ac) 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.

(ad) Employee benefits

(i) Equity compensation plans

Employees of the Group receive remuneration in the form of share options and share awards as consideration for services rendered.

The Group has in place, the Singapore Airlines Limited Employee Share Option Plan, the SIA Engineering Company Limited Employee Share Option Plan and the Pre-IPO Tiger Aviation Share Options Scheme for granting of share options to senior executives and all other employees. The exercise price approximates the market value of the shares at the date of grant.

The Group has also implemented the Singapore Airlines Limited Restricted Share Plan and Performance Share Plan, the SIA Engineering Company Limited Restricted Share Plan and Performance Share Plan and Tiger Airways Group Restricted Share Plan, Performance Share Plan and CEO Restricted Share Grant for awarding of fully paid ordinary shares to senior executives and key Senior Management, when and after pre-determined performance or service conditions are accomplished.

Details of the plans are disclosed in Note 5 to the financial statements.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options or awards at the date on which the share options or awards are granted. In valuing the share options and share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company and non-vesting conditions.

This cost is recognised in the profit and loss account as share-based compensation expense, with a corresponding increase in the share-based compensation reserve, over the vesting period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share-based compensation reserve over the remaining vesting period.

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

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

2 Summary of Significant Accounting Policies (continued)

(ad) Employee benefits (continued)

(ii) Defined benefit plans

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

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability
- Remeasurements of net defined benefit liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate to the net defined benefit liability. Net interest on the net defined benefit liability is recognised as expense in profit or loss.

Remeasurements comprising actuarial gains and losses, and return on plan assets are recognised immediately in other comprehensive income in the period in which they arise. 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 a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

(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' pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

(ae) 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.

Notes to the Financial Statements

31 March 2015

2 Summary of Significant Accounting Policies (continued)

(af) Training and development costs

Training and development costs, including start-up programme costs, are charged to the profit and loss account in the financial year in which they are incurred.

(ag) 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.

(ah) Claims and liquidated damages

Claims for liquidated damages, in relation to a loss of income, are recognised in the profit and loss account when a contractual entitlement exists, the amount can be reliably measured and receipt is virtually certain. When the claims do not relate to a compensation for loss of income, the amounts are taken to the statement of financial position as deferred credit, included under deferred account, as a reduction to the cost of the assets when the assets are capitalised and also for future reduction of operating lease expenses.

(ai) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts, foreign currency option contracts, cross currency swap contracts, interest rate swap contracts, interest rate cap contracts, jet fuel option contracts, jet fuel, Brent and crack swap contracts and jet fuel collar contracts to hedge its risks associated with foreign currency, interest rate and jet fuel price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value.

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

The Group also sets aside USD deposits to match forecast capital expenditure requirements. To create a USD-denominated asset in the statement of financial position to match against the expected USD liability for capital expenditure, the Group accumulates USD over a period of 10 months in advance of forecast aircraft payments. The exchange gains and losses of the USD held would be recognised in the carrying value of the aircraft.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedged item or transaction, the hedging instrument, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's (or transaction's) cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows, and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they are designated.

Derivatives are classified as fair value through profit or loss unless they qualify for hedge accounting. Hedges which meet the criteria for hedge accounting are accounted for as cash flow hedges.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value reserve Note 16(d), while the ineffective portion is recognised in the profit and loss account.

Amounts taken to the fair value reserve are transferred to the profit and loss account when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. If the hedged item is a non-financial asset or liability, the amounts taken to the fair value reserve are transferred to the initial carrying amount of the non-financial asset or liability.

2 Summary of Significant Accounting Policies (continued)

(aj) 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 the Management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 4, including the factors used to identify the reportable segments and the measurement basis of segment information. The significant business segments of the Group are airline operations, engineering services and cargo operations.

(ii) Geographical segment

The analysis of revenue by area of original sale from airline operations is derived by allocating revenue to the area in which the sale was made. Revenue from other operations, which consist principally of engineering services and cargo operations, is derived in East Asia and therefore, is 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.

(ak) Exceptional items

Exceptional items are separate items of income and expense of such size, nature or incidence that their separate disclosure is relevant to explain the performance of the Group for the year.

3 Significant Accounting Estimates

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 and expenses, and disclosures made. 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.

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. The fair value less costs to sell computation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. In determining the recoverable amounts of the aircraft, certain estimates regarding the current fair market value of the aircraft are made. The current fair market value is determined based on desktop valuations from an independent appraisal for fleet with similar operational lives. 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.

Notes to the Financial Statements

31 March 2015

3 Significant Accounting Estimates (continued)

(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 2015 was \$9,632.3 million (2014: \$9,788.4 million) and \$7,553.2 million (2014: \$8,228.6 million) respectively.

During the financial year, the Group revised the estimated useful lives of certain aircraft types to better reflect the economic useful lives with effect from 1 April 2014. The changes are in line with industry standards, and resulted in a reduction in depreciation expense of approximately \$44.6 million for the financial year ended 31 March 2015.

(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 and recognised as revenue at the end of two years. This is estimated based on historical trends and experiences of the Group whereby ticket uplift occurs mainly within the first two years. The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2015 was \$1,464.7 million (2014: \$1,446.3 million) and \$1,328.6 million (2014: \$1,376.4 million) respectively.

(d) Frequent Flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. The deferment of the revenue is estimated based on historical trends of breakage and redemption, which is then used to project the expected utilisation of these benefits. Any remaining unutilised benefits are recognised as revenue upon expiry. The carrying amount of the Group's and the Company's deferred revenue at 31 March 2015 was \$612.5 million (2014: \$572.9 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 engine original equipment manufacturers. 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 as if the engine maintenance and overhaul costs are accounted for under the time and material basis. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2015 was \$375.8 million (2014: \$409.9 million) and \$272.9 million (2014: \$354.9 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to \$47.7 million (FY2013/14: \$54.1 million) for the Group and \$33.9 million (FY2013/14: \$46.9 million) for the Company.

3 Significant Accounting Estimates (continued)

(f) Income taxes

The Group is subjected to income taxes in numerous jurisdictions. Significant judgment 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. The carrying amounts of the Group's current tax payable and deferred taxation at 31 March 2015 was \$161.9 million (2014: \$201.1 million) and \$1,599.6 million (2014: \$1,788.9 million) respectively. The carrying amounts of the Company's current tax payable and deferred taxation at 31 March 2015 was \$111.4 million (2014: \$161.8 million) and \$1,325.5 million (2014: \$1,516.2 million) respectively.

4 Segment Information (in \$ million)

For management purposes, the Group is organised into business units based on the nature of the services provided, and has four reportable operating segments as follows:

- (i) The airline operations segment provides passenger air transportation.
- (ii) The engineering services segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management programme. 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.
- (iii) The cargo operations segment is involved in air cargo transportation and related activities.
- (iv) Other services provided by the Group, such as training of pilots, air charters and tour wholesaling, has been aggregated under the segment "Others".

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. 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.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements

31 March 2015

4 Segment Information (in \$ million) (continued)

Business segments

The Group's business are 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 2015 and 2014 and certain assets and liabilities information of the business segments as at those dates.

	Airline operations FY2014/15
Total revenue	
External revenue	12,855.7
Inter-segment revenue	1,195.8
	14,051.5
Results	
Segment result	320.3
Finance charges	(47.0)
Interest income	74.6
Surplus/(Loss) on disposal of aircraft, spares and spare engines	57.8
Dividends from long-term investments	5.1
Other non-operating items	(22.2)
Share of (losses)/profits of joint venture companies	(8.8)
Share of (losses)/profits of associated companies	(176.0)
Exceptional items	115.7
Taxation	(20.4)
Profit/(Loss) for the financial year	299.1
Attributable to:	
Owners of the Parent	
Non-controlling interests	

* 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.

Engineering services FY2014/15	Cargo operations FY2014/15	Others FY2014/15	Total of segments FY2014/15	Elimination* FY2014/15	Consolidated FY2014/15
437.8	2,234.8	37.2	15,565.5	–	15,565.5
681.9	6.0	74.4	1,958.1	(1,958.1)	–
1,119.7	2,240.8	111.6	17,523.6	(1,958.1)	15,565.5
84.3	(22.0)	20.4	403.0	6.4	409.4
(0.3)	(4.0)	–	(51.3)	1.7	(49.6)
1.4	0.4	0.2	76.6	(1.7)	74.9
–	–	(0.1)	57.7	(5.8)	51.9
8.1	–	–	13.2	–	13.2
6.0	–	1.9	(14.3)	–	(14.3)
60.8	–	–	52.0	–	52.0
46.9	–	–	(129.1)	–	(129.1)
–	(83.3)	2.1	34.5	–	34.5
(20.0)	8.3	(4.1)	(36.2)	–	(36.2)
187.2	(100.6)	20.4	406.1	0.6	406.7
					367.9
					38.8
					406.7

Notes to the Financial Statements

31 March 2015

4 Segment Information (in \$ million) (continued)

Business segments (continued)

	Airline operations FY2013/14
Total revenue	
External revenue	12,444.7
Inter-segment revenue	1,215.6
	13,660.3
Results	
Segment result	225.9
Finance charges	(32.8)
Interest income	62.4
Surplus/(Loss) on disposal of aircraft, spares and spare engines	51.8
Dividends from long-term investments	5.8
Other non-operating items	13.2
Share of profits of joint venture companies	–
Share of (losses)/profits of associated companies	(114.0)
Exceptional items	371.5
Taxation	10.2
Profit/(Loss) for the financial year	594.0
Attributable to:	
Owners of the Parent	
Non-controlling interests	

* 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.

	Engineering services FY2013/14	Cargo operations FY2013/14	Others FY2013/14	Total of segments FY2013/14	Elimination* FY2013/14	Consolidated FY2013/14
	508.5	2,248.3	42.4	15,243.9	–	15,243.9
	669.7	5.4	75.4	1,966.1	(1,966.1)	–
	1,178.2	2,253.7	117.8	17,210.0	(1,966.1)	15,243.9
	115.6	(100.4)	14.2	255.3	4.0	259.3
	(0.2)	(5.9)	–	(38.9)	1.6	(37.3)
	1.5	0.6	0.1	64.6	(1.9)	62.7
	–	1.0	(1.6)	51.2	–	51.2
	13.8	–	–	19.6	–	19.6
	0.7	(4.6)	–	9.3	(7.4)	1.9
	94.0	–	–	94.0	–	94.0
	68.6	0.2	–	(45.2)	–	(45.2)
	–	(380.4)	(29.4)	(38.3)	–	(38.3)
	(23.0)	70.6	(1.3)	56.5	–	56.5
	271.0	(418.9)	(18.0)	428.1	(3.7)	424.4
						359.5
						64.9
						424.4

Notes to the Financial Statements

31 March 2015

4 Segment Information (in \$ million) (continued)

Business segments (continued)

	Airline operations 2015
Other information as at 31 March	
Segment assets	19,821.4
Investments in associated and joint venture companies	624.8
Long-term investments	1,110.4
Accrued interest receivable	24.6
Total assets	21,581.2
Segment liabilities	6,456.2
Provisions	1,090.6
Finance lease commitments	–
Loans	307.0
Notes payable	1,300.0
Defined benefit plans	155.5
Accrued interest payable	12.9
Tax liabilities	1,558.1
Total liabilities	10,880.3
Capital expenditure	2,536.0
Purchase of intangible assets	25.4
Depreciation	1,376.4
Impairment of property, plant and equipment	23.5
Amortisation of intangible assets	22.8
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	47.6

* 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.

	Engineering services 2015	Cargo operations 2015	Others 2015	Total of segments 2015	Elimination* 2015	Consolidated 2015
	1,177.2	1,606.6	175.3	22,780.5	(1,099.2)	21,681.3
	465.3	–	–	1,090.1	–	1,090.1
	14.6	–	–	1,125.0	–	1,125.0
	–	–	0.2	24.8	–	24.8
	1,657.1	1,606.6	175.5	25,020.4	(1,099.2)	23,921.2
	228.4	583.3	50.3	7,318.2	(1,109.1)	6,209.1
	0.2	16.2	0.1	1,107.1	–	1,107.1
	–	99.3	–	99.3	–	99.3
	33.2	–	–	340.2	–	340.2
	–	–	–	1,300.0	–	1,300.0
	–	4.9	–	160.4	–	160.4
	–	0.6	–	13.5	–	13.5
	44.0	150.9	8.2	1,761.2	0.3	1,761.5
	305.8	855.2	58.6	12,099.9	(1,108.8)	10,991.1
	49.5	47.0	0.7	2,633.2	–	2,633.2
	4.0	0.6	0.9	30.9	–	30.9
	41.4	119.0	1.8	1,538.6	0.2	1,538.8
	–	7.0	1.2	31.7	–	31.7
	1.4	1.4	0.3	25.9	–	25.9
	(1.7)	3.3	–	49.2	–	49.2

Notes to the Financial Statements

31 March 2015

4 Segment Information (in \$ million) (continued)

Business segments (continued)

	Airline operations 2014
Other informationas at 31 March	
Segment assets	18,662.1
Investments in associated and joint venture companies	402.5
Long-term investments	1,047.0
Accrued interest receivable	13.1
Total assets	20,124.7
Segment liabilities	5,528.1
Provisions	636.4
Finance lease commitments	–
Loans	–
Notes payable	800.0
Defined benefit plans	164.8
Accrued interest payable	3.5
Tax liabilities	1,770.1
Total liabilities	8,902.9
Capital expenditure	2,475.6
Purchase of intangible assets	22.9
Depreciation	1,373.6
Impairment of property, plant and equipment	19.0
Amortisation of intangible assets	23.0
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	34.3

* 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.

Engineering services 2014	Cargo operations 2014	Others 2014	Total of segments 2014	Elimination* 2014	Consolidated 2014
1,256.7	1,567.6	162.3	21,648.7	(1,000.6)	20,648.1
435.8	17.6	–	855.9	–	855.9
14.6	63.6	–	1,125.2	–	1,125.2
–	–	0.2	13.3	–	13.3
1,707.1	1,648.8	162.5	23,643.1	(1,000.6)	22,642.5
245.9	419.8	53.7	6,247.5	(971.6)	5,275.9
0.2	25.4	1.0	663.0	–	663.0
–	143.2	–	143.2	–	143.2
21.8	–	–	21.8	–	21.8
–	–	–	800.0	–	800.0
–	4.8	–	169.6	–	169.6
–	0.9	–	4.4	–	4.4
48.7	165.9	5.0	1,989.7	0.3	1,990.0
316.6	760.0	59.7	10,039.2	(971.3)	9,067.9
67.9	29.8	1.3	2,574.6	–	2,574.6
5.9	0.4	0.5	29.7	–	29.7
35.7	159.9	3.2	1,572.4	3.1	1,575.5
–	293.4	25.9	338.3	–	338.3
1.3	1.3	0.1	25.7	–	25.7
1.7	(7.8)	0.4	28.6	–	28.6

Notes to the Financial Statements

31 March 2015

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 2015 and 2014.

	By area of original sale	
	FY2014/15	FY2013/14
East Asia	5,630.6	5,060.2
Europe	1,422.3	1,428.5
South West Pacific	1,429.6	1,458.5
Americas	596.5	718.6
West Asia and Africa	432.2	397.2
Systemwide	9,511.2	9,063.0
Non-scheduled services and incidental revenue	4,540.3	4,597.3
	14,051.5	13,660.3

5 Staff Costs (in \$ million)

	The Group	
	FY2014/15	FY2013/14
Salary, bonuses and other costs	2,159.6	2,167.3
CPF, other defined contributions and defined benefit expense	166.4	164.7
Share-based compensation expense	9.2	4.7
	2,335.2	2,336.7

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 \$16.4 million for FY2014/15 (FY2013/14: \$18.3 million). As this is not material to the total staff costs of the Group for FY2014/15 and FY2013/14, additional disclosures of the defined benefit plans are not shown.

5 Staff Costs (in \$ million) (continued)

Share-based compensation expense

The Group has in place the Singapore Airlines Limited Employee Share Option Plan ("ESOP"), the SIA Engineering Company Limited ESOP and the Pre-IPO Tiger Aviation Share Options Scheme, Singapore Airlines Limited Restricted Share Plan ("RSP") and Performance Share Plan ("PSP"), the SIA Engineering Company Limited RSP and PSP, Tiger Airways Group RSP, PSP and CEO Restricted Share Grant and the amounts recognised in the profit and loss account for share-based compensation transactions with employees are as follows:

	The Group	
	FY2014/15	FY2013/14
Restricted share plan	7.5	3.2
Performance share plan	1.7	1.5
	9.2	4.7

Details of the plans are described in the following paragraphs:

Share option plans

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

Options were granted for a term no longer than 10 years from the date of grant. The exercise price of the options was the average of the closing prices of the Company's ordinary shares on the SGX-ST for the five market days immediately preceding the date of grant.

Under the Employee Share Option Scheme, options vest two years after the date of grant.

Under the Senior Executive Share Option Scheme, options vest:

- (a) one year after the date of grant for 25% of the ordinary shares subject to the options;
- (b) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;
- (c) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and
- (d) four years after the date of grant for the remaining 25% of the ordinary shares subject to the options.

There are no cash settlement alternatives.

Notes to the Financial Statements

31 March 2015

5 Staff Costs (in \$ million) (continued)

Share-based compensation expense (continued)

Share option plans (continued)

Movement of share options during the financial year

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

	FY2014/15		FY2013/14	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	30,809,844	\$12.16	33,731,970	\$11.92
Cancelled	(2,117,481)	\$12.06	(1,263,135)	\$11.43
Exercised	(3,459,334)	\$8.29	(1,658,991)	\$7.91
Balance at 31 March	25,233,029	\$12.42	30,809,844	\$12.16
Exercisable at 31 March	25,233,029	\$12.42	30,809,844	\$12.16

The range of exercise prices for options outstanding at the end of the year is \$8.02 to \$15.46 (FY2013/14: \$7.69 to \$15.71).

Following the expiry of the share option plans in March 2009, the Company ceased to grant options under ESOP.

The weighted average share price for options exercised during the year was \$10.76 (FY2013/14: \$10.28). The weighted average remaining contractual life for these options is 2.21 years (FY2013/14: 2.95 years).

5 Staff Costs (in \$ million) (continued)

Share-based compensation expense (continued)

Share option plans (continued)

Terms of share options outstanding as at 31 March 2015:

Exercisable period	Exercise price	Number outstanding and exercisable
1.7.2006 – 30.6.2015	\$8.02	233,072
1.7.2007 – 30.6.2015	\$8.02	1,418,667
1.7.2008 – 30.6.2015	\$8.02	380,690
1.7.2009 – 30.6.2015	\$8.02	427,201
3.7.2007 – 2.7.2016	\$9.34	463,056
3.7.2008 – 2.7.2016	\$9.34	3,039,092
3.7.2009 – 2.7.2016	\$9.34	614,210
3.7.2010 – 2.7.2016	\$9.34	661,447
2.7.2008 – 1.7.2017	\$15.46	1,033,196
2.7.2009 – 1.7.2017	\$15.46	6,293,771
2.7.2010 – 1.7.2017	\$15.46	1,035,144
2.7.2011 – 1.7.2017	\$15.46	1,025,976
1.7.2009 – 30.6.2018	\$12.07	950,296
1.7.2010 – 30.6.2018	\$12.07	5,454,358
1.7.2011 – 30.6.2018	\$12.07	1,081,996
1.7.2012 – 30.6.2018	\$12.07	1,120,857
Total number of options outstanding	@	25,233,029

@ The total number of options outstanding includes:

- 3,851,524 (2014: 1,554,815) share options not exercised by employees who have retired or ceased to be employed by the Company or any of the subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Board Compensation & Industrial Relations Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of five years from the date of retirement or cessation of employment, whichever is earlier; and
- 26,410 (2014: 65,978) share options not exercised by employees who have completed their fixed term contracts during the financial year. The said options, if unvested, shall immediately vest and be exercisable from the date of cessation of employment to the date falling one year from the date of cessation of employment.

Details and terms of the share options granted by SIAEC and Tiger Airways have been disclosed in the Annual Reports of SIAEC and Tiger Airways respectively.

Share-based incentive plans

RSP and PSP are share-based incentive plans for senior executives and key Senior Management, which were first approved by the shareholders of the Company on 28 July 2005. The RSP and PSP are due to expire on 27 July 2015. On 30 July 2014, the shareholders of the Company approved the RSP 2014 and PSP 2014, which are intended to replace the existing RSP and PSP respectively.

Notes to the Financial Statements

31 March 2015

5 Staff Costs (in \$ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

The details of the two plans are described below:

	RSP/RSP 2014	PSP/PSP 2014
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives.	Award of 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.
Performance Conditions	At both Company and Group level <ul style="list-style-type: none"> • EBITDAR* Margin • Value Added per \$ Employment Cost 	<ul style="list-style-type: none"> • Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE) • Relative TSR against selected airline peer index companies
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfillment of service requirements.	Based on meeting stated performance conditions over a three-year performance period.
Payout	0% – 150% depending on the achievement of pre-set performance targets over the performance period.	0% – 200% depending on the achievement of pre-set performance targets over the performance period.

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

Movement of share awards during the financial year

Date of grant	Number of Restricted Shares				Balance at 31.3.2015
	Balance at 1.4.2014/ date of grant	Adjustment*	Modification [^]	Vested	
RSP					
22.07.2010	105,356	–	–	(105,356)	–
01.07.2011	31,585	–	338	(16,707)	15,216
10.07.2012	555,423	(102,274)	5,301	(237,540)	220,910
15.07.2013	634,752	–	15,686	–	650,438
03.07.2014	672,452	–	16,621	–	689,073
	1,999,568	(102,274)	37,946	(359,603)	1,575,637

* Adjustment at the end of three-year performance period upon meeting performance targets and adjustments for number of days in service for retirees.

[^] Following approval by the Company's shareholders of the declaration of a special dividend of \$0.25 per share on 30 July 2014, the Board Compensation and Industrial Relations Committee approved an increase in all restricted shares outstanding on 14 August 2014 under the RSP.

5 Staff Costs (in \$ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

	Number of Performance Shares				
Date of grant	Balance at 1.4.2014/ date of grant	Adjustment [#]	Modification [^]	Vested	Balance at 31.3.2015
PSP					
01.07.2011	145,526	(109,116)	–	(36,410)	–
10.07.2012	169,213	–	4,192	–	173,405
15.07.2013	222,900	–	5,525	–	228,425
03.07.2014	242,559	–	6,009	–	248,568
	780,198	(109,116)	15,726	(36,410)	650,398

[#] Adjustment at the end of three-year performance period upon meeting performance targets and adjustment for number of days in service for retirees.

[^] Following approval by the Company's shareholders of the declaration of a special dividend of \$0.25 per share on 30 July 2014, the Board Compensation and Industrial Relations Committee approved an increase in all performance shares outstanding on 14 August 2014 under the PSP.

Fair value of share awards granted

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the RSP/RSP2014 and PSP/PSP 2014. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

The following table lists the key inputs to the model used for the July 2014 and July 2013 awards:

	July 2014 Award		July 2013 Award	
	RSP	PSP	RSP	PSP
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	12.10 – 18.61	18.61	19.35 – 21.01	19.35
Risk-free interest rate (%)	0.34 – 0.82	0.50	0.19 – 0.72	0.35
Expected term (years)	2.0 – 4.0	3.0	2.0 – 4.0	3.0
Share price at date of grant (\$)	10.40	10.40	10.26	10.26

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 RSP until the achievement of the targets can be accurately ascertained.

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from \$8.95 to \$9.68 (2014: \$8.67 to \$9.45) and the estimated fair value at date of grant for each share granted under the PSP is \$9.38 (2014: \$7.82).

When estimating the fair value of the compensation cost, market-based performance conditions shall be taken into account. Therefore, for performance share grants with market-based performance conditions, the compensation cost shall be charged to the profit and loss account on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the remaining service period from date of grant to which the performance period relates, irrespective of whether this performance condition is satisfied.

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the profit and loss account and share-based compensation reserve.

Notes to the Financial Statements

31 March 2015

5 Staff Costs (in \$ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

Under the PSP/PSP 2014, eligible key Senior Management are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2015, were 1,575,637 (2014: 1,327,116) and 650,398 (2014: 537,639) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,245,393 (2014: 1,922,204) and 1,300,796 (2014: 1,075,278) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

Details and terms of the SIAEC RSP, SIAEC PSP, Tiger RSP and Tiger PSP have been disclosed in the Annual Reports of SIAEC and Tiger Airways respectively.

Time-based RSP

In FY2010/11, the Board Compensation & Industrial Relations Committee approved a special time-based RSP awarded to Senior Management. This one-off grant of time-based RSP shares will be issued on the vesting dates.

For retirees, 50% of the shares will vest on the retirement date and the remaining 50% one year after the retirement date. For employees still in service, 50% of the shares will vest in 2013 and the balance will vest equally in 2014 and 2015.

The fair value of the time-based share awards is the market price of the shares at the date of grant discounted by the expected future dividend yield over the vesting period.

Movement of time-based share awards during the financial year

Date of grant	Number of Time-based Restricted Shares			Balance at 31.3.2015
	Balance at 1.4.2014	Modification [^]	Vested	
<u>Time-based RSP</u>				
07.05.2010	214,477	2,852	(102,010)	115,319

The number of time-based restricted shares granted but not released as at 31 March 2015 was 115,319 (2014: 214,477).

[^] Following approval by the Company's shareholders of the declaration of a special dividend of \$0.25 per share on 30 July 2014, the Board Compensation and Industrial Relations Committee approved an increase in all restricted shares outstanding on 14 August 2014 under the RSP.

Deferred RSP/RSP 2014 Awards ("DSA")

In FY2013/14 and FY2014/15, the Deferred RSP/RSP 2014 Awards (under the Enhanced Strategic Incentive Plan) of fully paid ordinary shares were granted to Senior Management. The final award, which includes the Accumulated Dividend Yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period), will cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition and provided that individual performance remains satisfactory.

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

5 Staff Costs (in \$ million) (continued)

Share-based compensation expense (continued)

Share-based incentive plans (continued)

Deferred RSP/RSP 2014 Awards ("DSA") (continued)

Movement of deferred RSP/RSP 2014 awards during the financial year

Date of grant	Number of Deferred RSP/RSP 2014 Awards		
	Balance at 1.4.2014/ date of grant	Modification [^]	Balance at 31.3.2015
DSA			
04.09.2013	150,820	3,737	154,557
28.08.2014	73,470	–	73,470
	224,290	3,737	228,027

The number of deferred RSP/RSP 2014 awards granted but not released as at 31 March 2015 was 228,027 (2014: 150,820).

[^] Following approval by the Company's shareholders of the declaration of a special dividend of \$0.25 per share on 30 July 2014, the Board Compensation and Industrial Relations Committee approved an increase in all restricted shares outstanding on 14 August 2014 under the DSA.

6 Operating Profit (in \$ million)

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

	The Group	
	FY2014/15	FY2013/14
Compensation for changes in aircraft delivery slots	(65.8)	(125.8)
Interest income from short-term investments	(0.8)	(0.7)
Dividend income from short-term investments	(0.9)	(0.9)
Income from operating lease of aircraft	(24.8)	(73.3)
Amortisation of deferred gain on sale and operating leaseback transactions	(5.7)	(12.6)
Surplus on disposal of short-term investments	(3.9)	(0.6)
Bad debts written off	6.3	0.4
Impairment of trade debtors	0.7	1.1
Remuneration for auditors of the Company		
Audit fees	1.7	1.6
Non-audit fees	0.7	0.7
Exchange loss, net	113.1	74.5
Currency hedging gain	(35.1)	(50.5)
Fuel hedging loss/(gain) recognised in "Fuel costs"	562.5	(74.2)
Ineffectiveness of fuel hedging contracts recognised in "Fuel Costs"	13.1	(13.2)

Notes to the Financial Statements

31 March 2015

7 Finance Charges (in \$ million)

	The Group	
	FY2014/15	FY2013/14
Notes payable	39.7	22.5
Other receivables measured at amortised cost	1.5	7.8
Finance lease commitments	5.7	3.3
Realised loss on interest rate swap contracts accounted as cash flow hedges	2.1	3.4
Fair value gain on interest rate swap contracts accounted as fair value through profit or loss	–	(0.6)
Commitment fees	0.6	0.9
	49.6	37.3

8 Interest Income (in \$ million)

	The Group	
	FY2014/15	FY2013/14
Interest income from fixed deposits and investments	65.5	49.6
Amortised interest income from other receivables	9.4	12.6
Others	–	0.5
	74.9	62.7

9 Other Non-Operating Items (in \$ million)

	The Group	
	FY2014/15	FY2013/14
Impairment of aircraft	(22.0)	–
Surplus on disposal of other property, plant and equipment	2.2	1.7
Surplus on disposal of a subsidiary company	5.8	0.2
Loss on liquidation of an associated company	(0.2)	–
Impairment on long-term investment	(0.3)	–
Writeback of shutdown costs of an associated company	2.8	–
Loss on disposal of an associated company	(2.6)	–
	(14.3)	1.9

10 Exceptional Items (in \$ million)

	The Group	
	FY2014/15	FY2013/14
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	371.5
Impairment of freighters	(7.0)	(293.4)
Writeback of impairment/(Impairment) of property, plant and equipment of Singapore Flying College	2.1	(29.4)
Refund on appeal for anti-trust fine	1.0	–
Provision for competition-related fine and settlements	(25.1)	(87.0)
	34.5	(38.3)

10 Exceptional Items (in \$ million) (continued)

During the financial year, Tiger Airways became a subsidiary company, resulting in the Group recording a gain of \$119.8 million which arose from the remeasurement of the Company's retained interest in Tiger Airways at fair value.

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.

The Company recorded an additional gain of \$7.3 million on the sale of Virgin Atlantic Limited arising from certain post-closing adjustments.

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.

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.

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.

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 which is subject to Court approval. In accordance with the agreement, SIA has made payment of USD9.2 million (\$11.4 million) into an escrow account pending court approval.

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.

During the previous financial year, the Company completed the sale of its 49% stake in Virgin Atlantic Limited for a consideration of USD361.0 million (\$455.3 million). Under the equity method, the Group has previously accounted for \$116.6 million in the reserves, which have been offset against the net sales proceeds (after certain post-closing adjustments) of \$488.1 million, resulting in a gain of \$371.5 million.

SIA Cargo recorded an impairment loss of \$293.4 million on four surplus freighters that have been removed from the operating fleet.

SFC recognised an impairment loss of \$29.4 million on its assets, with the closure of the college's operations in Maroochydore, Australia.

SIA Cargo reached a settlement with the plaintiffs in the United States air cargo class action for an amount of USD62.8 million (\$78.3 million). The settlement is without admission of any wrongdoing or liability. The settlement is subject to the approval of the United States District Court.

In a Swiss air cargo competition law case, the Swiss Competition Commission imposed a fine of CHF1.7 million (\$2.3 million). SIA Cargo and the Company have filed an appeal to the Swiss Federal Administrative Tribunal seeking its annulment.

Without admitting any liability, SIA Cargo and the Company reached a settlement with the class action plaintiffs in Australia whereby SIA Cargo agreed to pay AUD5.6 million (\$6.4 million) to resolve all liability of SIA Cargo and the Company as concerns the class action lawsuit filed in Australia.

Notes to the Financial Statements

31 March 2015

11 Taxation (in \$ million)

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2015 and 2014 are:

	The Group	
	FY2014/15	FY2013/14
<u>Current taxation</u>		
Provision for the year	126.2	164.9
Overprovision in respect of prior years	3.1	(43.2)
	129.3	121.7
<u>Deferred taxation</u>		
Movement in temporary differences	(37.7)	(144.2)
Overprovision in respect of prior years	(55.4)	(34.0)
	(93.1)	(178.2)
	36.2	(56.5)

Deferred taxation related to other comprehensive income:

	The Group	
	FY2014/15	FY2013/14
Available-for-sale financial assets	–	(0.9)
Cash flow hedges	(159.2)	4.3
Actuarial loss on revaluation of defined benefit plans	2.1	(0.2)
	(157.1)	3.2

The Group has tax losses (of which no deferred tax asset has been recognised) of approximately \$191.8 million (2014: \$43.8 million) 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. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

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	
	FY2014/15	FY2013/14
Profit before taxation	442.9	367.9
Less: Share of losses/(profits) of associated and joint venture companies	77.1	(48.8)
	520.0	319.1
Taxation at statutory corporate tax rate of 17.0%	88.4	54.2
<u>Adjustments</u>		
Income not subject to tax	(39.1)	(76.5)
Expenses not deductible for tax purposes	26.5	35.5
Higher effective tax rates of other countries	5.6	8.4
Overprovision in respect of prior years, net	(52.3)	(77.2)
Income subject to concessionary tax rate	(0.3)	(1.0)
Tax benefit not recognised	8.4	1.0
Others	(1.0)	(0.9)
Taxation	36.2	(56.5)

12 Earnings Per Share

	The Group			
	FY2014/15		FY2013/14	
	Basic	Diluted	Basic	Diluted
Profit attributable to owners of the Parent (in \$ million)	367.9	367.9	359.5	359.5
Adjustment for dilutive potential ordinary shares of subsidiary companies (in \$ million)	–	(0.7)	–	(1.7)
Adjusted net profit attributable to owners of the Parent (in \$ million)	367.9	367.2	359.5	357.8
Weighted average number of ordinary shares in issue (in million)	1,171.3	1,171.3	1,176.7	1,176.7
Adjustment for dilutive potential ordinary shares (in million)	–	5.2	–	5.0
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	1,171.3	1,176.5	1,176.7	1,181.7
Earnings per share (cents)	31.4	31.2	30.6	30.3

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

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

18.6 million (FY2013/14: 19.8 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous years presented.

13 Dividends Paid and Proposed (in \$ million)

	The Group and the Company	
	FY2014/15	FY2013/14
Dividends paid:		
Final dividend of 11.0 cents per share tax exempt (one-tier) in respect of FY2013/14 (FY2013/14: 17.0 cents per share tax exempt [one-tier] in respect of FY2012/13)	129.2	200.1
Special dividend of 25.0 cents per share tax exempt (one-tier) in respect of FY2013/14	293.6	–
Interim dividend of 5.0 cents per share tax exempt (one-tier) in respect of FY2014/15 (FY2013/14: 10.0 cents per share tax exempt [one-tier] in respect of FY2013/14)	58.4	117.7
	481.2	317.8

The Directors propose that a final tax exempt (one-tier) dividend of 17.0 cents per share amounting to \$198.8 million be paid for the financial year ended 31 March 2015.

Notes to the Financial Statements

31 March 2015

14 Share Capital (in \$ million)

	The Group and the Company			
	Number of shares		Amount	
	2015	2014	2015	2014
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.

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 (FY2013/14: nil) upon exercise of options granted under the ESOP. Neither were shares (FY2013/14: nil) issued for RSP and PSP.

15 Treasury Shares (in \$ million)

	The Group and the Company	
	31 March	
	2015	2014
Balance at 1 April	(262.2)	(269.8)
Purchase of treasury shares	(107.0)	(16.0)
Treasury shares reissued pursuant to equity compensation plans:		
– For cash on exercise of employee share options	28.6	13.2
– Transferred from share-based compensation reserve	17.1	10.7
– Gain on reissuance of treasury shares	(2.8)	(0.3)
	42.9	23.6
Balance at 31 March	(326.3)	(262.2)

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

15 Treasury Shares (in \$ million) (continued)

During the financial year, the Company purchased 10,635,000 (FY2013/14: 1,560,000) of its ordinary shares by way of on-market purchases at share prices ranging from \$9.64 to \$10.45 (FY2013/14: \$10.17 to \$10.44). The total amount paid to purchase the shares was \$107.0 million (FY2013/14: \$16.0 million) and this is presented as a component within equity attributable to owners of the Parent.

The Company reissued 3,459,334 (FY2013/14: 1,658,991) treasury shares pursuant to its employee share option plans at a weighted average exercise price of \$8.29 (FY2013/14: \$7.91) each. In addition, 359,603 (FY2013/14: 248,229) shares, 36,410 (FY2013/14: 16,830) shares and 102,010 (FY2013/14: 206,539) shares were reissued pursuant to the RSP, PSP and time-based RSP respectively. The number of treasury shares as at 31 March 2015 was 30,462,443 (2014: 23,784,800).

Where the consideration paid by the Company for the purchase or acquisition of treasury shares is made out of revenue reserves, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

16 Other Reserves (in \$ million)

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Capital reserve	215.9	123.7	(6.3)	(9.1)
Foreign currency translation reserve	(135.7)	(101.5)	–	–
Share-based compensation reserve	113.2	134.5	96.1	113.6
Fair value reserve	(706.2)	(40.4)	(581.8)	(51.5)
General reserve	11,446.6	11,527.0	10,541.5	10,465.2
	10,933.8	11,643.3	10,049.5	10,518.2

(a) Capital reserve

Capital reserve mainly arises from the revaluation of land and buildings owned by RCMS Properties Private Limited, an associated company, the share of other changes in equity of Virgin Australia Holdings Limited ("Virgin Australia"), an associated company, and the gains or losses on the reissuance of treasury shares.

(b) Foreign currency translation reserve

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

(c) Share-based compensation reserve

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

Notes to the Financial Statements

31 March 2015

16 Other Reserves (in \$ million) (continued)

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of available-for-sale financial assets and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

Fair value changes of available-for-sale financial assets:

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Balance at 1 April	(66.9)	5.0	(68.9)	1.9
Net gain/(loss) on fair value changes	82.2	(71.9)	82.3	(70.8)
Balance at 31 March	15.3	(66.9)	13.4	(68.9)
Gain/(Loss) on fair value changes	71.1	(71.2)	67.3	(70.8)
Adjustment on acquisition of an associated company	15.0	–	15.0	–
Recognised in the profit and loss account on disposal of available-for-sale investments	(3.9)	(0.7)	–	–
	82.2	(71.9)	82.3	(70.8)

On 4 July 2014, Virgin Australia became an associated company. It was previously classified as an available-for-sale investment. The adjustment on acquisition of an associated company of \$15.0 million related to the changes in fair value previously recognised in fair value reserve which was reversed to bring the investment back to its original cost.

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

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Balance at 1 April	26.5	(32.1)	17.4	1.0
Net (loss)/gain on fair value changes	(748.0)	58.6	(612.6)	16.4
Balance at 31 March	(721.5)	26.5	(595.2)	17.4
(Loss)/Gain on fair value changes	(1,184.5)	119.2	(962.2)	104.9
Share of associated companies' net loss on fair value reserve	(13.2)	(1.2)	–	–
Realisation of reserves on disposal of an associated company	4.0	39.0	–	–
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	(14.1)	(11.4)	(14.1)	(11.4)
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in "Fuel costs"	466.9	(62.1)	370.5	(50.3)
Foreign currency contracts recognised in "Other operating expenses"	(9.2)	(28.3)	(6.8)	(26.8)
Interest rate swap contracts recognised in "Finance charges"	2.1	3.4	–	–
	(748.0)	58.6	(612.6)	16.4
Total fair value reserve	(706.2)	(40.4)	(581.8)	(51.5)

16 Other Reserves (in \$ million) (continued)

(e) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Movements in the Group's and the Company's general reserves are set out in the Statement of Changes in Equity respectively.

17 Deferred Account (in \$ million)

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Deferred (loss)/gain on sale and leaseback transactions				
– operating leases	(35.0)	7.7	(36.3)	10.4
– finance leases	5.2	7.6	–	–
	(29.8)	15.3	(36.3)	10.4
Deferred credit	115.1	202.7	115.1	202.7
	85.3	218.0	78.8	213.1
Presented as:				
– Non-current assets	(56.4)	(8.4)	(36.3)	–
– Non-current liabilities	141.7	226.4	115.1	213.1
	85.3	218.0	78.8	213.1

Notes to the Financial Statements

31 March 2015

18 Deferred Taxation (in \$ million)

	The Group				The Company	
	Statement of financial position 31 March		Profit and loss		Statement of financial position 31 March	
	2015	2014	FY2014/15	FY2013/14	2015	2014
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	1,857.0	1,827.0	16.6	(92.8)	1,481.6	1,523.0
Revaluation of fuel hedging contracts to fair value	1.5	15.1	–	–	1.4	13.0
Revaluation of currency hedging contracts to fair value	21.8	2.0	–	–	17.4	1.9
Revaluation of available-for-sale financial assets to fair value	0.4	0.4	–	–	–	–
Fair value adjustments on acquisition of a subsidiary company	17.2	–	2.9	–	–	–
Other temporary differences	17.4	52.9	(35.5)	(38.0)	11.6	48.5
Gross deferred tax liabilities	1,915.3	1,897.4	(16.0)	(130.8)	1,512.0	1,586.4
Deferred tax assets						
Unabsorbed capital allowances and tax losses	(82.7)	(26.6)	(91.5)	(29.3)	–	–
Revaluation of fuel hedging contracts to fair value	(166.4)	(1.2)	–	–	(134.1)	(1.0)
Revaluation of currency hedging contracts to fair value	(10.4)	(5.5)	–	–	(9.1)	(4.7)
Revaluation of interest rate cap contracts to fair value	(2.0)	(5.3)	–	–	(2.0)	(5.3)
Actuarial loss on revaluation of defined benefit plans	(1.2)	(3.3)	–	–	(0.7)	(2.8)
Other deferred tax assets	(53.0)	(66.6)	14.4	(18.1)	(40.6)	(56.4)
Gross deferred tax assets	(315.7)	(108.5)	(77.1)	(47.4)	(186.5)	(70.2)
Net deferred tax liabilities	1,599.6	1,788.9			1,325.5	1,516.2
Deferred tax credited to profit and loss			(93.1)	(178.2)		
Deferred tax charged to equity	(157.1)	3.2			(128.2)	4.1

At the end of the reporting period, no deferred tax liability (2014: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiary companies as the Group has determined that the 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 \$5.9 million (2014: \$4.3 million). The deferred tax liability is estimated to be \$1.8 million (2014: \$1.3 million).

19 Long-Term Liabilities (in \$ million)

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Notes payable				
Current	300.0	–	300.0	–
Non-current	1,000.0	800.0	1,000.0	800.0
	1,300.0	800.0	1,300.0	800.0
Loans				
Current	93.0	8.2	–	–
Non-current	247.2	13.6	–	–
	340.2	21.8	–	–
Finance lease commitments				
Current	54.1	52.5	–	–
Non-current	45.2	90.7	–	–
	99.3	143.2	–	–
Maintenance reserve				
Current	–	10.6	–	10.6
Non-current	1.0	–	1.0	–
	1.0	10.6	1.0	10.6
Purchase option price payable to lessor				
Non-current	76.6	–	–	–
Total long-term liabilities	1,370.0	904.3	1,001.0	800.0

Notes payable

Notes payable at 31 March 2015 comprise unsecured notes and bonds issued by the Company.

\$500 million fixed rate notes due 2020 (“Series 001 Notes”) bear fixed interest at 3.22% per annum and are repayable on 9 July 2020. The fair value of notes payable amounted to \$511.4 million as at 31 March 2015 (2014: \$507.9 million) for the Company.

\$300 million bonds bear fixed interest at 2.15% per annum and are repayable on 30 September 2015. The fair value of notes payable amounted to \$300.9 million as at 31 March 2015 (2014: \$305.9 million) for the Company.

\$200 million fixed rate notes due 2021 (“Series 002 Notes”) bear fixed interest at 3.145% per annum and are repayable on 8 April 2021. The fair value of notes payable amounted to \$202.9 million as at 31 March 2015 (2014: N.A) for the Company.

\$300 million fixed rate notes due 2024 (“Series 003 Notes”) bear fixed interest at 3.75% per annum and are repayable on 8 April 2024. The fair value of notes payable amounted to \$309.1 million (2014: N.A) as at 31 March 2015 for the Company.

Notes to the Financial Statements

31 March 2015

19 Long-Term Liabilities (in \$ million) (continued)

Loans

A short-term loan of \$9.3 million is a revolving credit facility denominated in USD taken by a subsidiary company. The loan is unsecured and bears a fixed interest at 2.75% (FY2013/14: 2.50%) per annum. The current revolving credit facility shall be repayable within 12-months after the reporting date.

The other short-term loans of \$83.7 million are European Export Credit Agency (“ECA”) aircraft financing loans denominated in SGD taken by a subsidiary company. These are in the form of credit support, where a bank or other financial institution lends money to the borrower with the loan guaranteed by the ECA. The secured bank loans are secured via assignment of the aircraft purchase agreement, assignment of engine warranty and credit agreement as well as mortgage of the aircraft. The interest rates range from 0.90% to 4.11% per annum and the loans shall be repayable within 12-months after the reporting date.

A long-term loan of \$23.9 million denominated in USD is taken by a subsidiary company is unsecured and bears an average floating rate of 1.47% (FY2013/14: 1.47%) per annum, re-priced quarterly. This loan is repayable by 29 April 2022.

The other long-term loans of \$223.3 million are ECA aircraft financing loans denominated in SGD taken by a subsidiary company. The interest rates range from 0.90% to 4.11% per annum and the loans shall be repayable by 21 April 2023.

As part of the ECA financing arrangements with banks, special purpose entities (“SPE”) (Note 23) were incorporated. As at 31 March 2015, there were ECA financing arrangements with banks to finance 11 aircraft (2014: 11). Pursuant to the ECA financing, the legal ownership of the aircraft is vested in the SPEs. The subsidiary companies leased the aircraft using finance lease arrangement with Falcon Aircraft Limited and Winnie Aircraft Limited. The subsidiary companies have purchase options to acquire legal ownership of the aircraft from the SPEs at the end of the lease term at a bargain purchase option price.

The fair value of the loans amounted to \$336.3 million as at 31 March 2015 (2014: \$22.8 million).

Finance lease commitments and purchase option price payable

SIA Cargo holds four B747-400 freighters under finance leases, which mature between 2015 and 2018, without any options for renewal. Three leases have options for SIA Cargo to purchase the aircraft at the end of the lease period of 12 years. The fourth lease has an option for SIA Cargo to purchase the aircraft at the end of the 15th year of the lease period. Sub-leasing is allowed under the lease agreements.

Interest on three of SIA Cargo’s finance lease commitments are charged at a margin above the London Interbank Offered Rate (“LIBOR”). These ranged from 0.26% to 0.99% (FY2013/14: 0.27% to 1.12%) per annum. The interest rate on the fourth finance lease commitment is fixed at 5.81% (FY2013/14: 5.81%) per annum.

The net carrying amounts approximate the fair value as the interest rate approximates the market rate.

SIA Cargo continues to remain the primary obligor under the lease agreements, and as such, there are unpaid lease commitments of \$86.3 million (2014: \$79.1 million) as at 31 March 2015. In 2013, \$66.4 million was covered by funds placed with financial institutions under defeasance to provide for payments due at time of exercise of purchase option at the end of the 15th year of the lease period. The funds placed with financial institutions are expected to generate interest in order to meet the obligation at time of maturity. These arrangements have not been included in the financial statements for 2013. During the year, this arrangement has been terminated and the deposit, amounting to \$76.6 million has been transferred to the SIA Cargo (Note 27). This amount has been designated by SIA Cargo to meet the obligation at maturity in December 2017. The fair value of the purchase option price payable amounted to \$85.3 million as at 31 March 2015.

19 Long-Term Liabilities (in \$ million) (continued)

Future minimum lease payments under these finance leases are as follows:

	The Group 31 March			
	2015		2014	
	Minimum Lease Payments	Present Value of Payments	Minimum Lease Payments	Present Value of Payments
Not later than one year	57.8	54.1	57.0	52.5
Later than one year but not later than five years	48.3	45.2	96.9	90.7
Total minimum lease payments	106.1	99.3	153.9	143.2
Amounts representing interest	(6.8)	–	(10.7)	–
Present value of minimum lease payments	99.3	99.3	143.2	143.2

20 Provisions (in \$ million)

Included are provisions for warranty claims, upgrade costs, return costs for leased aircraft, lease end liability and onerous leases. 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 31 March		The Company 31 March	
	2015	2014	2015	2014
Balance at 1 April	663.0	493.6	599.8	441.3
Provision during the year	336.2	183.7	271.9	170.7
Acquisition of a subsidiary company	251.0	–	–	–
Provision utilised during the year	(143.1)	(8.2)	(50.8)	(7.8)
Provision written back during the year	–	(6.1)	–	(4.4)
Balance at 31 March	1,107.1	663.0	820.9	599.8
Current	170.2	75.7	138.0	44.0
Non-current	936.9	587.3	682.9	555.8
	1,107.1	663.0	820.9	599.8

Notes to the Financial Statements

31 March 2015

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

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2013	19,144.3	612.3	198.1
Additions	95.5	38.2	0.4
Transfers	1,616.9	0.7	33.8
Disposals	(2,108.3)	(112.2)	(40.0)
Exchange differences	–	0.1	–
At 31 March 2014	18,748.4	539.1	192.3
Additions	286.6	36.8	19.8
Acquisition of a subsidiary company	461.8	–	10.2
Transfers	1,632.6	0.4	3.1
Reclassification to assets held for sale	(91.9)	–	–
Disposals	(1,818.7)	(48.8)	(23.6)
Exchange differences	–	0.4	–
At 31 March 2015	19,218.8	527.9	201.8
Accumulated depreciation and impairment loss			
At 1 April 2013	8,598.2	357.4	123.5
Depreciation	1,448.1	29.4	11.7
Impairment loss	310.7	9.9	–
Transfers	3.5	–	(3.5)
Disposals	(1,400.5)	(89.8)	(19.6)
Exchange differences	–	–	–
At 31 March 2014	8,960.0	306.9	112.1
Depreciation	1,410.1	31.3	13.5
Impairment loss	29.0	1.5	–
Transfers	(3.8)	–	–
Reclassification to assets held for sale	(28.4)	–	–
Disposals	(780.4)	(39.9)	(21.2)
Exchange differences	–	0.3	–
At 31 March 2015	9,586.5	300.1	104.4
Net book value			
At 31 March 2014	9,788.4	232.2	80.2
At 31 March 2015	9,632.3	227.8	97.4

	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
	15.7	148.4	626.9	787.6	271.9	1,717.4	23,522.6
	–	–	0.5	30.7	7.4	2,420.3	2,593.0
	–	–	3.6	28.4	13.8	(1,697.2)	–
	–	(1.0)	(9.4)	(11.4)	(25.0)	–	(2,307.3)
	–	–	0.3	(0.6)	–	0.2	–
	15.7	147.4	621.9	834.7	268.1	2,440.7	23,808.3
	–	–	0.5	29.6	13.5	2,245.2	2,632.0
	–	–	0.1	–	0.9	76.1	549.1
	–	–	0.2	74.8	5.5	(1,716.6)	–
	–	–	–	–	–	–	(91.9)
	–	–	(13.1)	(71.6)	(11.7)	(0.8)	(1,988.3)
	–	–	1.5	3.1	0.2	1.3	6.5
	15.7	147.4	611.1	870.6	276.5	3,045.9	24,915.7
	–	116.9	431.6	547.3	249.7	–	10,424.6
	–	3.9	12.1	57.2	13.1	–	1,575.5
	–	–	4.0	13.7	–	–	338.3
	–	–	–	(0.1)	0.1	–	–
	–	(1.0)	(9.4)	(11.3)	(24.9)	–	(1,556.5)
	–	–	–	(0.3)	–	–	(0.3)
	–	119.8	438.3	606.5	238.0	–	10,781.6
	–	3.2	11.6	53.6	15.5	–	1,538.8
	–	–	–	1.2	–	–	31.7
	–	–	0.1	3.5	0.2	–	–
	–	–	–	–	–	–	(28.4)
	–	–	(8.6)	(71.6)	(11.5)	–	(933.2)
	–	–	0.4	1.2	0.1	–	2.0
	–	123.0	441.8	594.4	242.3	–	11,392.5
	15.7	27.6	183.6	228.2	30.1	2,440.7	13,026.7
	15.7	24.4	169.3	276.2	34.2	3,045.9	13,523.2

Notes to the Financial Statements

31 March 2015

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

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2013	15,360.4	438.1	72.3
Additions	101.5	8.8	–
Transfers	1,280.4	–	17.9
Disposals	(1,838.0)	(110.8)	(40.0)
At 31 March 2014	14,904.3	336.1	50.2
Additions	84.9	13.5	19.2
Transfers	1,106.5	–	–
Disposals	(1,061.4)	(47.9)	(4.4)
At 31 March 2015	15,034.3	301.7	65.0
Accumulated depreciation and impairment loss			
At 1 April 2013	6,806.5	284.4	33.1
Depreciation	1,192.6	17.0	4.7
Impairment loss	9.0	10.0	–
Transfers	3.5	–	(3.5)
Disposals	(1,335.9)	(89.3)	(19.6)
At 31 March 2014	6,675.7	222.1	14.7
Depreciation	1,168.8	15.8	5.2
Impairment loss	22.0	1.5	–
Transfers	(3.3)	–	–
Disposals	(382.1)	(35.3)	(4.4)
At 31 March 2015	7,481.1	204.1	15.5
Net book value			
At 31 March 2014	8,228.6	114.0	35.5
At 31 March 2015	7,553.2	97.6	49.5

	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
	15.7	148.4	341.7	458.1	222.6	1,384.8	18,442.1
	–	–	–	8.0	5.4	1,570.5	1,694.2
	–	–	–	27.1	7.2	(1,332.6)	–
	–	(1.0)	(9.4)	(2.2)	(22.3)	–	(2,023.7)
	15.7	147.4	332.3	491.0	212.9	1,622.7	18,112.6
	–	–	–	8.7	11.6	1,467.1	1,605.0
	–	–	–	73.0	–	(1,179.5)	–
	–	–	–	(32.6)	(7.5)	–	(1,153.8)
	15.7	147.4	332.3	540.1	217.0	1,910.3	18,563.8
	–	116.9	318.2	276.0	207.7	–	8,042.8
	–	3.9	1.9	42.0	9.5	–	1,271.6
	–	–	–	–	–	–	19.0
	–	–	–	(0.1)	0.1	–	–
	–	(1.0)	(9.4)	(2.2)	(22.3)	–	(1,479.7)
	–	119.8	310.7	315.7	195.0	–	7,853.7
	–	3.2	1.8	37.2	9.8	–	1,241.8
	–	–	–	–	–	–	23.5
	–	–	–	3.3	–	–	–
	–	–	–	(32.6)	(7.2)	–	(461.6)
	–	123.0	312.5	323.6	197.6	–	8,657.4
	15.7	27.6	21.6	175.3	17.9	1,622.7	10,258.9
	15.7	24.4	19.8	216.5	19.4	1,910.3	9,906.4

Notes to the Financial Statements

31 March 2015

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

Assets held under finance leases

	The Group 31 March	
	2015	2014
Net book value of property, plant and equipment acquired under finance leases:		
– aircraft	825.7	499.3
– plant and equipment	0.1	0.1
	825.8	499.4

Advance and progress payments comprise mainly purchases of aircraft and related equipment.

Asset held as security

SilkAir (Singapore) Private Limited's ("SilkAir") spare engine with a carrying amount of \$18.1 million (2014: \$15.8 million) is pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to the SilkAir.

Impairment of aircraft

During the financial year, an impairment loss of \$22.0 million was recognised on two Boeing 777-200ER aircraft that were removed from the operating fleet. The recoverable amount was based on the estimated disposal value. This amount has been recognised as an exceptional item (Note 10) during the financial year.

In the previous financial year, four Boeing 747-400 freighters were removed from the operating fleet and an impairment loss of \$293.4 million (Note 10) was recognised. During the financial year, two of the freighters were disposed and a further impairment loss of \$7.0 million has been recognised as an exceptional item (Note 10).

Impairment of other property, plant and equipment

In the previous financial year, SFC ceased operations in one of its training locations. An impairment loss of \$29.4 million, comprising \$24.7 million impairment on aircraft, simulators and leasehold building, and \$4.7 million of provision, was recognised in the profit or loss for the previous financial year. The impairment loss was computed based on the estimated disposal value. During the financial year, SFC recognised a writeback of \$2.1 million (Note 10), comprising a further impairment loss of \$1.2 million on these previously impaired assets and a writeback of \$3.3 million of provision, with updates to the estimated disposal value and finalisation of the closure of the training location.

Assets held for sale

As at 31 March 2015, two finance-leased passenger aircraft were classified as held for sale. The sale is expected to be completed within one year.

	The Group 31 March	
	2015	2014
Transfer from property, plant and equipment	63.5	–
Transfer from prepayments	7.5	–
	71.0	–

22 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 2013	–	–	–	472.2	45.9	41.5	559.6
Additions	–	–	–	11.7	3.5	14.8	30.0
Disposals	–	–	–	(23.4)	–	–	(23.4)
Transfers	–	–	–	48.2	–	(48.2)	–
Exchange differences	–	–	–	–	0.6	–	0.6
At 31 March 2014	–	–	–	508.7	50.0	8.1	566.8
Additions	–	–	–	10.2	2.0	18.7	30.9
Acquisition of a subsidiary company	163.8	75.9	25.0	–	–	–	264.7
Disposals	–	–	–	(11.6)	–	–	(11.6)
Transfers	–	–	–	16.1	–	(16.1)	–
Exchange differences	–	–	–	0.1	4.7	–	4.8
At 31 March 2015	163.8	75.9	25.0	523.5	56.7	10.7	855.6
Accumulated amortisation							
At 1 April 2013	–	–	–	341.1	–	–	341.1
Amortisation	–	–	–	25.7	–	–	25.7
Disposals	–	–	–	(23.4)	–	–	(23.4)
Exchange differences	–	–	–	–	–	–	–
At 31 March 2014	–	–	–	343.4	–	–	343.4
Amortisation	–	–	–	25.9	–	–	25.9
Disposals	–	–	–	(11.4)	–	–	(11.4)
Exchange differences	–	–	–	0.1	–	–	0.1
At 31 March 2015	–	–	–	358.0	–	–	358.0
Net book value							
At 31 March 2014	–	–	–	165.3	50.0	8.1	223.4
At 31 March 2015	163.8	75.9	25.0	165.5	56.7	10.7	497.6

Notes to the Financial Statements

31 March 2015

22 Intangible Assets (in \$ million) (continued)

The Company

	Computer software and others	Advance and progress payments	Total
Cost			
At 1 April 2013	385.5	39.5	425.0
Additions	9.8	10.2	20.0
Transfers	44.5	(44.5)	–
Disposals	(13.6)	–	(13.6)
At 31 March 2014	426.2	5.2	431.4
Additions	7.6	14.7	22.3
Transfers	11.5	(11.5)	–
Disposals	(7.9)	–	(7.9)
At 31 March 2015	437.4	8.4	445.8
Accumulated amortisation			
At 1 April 2013	266.0	–	266.0
Amortisation	21.1	–	21.1
Disposals	(13.6)	–	(13.6)
At 31 March 2014	273.5	–	273.5
Amortisation	20.7	–	20.7
Disposals	(7.8)	–	(7.8)
At 31 March 2015	286.4	–	286.4
Net book value			
At 31 March 2014	152.7	5.2	157.9
At 31 March 2015	151.0	8.4	159.4

Impairment testing of goodwill and brand

The goodwill and brand acquired through acquisition of Tiger Airways have an indefinite useful life. Tiger Airways has been identified as a single CGU for impairment testing.

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 five-year period. The pre-tax discount rate applied to cash flow projections is 7.0% and the forecasted long-term growth rate used to extrapolate the cash flow projections beyond the five-year period is 2.5%.

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

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

Growth rate – The forecasted long-term growth rate is based on published industry research and does not exceed the long-term average growth rate for the industries relevant to the CGU.

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

22 Intangible Assets (in \$ million) (continued)

Impairment testing of deferred engine development costs

This relates to the Group's share of engine development payments made in connection with its participation in aircraft engine development projects with other companies. As the intangible asset is not yet available for use, an impairment test has been performed.

The recoverable amount of the CGU (the aircraft engine development project) has been determined based on value-in-use calculations using cash flow projections from business plan approved by the Management for the next 47 years (2014: 48 years). The pre-tax discount rate applied to cash flow projections is 7% (2014: 8%).

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

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

Number and timing of engine sales – Number and timing of engine sales represent the projected number of aircraft engines expected to be sold each year upon completion of the engine development. Projected engine sale is based on current aircraft orders and expectation of market development.

The recoverable amount is still expected to exceed its carrying amount if the discount rate or growth rate increases by 1.0% or if engine sales are delayed by 1 year.

Impairment testing of landing slots

The carrying value of the landing slots classified under "others" is assessed for impairment annually as the landing slots have indefinite useful life. The recoverable amount of the landing slots has been determined based on value-in-use calculations using eight-year cash flow projection approved by Management. The pre-tax discount rate applied to cash flow projections is 7% (2014: 6%) and the forecasted long-term growth rate used to extrapolate the cash flow projections beyond the five-year period is 2.5% (2014: 2.5%). A reasonable change to the assumptions used by Management to determine the impairment required, particularly the discount rate and long-term growth rate, would not significantly affect the results.

Notes to the Financial Statements

31 March 2015

23 Subsidiary Companies (in \$ million)

	The Company 31 March	
	2015	2014
Investment in subsidiary companies (at cost)		
Quoted equity investments	414.9	#
Unquoted equity investments	2,431.4	2,031.4
	2,846.3	2,031.4
Accumulated impairment loss	(52.7)	(9.8)
	2,793.6	2,021.6
Long term loan to a subsidiary company	571.1	–
	3,364.7	2,021.6
Market value of quoted equity investments	3,934.6	4,210.8

The value is \$1.

During the financial year:

1. Tiger Airways became a subsidiary company since October 2014 with the Company's undertaking to support the Tiger Airways' Rights Issue and conversion of the perpetual convertible capital securities [Note 23(f)]. Pursuant to Tiger Airways' renounceable Rights Issue, the Company had been allocated 640,236,559 Rights Shares. Based on an issue price of \$0.20 per Rights Share, the total consideration paid by the Company in relation to the subscription of the Rights Shares was \$128.0 million. Immediately following the Rights Issue, the total number of shares held by the Company increased to 1,393,456,041, and the Company's resultant shareholding in Tiger Airways was 55.8% of the enlarged share capital.
2. The Company subscribed to an additional 400 million shares at \$1 per share (\$400.0 million) in Scoot Pte. Ltd. ("Scoot") to support Scoot's investment in its new fleet of 787 aircraft.
3. The Company extended a two-year unsecured loan to Scoot. Interest on the loan is computed using Singapore Interbank-offer rates or SGD Swap-offer rates, plus an agreed margin. The loan is denominated in SGD and interest rates ranged from 1.45% to 2.30% per annum. The loan is repayable in September 2016. Net carrying amount of the loan approximates the fair value as interest rates implicit in the loan approximate market interest rates.
4. SIAEC invested an additional of \$0.1 million and \$0.6 million in NexGen Network (1) Holding Pte Ltd ("NGN1") and NexGen Network (2) Holding Pte Ltd ("NGN2") respectively, in accordance to the agreement.
5. Management performed an impairment test for the investment in SFC, which had been operating below its optimal capacity. An impairment loss of \$42.9 million was recognised by the Company during the year to write down the cost of investment to its recoverable amount calculated based on financial forecasts prepared by Management over a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted long-term growth rate used to extrapolate the cash flow projections beyond the five-year period are 6.7% and 2.5% respectively. A reasonable change to the assumptions used by Management to determine the impairment required, particularly the discount rate and the long-term growth rate, would not significantly affect the results.

23 Subsidiary Companies (in \$ million) (continued)

(a) Composition of the Group

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2015	2014
SIA Engineering Company Limited	Engineering services	Singapore	77.6	78.0
Aircraft Maintenance Services Australia Pty Ltd ^{(1)*}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	77.6	78.0
NexGen Network (1) Holding Pte Ltd ⁽¹⁾	Investment holding	Singapore	77.6	78.0
NexGen Network (2) Holding Pte Ltd ⁽¹⁾	Investment holding	Singapore	77.6	78.0
SIA Engineering (USA), Inc. ^{@(1)}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	77.6	78.0
SIAEC Global Pte Ltd ⁽¹⁾	Investment holding	Singapore	77.6	78.0
SIA Engineering (Philippines) Corporation ^{(1)*}	Provide airframe maintenance and component overhaul services	Philippines	50.4	50.7
Singapore Jamco Pte Ltd ⁽¹⁾	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	–	50.7
Singapore Jamco Services Pte Ltd ⁽¹⁾	Provide aircraft support services	Singapore	62.1	50.7
Aerospace Component Engineering Services Pte Limited ^{(1) (2)}	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	39.6	39.8
Aviation Partnership (Philippines) Corporation ^{*(1) (2)}	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	39.6	39.8
Singapore Airlines Cargo Pte Ltd	Air cargo transportation	Singapore	100.0	100.0
Cargo Community Network Pte Ltd ⁽³⁾	Providing and marketing of cargo community systems	Singapore	51.0	51.0
Cargo Community (Shanghai) Co Ltd ^{**+(3)}	Marketing and support of portal services for the air cargo industry	People's Republic of China	51.0	51.0
SilkAir (Singapore) Private Limited	Air transportation	Singapore	100.0	100.0
Scoot Pte. Ltd.	Air transportation	Singapore	100.0	100.0
Tradewinds Tours & Travel Private Limited ⁽⁴⁾	Tour wholesaling	Singapore	100.0	100.0
Singapore Aviation and General Insurance Company (Pte) Limited	Aviation insurance	Singapore	100.0	100.0
Singapore Flying College Pte Ltd	Training of pilots	Singapore	100.0	100.0
Sing-Bi Funds Private Limited	Inactive	Singapore	100.0	100.0
Singapore Airport Duty-Free Emporium (Private) Limited	Inactive	Singapore	76.0	76.0
Abacus Travel Systems Pte Ltd ⁽⁵⁾	Marketing of Abacus computer	Singapore	61.0	61.0

Notes to the Financial Statements

31 March 2015

23 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	
			2015	2014
Tiger Airways Holdings Limited	Investment holding	Singapore	55.8	–
Tiger Airways Singapore Pte Ltd ⁽⁶⁾	Air transportation	Singapore	55.8	–
Roar Aviation Pte Ltd ⁽⁶⁾	Investment holding	Singapore	55.8	–
Roar Aviation II Pte Ltd ⁽⁶⁾	Investment holding	Singapore	55.8	–
Roar Aviation III Pte Ltd ⁽⁶⁾	Investment holding	Singapore	55.8	–
SIA (Mauritius) Ltd [@]	Pilot recruitment	Mauritius	100.0	100.0

All the Singapore-incorporated subsidiary companies are audited by Ernst & Young LLP, Singapore

⁽¹⁾ Held by SIA Engineering Company

⁽²⁾ The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company

⁽³⁾ Held by Singapore Airlines Cargo

⁽⁴⁾ Held by SilkAir (Singapore) Private Limited

⁽⁵⁾ Held by the Company (56%) and SilkAir (Singapore) Private Limited (5%)

⁽⁶⁾ Held by Tiger Airways Holdings Limited

* Audited by member firms of Ernst & Young Global in the respective countries

** Audited by Shanghai Hui Hong Certified Public Accountants Co., Ltd, China

@ Not required to be audited under the law in country of incorporation

+ Financial year end 31 December

Special purpose entities

Details of the operating special purpose entities (“SPE”) controlled and consolidated by the Group at 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 Limited and are audited by Ernst & Young LLP, Mauritius

Although the Group does not hold shares in these companies, they are considered subsidiary companies as the activities of the SPEs are being conducted on behalf of the Group according to its specific business needs and the Group retains the majority of the residual or ownership risks related to the assets held by these SPEs. These SPEs were incorporated for the sole purpose of financing of the Group’s aircraft (Note 19).

(b) Interest in subsidiary companies with material non-controlling interest (“NCI”)

The Group has the following subsidiary companies that have NCI that are material to the Group:

	SIA Engineering Company Group of Companies		Tiger Airways Group of Companies
	2015	2014	2015
Proportion of ownership interest held by NCI	22.4%	22.0%	44.2%
Profit/(Loss) allocated to NCI during the reporting period	43.3	63.1	(6.1)
Accumulated NCI at the end of reporting period	321.9	328.9	96.8
Dividends paid to NCI	71.1	56.4	–

23 Subsidiary Companies (in \$ million) (continued)

(c) Summarised financial information about subsidiary companies with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiary companies with material non-controlling interests are as follows:

Summarised balance sheet

	SIA Engineering Company Group of Companies 31 March		Tiger Airways Group of Companies 31 March	
	2015	2014	2015	2014*
Current				
Assets	771.6	865.1	443.3	309.4
Liabilities	(255.3)	(276.2)	(340.1)	(323.8)
Net current assets/(liabilities)	516.3	588.9	103.2	(14.4)
Non-current				
Assets	885.5	842.0	579.1	648.5
Liabilities	(50.5)	(40.4)	(466.9)	(355.4)
Net non-current assets	835.0	801.6	112.2	293.1
Net assets	1,351.3	1,390.5	215.4	278.7

* Tiger Airways Group of Companies was a material associated company in the previous financial year.

(d) Summarised statement of comprehensive income

	SIA Engineering Company Group of Companies		Tiger Airways Group of Companies	
	FY2014/15	FY2013/14	FY2014/15	FY2013/14*
Revenue	1,119.7	1,178.2	677.4	746.5
Profit/(Loss) before income tax	207.1	294.0	(272.5)	(231.6)
Taxation	(20.0)	(23.0)	8.3	8.6
Profit after tax	187.1	271.0	(264.2)	(223.0)
Other comprehensive income	34.4	6.8	(25.0)	13.2
Total comprehensive income	221.5	277.8	(289.2)	(209.8)

* Tiger Airways Group of companies was a material associated company in the previous financial year.

(e) Other summarised information

	SIA Engineering Company Group of Companies		Tiger Airways Group of Companies	
	FY2014/15	FY2013/14	FY2014/15	FY2013/14*
Net cash flow from operations	96.1	113.0	28.7	(85.8)
Acquisition of significant property, plant and equipment	(49.5)	(67.9)	(40.7)	(365.2)

* Tiger Airways Group of Companies was a material associated company in the previous financial year.

Notes to the Financial Statements

31 March 2015

23 Subsidiary Companies (in \$ million) (continued)

(f) Acquisition of a subsidiary company

On 17 October 2014 (the “acquisition date”), the Company announced an irrevocable undertaking to Tiger Airways’ Rights Issue, to subscribe and pay in full for up to such number of excess Tiger Airways Rights Shares which are not validly subscribed for by the other Tiger Airways Shareholders, not exceeding a maximum aggregate amount of \$140 million. The Company also announced to convert all its 189,390,367 non-voting perpetual convertible capital securities into new Tiger Airways’ shares. Following the announcements, Tiger Airways became a subsidiary of the Group.

The acquisition is in line with the Company’s support of Tiger Airways. The Company’s portfolio approach ensures that all segments of the airline business are well covered, through both full-service and low-cost operations. As a regional low-cost airline, Tiger Airways is an important part of the Company’s portfolio given that it complements the operations of Scoot, which operates widebody aircraft on medium-haul routes. The Company is therefore committed to the long-term growth of Tiger Airways.

A goodwill of \$163.8 million was recognised on the acquisition based on the difference between the consideration and the fair value of the identifiable assets and liabilities at the date of the acquisition. The goodwill arising from the acquisition comprises the value of strengthening the Group’s portfolio approach and synergies within the Group expected to arise from the acquisition.

The Group has elected to measure the non-controlling interest at the non-controlling interest’s proportionate share of Tiger Airways’ net identifiable assets.

The fair value of the identifiable assets and liabilities of Tiger Airways as at the acquisition date were:

	Fair value recognised on acquisition
Tigerair brand and trademarks	100.9
Tangible assets	553.1
Pre-existing intangible assets	0.1
Deferred tax assets	12.1
Other receivables	10.6
Long-term investments	8.3
Cash and cash equivalents	135.6
Assets held for sale	20.7
Other current assets	56.8
	<u>898.2</u>
Borrowings	(345.2)
Provisions	(156.8)
Deferred tax liabilities	(21.3)
Derivative liabilities	(9.4)
Liabilities held for sale	(10.4)
Other current liabilities	(252.4)
	<u>(795.5)</u>
Total identifiable net assets at fair value	102.7
Non-controlling interest measured at the non-controlling interest’s proportionate share of Tiger Airways’ net identifiable assets	(49.3)
Goodwill arising from acquisition	163.8
	<u>217.2</u>
Consideration transferred for the acquisition of Tiger Airways	
Fair value of equity interest in Tiger Airways held by the Group immediately before the acquisition	217.2

23 Subsidiary Companies (in \$ million) (continued)

(f) Acquisition of a subsidiary company (continued)

	Fair value recognised on acquisition
<u>Effect of the acquisition of Tiger Airways on cash flows</u>	
Total consideration for the acquisition	217.2
Less: non-cash consideration	(217.2)
Consideration settled in cash	–
Less: Cash and cash equivalents of subsidiary company acquired	(135.6)
Net cash inflow on acquisition	135.6

Gain on remeasuring previously held equity interest in Tiger Airways to fair value at acquisition date

The Group recognised a gain of \$119.8 million as a result of measuring at fair value its 52.0% equity interest in Tiger Airways held before the business combination. The gain is included in “Exceptional items” line item in the Group’s profit or loss for the year ended 31 March 2015.

Goodwill arising from acquisition

The goodwill of \$163.8 million comprises the value of strengthening the Group’s portfolio approach and synergies within the Group expected to arise from the acquisition. Goodwill is allocated entirely to the Tiger Airways’ business. None of the goodwill recognised is expected to be tax deductible for income tax purposes.

Impact of the acquisition on profit or loss

From the acquisition date, Tiger Airways has contributed \$357.0 million of revenue and \$9.9 million of loss to the Group’s profit for the year. If the acquisition had taken place at the beginning of the year, the Group’s revenue would have been \$15,886.1 million and the Group’s net profit attributable to owners of the Parent would remain the same, as there is no change in the net equity interest.

(g) Changes in ownership interests in subsidiary companies

Acquisition of non-controlling interests

On 16 May 2014, the Group completed the restructuring of one of its subsidiary companies, Singapore Jamco Pte Ltd (“SJAMCO”). As part of the restructuring, a new company, Singapore Jamco Services Pte Ltd (“SJAMCO Services”) was incorporated with the same shareholding interest as SJAMCO. SJAMCO then transferred a part of its existing business to SJAMCO Services. Following the transfer, the Group disposed of 45% of SJAMCO and acquired an additional 15% interest in SJAMCO Services. Consequently SJAMCO became an associated company upon the disposal of its interest.

On 5 December 2014, the Company converted its 189,390,367 non-voting perpetual convertible capital securities into new Tiger Airways’ shares, resulting in an increase in equity interest of 3.8%, from 52.0% to 55.8%.

The following summarises the effect of the changes in the Group’s ownership interest in SJAMCO Services and Tiger Airways on the equity attributable to owners of the Company.

Consideration paid for acquisition of non-controlling interests	–
Decrease in equity attributable to non-controlling interests	(2.5)
Decrease in equity attributable to owners of the Company	(2.5)

On 7 January 2015, Tiger Airways issued 1,147,102,770 ordinary shares, pursuant to a rights issue, on the basis of 85 Rights Share for every 100 existing ordinary shares held, at an issue price of \$0.20 for each Rights Share with net proceeds of \$227.4 million. Accordingly, rights shares of \$100.5 million was allotted to the non-controlling interests of Tiger Airways.

Notes to the Financial Statements

31 March 2015

24 Associated Companies (in \$ million)

	The Group 31 March	
	2015	2014
Share of net assets of associated companies at acquisition date	638.4	567.8
Goodwill on acquisition of associated companies	131.5	98.8
	769.9	666.6
Accumulated impairment loss	(9.4)	(15.0)
	760.5	651.6
Goodwill written off to reserves	(23.1)	(23.1)
Foreign currency translation reserve	(107.1)	(96.0)
Share of post-acquisition reserves		
– general reserve	76.3	64.0
– fair value reserve	(9.6)	(0.4)
– capital reserve	225.2	133.3
	922.2	729.4

	The Company 31 March	
	2015	2014
Investment in associated companies (at cost)		
Unquoted equity investments	61.6	36.0
Quoted equity investments	420.2	340.7
	481.8	376.7
Accumulated impairment loss	(9.4)	(63.2)
	472.4	313.5
Market value of quoted equity investments	433.0	270.7

During the financial year:

1. RCMS Properties Private Limited recorded a revaluation gain of \$53.1 million (FY2013/14: \$65.6 million) from its annual revaluation exercise of its land and building. The Group's share of the revaluation gain of \$10.6 million (2014: \$13.1 million) at 31 March 2015 is included under the share of post-acquisition capital reserve.
2. On 4 July 2014 (the "acquisition date"), the Company appointed a Director to Virgin Australia's Board of Directors. As a result, the Company gained significant influence over the investment, as such, Virgin Australia became an associated company of the Company. A goodwill of \$116.3 million was recognised in the carrying value of the associated company, which is the purchase consideration in excess of the fair value of net identifiable assets as at acquisition date. Subsequent to the acquisition date, a further 0.23% interest was purchased from the open market for AUD6.4 million (\$7.5 million) resulting in an additional goodwill of \$2.1 million being recognised.
3. Virgin Australia recorded a gain on sale of a 35% shareholding in its Velocity Frequent Flyer Programme while retaining control. Accordingly, a share of the gain on sale of \$81.3 million has been recognised in the capital reserve.
4. The Company injected \$25.7 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.
5. Since October 2014, Tiger Airways became a subsidiary company of the Group following the Company's announcement of an irrevocable undertaking to support Tiger Airways' Rights Issue and convert all its 189,390,367 non-voting perpetual convertible capital securities into new Tiger Airways' shares.

24 Associated Companies (in \$ million) (continued)

The associated companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2015	2014
RCMS Properties Private Limited ^{^++}	Hotel ownership and management	Singapore	20.0	20.0
Tata SIA Airlines Limited [@]	Domestic and international full service scheduled passenger airlines services	India	49.0	49.0
Virgin Australia Holdings Limited ^{**}	Air transportation	Australia	22.8	–
Component Aerospace Singapore Pte Ltd ^{^+++}	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	38.0	38.2
Eagle Services Asia Private Limited ^{(1)^++}	Repair and overhaul of aircraft engines	Singapore	38.0	38.2
Fuel Accessory Service Technologies Pte Ltd ^{(1)^+++}	Repair and overhaul of engine fuel components and accessories	Singapore	38.0	38.2
PT JAS Aero-Engineering Services ^{(1)@++}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	38.0	38.2
PWA International Limited ^{(1)^^+++}	Repair, overhaul and re-manufacture of aircraft turbine engine cases, components and related parts	Republic of Ireland	38.0	38.2
Safran Electronics Asia Pte Ltd ^{(1)@++}	Provide avionics maintenance, repair and overhaul services	Singapore	38.0	38.2
Southern Airports Aircraft Maintenance Services Company Limited ^{(1)@++}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	38.0	38.2
Pan Asia Pacific Aviation Services Ltd ^{(1)@@@}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	36.5	36.7
Jamco Aero Design & Engineering Pte Ltd [@]	Providing turnkey solutions for aircraft interior modifications	Singapore	35.7	35.9
Panasonic Avionics Services Pte Ltd ^{**}	IFE maintenance, repair & overhaul and ancillary services	Singapore	33.7	–
Messier Services Asia Private Limited ^{###+}	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	31.7	31.9
Goodrich Aerostructures Service Asia Pte Ltd ^{@++}	Repair and overhaul of aircraft nacelles, thrust reservoirs and pylons	Singapore	31.7	31.9
Asian Surface Technologies Pte Ltd ^{@@++}	Repair and overhaul of aircraft engine fan blades	Singapore	31.1	31.2
International Aerospace Tubes-Asia Pte Ltd ^{^++}	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	26.4	26.6
Turbine Coating Services Pte Ltd ^{^+++}	Repair and overhaul of aircraft engine turbine airfoils	Singapore	19.4	19.5

Notes to the Financial Statements

31 March 2015

24 Associated Companies (in \$ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2015	2014
Jamco Singapore Pte Ltd ^{(1)@}	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	15.5	–

(1) Held by SIA Engineering Company

(2) The company is considered an associated company of the Group by virtue of the significant influence over financial and operating policies of the company through representation on the Board

(3) Held by Singapore Airlines Cargo

@ Audited by Ernst & Young LLP, Singapore

@@ Audited by member firms of Deloitte & Touche

@@@ Audited by RSM Chio Lim, Singapore

@@@ Audited by BDO Limited, Hong Kong

* Audited by member firms of KPMG

** Audited by KPMG, Singapore

^ Audited by Pricewaterhouse Coopers LLP, Singapore

^^ Audited by member firms of Pricewaterhouse Coopers

Audited by Shanghai Linfang Certified Public Accountants Co., Ltd, China

+ Financial year end 28 February

++ Financial year end 31 December

+++ Financial year end 30 November

The carrying amounts of the investment in associated companies are as follows:

	The Group 31 March	
	2015	2014
Tiger Airways Holdings Limited (“Tiger Airways”)	–	229.1
Virgin Australia Holdings Limited (“VAH”)	401.2	–
Eagle Services Asia Private Limited (“ESA”)	147.3	144.9
Other associated companies	373.7	355.4
	922.2	729.4

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

24 Associated Companies (in \$ million) (continued)

The summarised financial information in respect of VAH and ESA, which are material to the Group are as follows:

Summarised balance sheet

	VAH 31 March		ESA 31 March	
	2015	2014	2015	2014
Current assets	1,664.7	–	275.9	348.8
Non-current assets	4,450.3	–	52.8	42.6
Total assets	6,115.0	–	328.7	391.4
Current liabilities	(2,525.6)	–	(26.7)	(95.0)
Non-current liabilities	(2,403.6)	–	(1.4)	(0.6)
Total liabilities	(4,929.2)	–	(28.1)	(95.6)
Net assets	1,185.8	–	300.6	295.8

Summarised statement of comprehensive income

	VAH		ESA	
	FY2014/15	FY2013/14	FY2014/15	FY2013/14
Revenue	3,717.7	–	828.2	1,077.1
(Loss)/Profit after tax	(79.6)	–	24.5	78.4
Other comprehensive income	(160.8)	–	–	–
Total comprehensive income	(240.4)	–	24.5	78.4

The summarised financial information presented are the amounts included in the financial statements of the associated companies prepared in accordance with Singapore Financial Reporting Standards.

A reconciliation of the summarised financial information to the carrying amounts of VAH and ESA is as follows:

	The Group 31 March	
	2015	2014
VAH		
Group's share of net assets	270.4	–
Goodwill on acquisition	118.4	–
Other adjustments	12.4	–
	401.2	–
ESA		
Group's share of net assets	147.3	144.9

Dividends of approximately \$21.7 million (FY2013/14: \$33.9 million) was received from ESA during the financial year.

Notes to the Financial Statements

31 March 2015

24 Associated Companies (in \$ million) (continued)

Aggregate information about the Group's investment in associated companies that are not individually material are as follows:

The Group's share of the assets and liabilities comprises:

	The Group 31 March	
	2015	2014
<u>Assets and liabilities</u>		
Current assets	207.9	194.1
Non-current assets	295.8	275.6
Total assets	503.7	469.7
Current liabilities	(72.6)	(61.1)
Non-current liabilities	(57.4)	(53.2)
Total liabilities	(130.0)	(114.3)
Shareholders' equity	373.7	355.4

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

	The Group	
	FY2014/15	FY2013/14
<u>Results</u>		
Profit after tax	17.7	34.7
Other comprehensive income	10.6	13.1
Total comprehensive income	28.3	47.8

25 Joint Venture Companies (in \$ million)

	The Group 31 March	
	2015	2014
Investment in joint venture companies (unquoted, at cost)	96.2	56.6
Share of post-acquisition reserves		
– general reserve	83.4	94.5
– foreign currency translation reserve	(11.7)	(24.6)
	167.9	126.5

During the financial year, Scoot invested THB975.1 million (\$39.6 million) into NokScoot Airlines Co., Ltd, a joint venture set up by Scoot and Nok Airlines Public Co Ltd (“NokAir”).

Scoot has 49.0% interest in the ownership and voting rights in this strategic venture and jointly controls the venture with the other partner, NokAir, under a contractual agreement which requires unanimous consent for all major decisions for the relevant activities.

The joint venture companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2015	2014
International Engine Component Overhaul Pte Ltd ⁽¹⁾	Repair and overhaul of aero engine components and parts	Singapore	38.8	39.0
Singapore Aero Engine Services Pte Ltd ⁽¹⁾	Repair and overhaul of aircraft engines	Singapore	38.8	39.0
NokScoot Airlines Co., Ltd ⁽²⁾	Air transportation	Thailand	49.0	–

⁽¹⁾ Held by SIA Engineering Company, are audited by Ernst and Young LLP, Singapore and have financial year end of 31 December.

⁽²⁾ Held by Scoot, is audited by Deloitte & Touche, Thailand, and has a financial year end of 31 December.

The carrying amounts of the investments are as follows:

	The Group 31 March	
	2015	2014
Singapore Aero Engine Services Pte Ltd (“SAESL”)	126.1	115.1
Other joint venture companies	41.8	11.4
	167.9	126.5

The activities of SAESL are strategic to the Group’s activities. The Group jointly controls the venture with other partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

Dividends of approximately \$49.8 million (FY2013/14: \$80.9 million) were received from SAESL during the financial year.

Notes to the Financial Statements

31 March 2015

25 Joint Venture Companies (in \$ million) (continued)

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

Summarised balance sheet

	SAESL 31 March	
	2015	2014
Cash and short-term deposits	64.8	30.5
Other current assets	313.0	415.0
Total current assets	377.8	445.5
Non-current assets	223.9	173.8
Total assets	601.7	619.3
Current financial liabilities (excluding trade, other payables and provisions)	(77.2)	(96.0)
Other current liabilities	(144.3)	(182.1)
Total current liabilities	(221.5)	(278.1)
Non-current financial liabilities	(128.0)	(111.1)
Total liabilities	(349.5)	(389.2)
Net assets	252.2	230.1

Summarised statement of comprehensive income

	SAESL	
	FY2014/15	FY2013/14
Revenue	1,443.5	2,253.8
Depreciation and amortisation	(10.7)	(11.5)
Interest income	0.1	0.1
Interest expense	(1.2)	(0.9)
Profit before taxation	115.1	173.0
Taxation	(1.0)	*
Profit after taxation	114.1	173.0
Other comprehensive income	(12.8)	(1.3)
Total comprehensive income	101.3	171.7

* Amount less than \$0.1 million

The summarised financial information presented is extracted from the financial statements of SAESL that is prepared in accordance with Singapore Financial Reporting Standards.

A reconciliation of the summarised financial information to the carrying amount of SAESL is as follows:

	The Group 31 March	
	2015	2014
Group's share of net assets	126.1	115.1

25 Joint Venture Companies (in \$ million) (continued)

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	
	2015	2014
<u>Assets and liabilities</u>		
Current assets	41.2	7.0
Non-current assets	10.3	10.1
	51.5	17.1
Current liabilities	(9.4)	(5.2)
Non-current liabilities	(0.3)	(0.5)
	41.8	11.4

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

	The Group	
	FY2014/15	FY2013/14
<u>Results</u>		
(Loss)/Profit after tax	(5.0)	7.5
Other comprehensive income	(1.6)	(0.2)
Total comprehensive income	(6.6)	7.3

26 Long-Term Investments (in \$ million)

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
<u>Available-for-sale investments</u>				
Quoted				
Government securities	0.6	0.6	0.6	0.6
Equity investments	-	315.3	-	315.3
Unquoted				
Non-equity investments	303.6	293.6	303.6	293.6
Equity investments, at cost	116.4	108.1	28.0	28.0
Accumulated impairment loss	(73.1)	(9.2)	(9.5)	(9.2)
	347.5	708.4	322.7	628.3
<u>Held-to-maturity investments</u>				
Quoted non-equity investments	368.7	243.5	368.7	243.5
Unquoted non-equity investments	408.8	173.3	408.8	173.3
	777.5	416.8	777.5	416.8
	1,125.0	1,125.2	1,100.2	1,045.1

The Group's non-equity investments comprise investments in corporate bonds, credit-linked notes, fixed-rate notes and investment funds.

The interest rate for quoted government securities is 7.00% (FY2013/14: 7.00%) per annum. The interest rates for quoted and unquoted non-equity investments range from 1.30% to 4.47% (FY2013/14: 2.37% to 4.65%) per annum and 2.57% to 5.31% (FY2013/14: 2.55% to 4.02%) per annum respectively.

Notes to the Financial Statements

31 March 2015

27 Other Receivables (in \$ million)

	The Group	
	2015	2014
Deposit with a financial institution	76.6	–
Other receivables	87.3	92.2
	163.9	92.2

Deposit with a financial institution relates to a deposit held for the purpose of payment for the purchase price option payable at the end of the 15th year of the lease period for one of the finance leases (Note 19). The deposit will generate interest at a fixed rate of 5.68% per annum to meet the obligation at maturity of the lease which is expected to be in December 2017. The fair value of the deposit amounted to \$85.3 million as at 31 March 2015.

The Group's other receivables are stated at amortised cost and are expected to be received over a period of two to ten years. The entire balance of other receivables is denominated in USD. The fair value of the other receivables is \$83.9 million (2014 : \$91.4 million).

28 Inventories (in \$ million)

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Technical stocks and stores	173.0	215.8	111.6	150.4
Catering and general stocks	29.0	27.2	20.1	18.8
Total inventories at lower of cost and net realisable value	202.0	243.0	131.7	169.2

The cost of inventories recognised as an expense amounts to \$106.0 million (FY2013/14: \$115.5 million). In addition, the Group wrote down \$38.1 million (FY2013/14: \$22.3 million) of inventories, which is recognised as other operating expenses in the profit and loss account.

29 Trade Debtors (in \$ million)

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Trade debtors	1,376.2	1,514.8	993.6	1,111.2
Accrued receivables	86.2	62.6	–	–
Amount owing from associated companies	20.7	24.6	0.1	2.0
Amount owing from joint venture companies	3.8	2.7	–	–
	1,486.9	1,604.7	993.7	1,113.2
Amounts owing from subsidiary companies	–	–	311.5	179.4
Short-term loans to a subsidiary company	–	–	–	420.5
	–	–	311.5	599.9
	1,486.9	1,604.7	1,305.2	1,713.1

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.

29 Trade Debtors (in \$ million) (continued)

In 2014, the interest in the short-term loans to a subsidiary company were computed using SGD swap-offer rates plus an agreed margin. The loans were denominated in SGD and interest rates ranged from 1.38% to 1.40% per annum. Net carrying amount of the loans approximate fair value as interest rates implied in the loans approximate market interest rates.

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 aging of debtor balances) are considered indicators that the trade debtor is impaired. Individual trade debtor is written off when Management deems the amount not to be collectible.

Accrued receivables pertain to services rendered in advance of billings.

Amounts owing by subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and are repayable on demand. The amounts are neither overdue nor impaired.

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

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Not past due and not impaired	1,365.7	1,509.4	1,276.3	1,290.8
Past due but not impaired	119.2	95.2	28.5	1.4
	1,484.9	1,604.6	1,304.8	1,292.2
Impaired trade debtors – collectively assessed	10.0	4.7	0.4	0.2
Less: Accumulated impairment losses	(9.7)	(4.6)	(0.1)	–
	0.3	0.1	0.3	0.2
Impaired trade debtors – individually assessed				
Customers in bankruptcy or other financial reorganisation	6.1	6.3	0.1	–
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	2.7	4.3	2.8	4.2
Less: Accumulated impairment losses	(7.1)	(10.6)	(2.8)	(4.0)
	1.7	–	0.1	0.2
Total trade debtors, net	1,486.9	1,604.7	1,305.2	1,292.6
Short-term loans to a subsidiary company	–	–	–	420.5
	1,486.9	1,604.7	1,305.2	1,713.1

Notes to the Financial Statements

31 March 2015

29 Trade Debtors (in \$ million) (continued)

Included in trade and other debtors are amounts owing by related parties of \$5.2 million (2014: \$1.9 million) and \$0.9 million (2014: \$0.6 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	
	2015	2014	2015	2014
Balance at 1 April	15.2	14.3	4.0	2.0
Acquisition of a subsidiary company	1.3	–	–	–
Charged/(Written back) during the year	0.7	1.1	(1.1)	2.0
Written off during the year	(0.4)	(0.2)	–	–
Balance at 31 March	16.8	15.2	2.9	4.0
Bad debts written off directly to profit and loss account, net of debts recovered	6.3	0.4	1.3	0.1

As at 31 March 2015, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 26.5% (2014: 31.0%), GBP – 5.0% (2014: 5.1%), EUR – 4.6% (2014: 6.0%), AUD – 4.5% (2014: 7.8%) and JPY – 2.6% (2014: 3.3%).

There was no loan to Directors of the Company.

The Company's amounts owing by subsidiary companies that are off-set are as follows:

	The Company 31 March	
	2015	2014
Gross carrying amounts of receivables	525.0	206.3
Gross amounts offset in the balance sheet of payables	(213.5)	(26.9)
Net amounts in the balance sheet	311.5	179.4

30 Deposits and Other Debtors (in \$ million)

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Deposits	15.5	16.0	8.4	8.7
Other debtors	27.9	34.1	14.1	11.6
	43.4	50.1	22.5	20.3

31 Investments (in \$ million)

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
<u>Available-for-sale investments</u>				
Quoted				
Government securities	8.0	3.1	–	–
Equity investments	37.7	32.4	–	–
Non-equity investments	118.3	186.2	98.1	167.6
	164.0	221.7	98.1	167.6
Unquoted				
Non-equity investments	–	30.3	–	30.3
	164.0	252.0	98.1	197.9
<u>Held-to-maturity investments</u>				
Quoted non-equity investments	4.6	35.4	4.6	35.4
	168.6	287.4	102.7	233.3

The Group's non-equity investments comprise investments in government securities, corporate bonds, credit-linked notes and money market funds.

The interest rates for quoted government securities range from 0.76% to 4.63% (FY2013/14: 1.63% to 4.00%) per annum. The interest rates for quoted non-equity investments range from 1.30% to 4.47% (FY2013/14: 0.76% to 5.88%) per annum.

32 Cash and Bank Balances (in \$ million)

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Fixed deposits	4,246.2	4,309.1	4,219.0	4,283.5
Cash and bank	1,007.9	574.8	427.5	340.3
	5,254.1	4,883.9	4,646.5	4,623.8

As at 31 March 2015, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 16.1% (2014: 15.7%), EUR – 1.0% (2014: 2.1%) and AUD – 1.5% (2014: 1.7%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 2.55% (FY2013/14: 0.06% to 3.51%) 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 0.89% (FY2013/14: 0.65%) per annum.

Notes to the Financial Statements

31 March 2015

33 Trade and Other Creditors (in \$ million)

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Trade creditors	2,903.1	2,972.9	2,088.6	2,287.4
Amounts owing to associated companies	3.4	5.0	–	–
	2,906.5	2,977.9	2,088.6	2,287.4
Funds from subsidiary companies	–	–	962.9	853.2
Amounts owing to subsidiary companies	–	–	85.8	181.6
	–	–	1,048.7	1,034.8
	2,906.5	2,977.9	3,137.3	3,322.2

Trade and other creditors are non-interest bearing. Amounts owing to related parties are trade-related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash. As at 31 March 2015, 12.5% (2014: 5.3%) 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 \$153.4 million (2014: \$177.0 million) and \$115.8 million (2014: \$127.4 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 0.01% to 0.78% (FY2013/14: 0.01% to 0.57%) per annum for SGD funds, from 0.05% to 1.00% (FY2013/14: 0.03% to 0.48%) per annum for USD.

As at 31 March 2015, 36.3% of the funds from subsidiary companies are denominated in USD (2014: USD – 13.0%).

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

The Company's amounts owing to subsidiary companies that are off-set are as follows:

	The Company 31 March	
	2015	2014
Gross carrying amounts of payables	1,214.3	1,126.9
Gross amounts offset in the balance sheet of receivables	(165.6)	(92.1)
Net amounts in the balance sheet	1,048.7	1,034.8

34 Analysis of Capital Expenditure Cash Flow (in \$ million)

	The Group	
	FY2014/15	FY2013/14
Purchase of property, plant and equipment	2,632.0	2,593.0
Property, plant and equipment acquired under credit terms	(31.8)	(18.4)
Cash invested in capital expenditure	2,600.2	2,574.6
Purchase of intangible assets	30.9	30.0
Intangible assets acquired under credit terms	–	(0.3)
Cash invested in purchase of intangible assets	30.9	29.7

35 Capital and Other Commitments (in \$ million)

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated \$24,690.7 million (2014: \$20,780.5 million) for the Group and \$17,155.7 million (2014: \$17,561.1 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of joint venture companies' commitments for capital expenditure totalled \$24.2 million (2014: \$2.5 million).

(b) Operating lease commitments

As lessee

Aircraft

The Company has four B777-200ER, two B777-300, three B777-300ER, 30 A330-300 and nine A380-800 aircraft under operating leases with fixed rental rates. Under five of the aircraft lease agreements, the rentals will be adjusted if one-month LIBOR exceeds 6.50% per annum.

The original lease terms range from five to 13 years. In four of the aircraft lease agreements, the Company holds options to extend the lease for a further maximum period of five years. In three other aircraft lease agreements, the Company holds options to extend the leases for a further maximum period of three years and in five others, the Company holds the options to extend the leases for a further maximum period of two years. Another 13 lease agreements provide the Company the options to extend the leases for a further period of one year. 12 leases provide the option to terminate the lease two years in advance of the lease expiry date. Another 11 other leases have no option for renewal. Sub-leasing is allowed under all the lease arrangements.

Tiger Group has 29 A320-200 aircraft, two A319 aircraft and two spare engines under operating leases. The original lease terms on the aircraft are for 12 years. None of the operating lease agreements confer on 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.

SIA Cargo has two B747-400F aircraft under operating lease with fixed rental rates. The lease terms range from 10 to 11 years. In one of the aircraft lease agreements, SIA Cargo holds the option to extend the lease for a further maximum period of two years. For the other agreement, there is no option for renewal. Sub-leasing is allowed under the lease arrangements.

Notes to the Financial Statements

31 March 2015

35 Capital and Other Commitments (in \$ million) (continued)

(b) Operating lease commitments (continued)

As lessee (continued)

Aircraft (continued)

SilkAir has three A319-100s, nine A320-200s, and five B737-800s under operating leases with fixed rental rates. The original lease terms for the three A319-100s range from 6.9 to 11.5 years, which SilkAir holds options to extend the leases up to a maximum of three years. The original lease terms for the nine A320-200s range from 6.6 to 11.8 years and SilkAir holds options to extend the leases for two to five years. The original lease terms for the five B737-800s range from 10 to 10.5 years, which the Company holds options to extend the leases up to a maximum of two years. None of the operating lease agreements confer on SilkAir an option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements.

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

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Not later than one year	928.5	717.0	721.0	632.8
Later than one year but not later than five years	2,670.2	2,084.9	1,879.3	1,842.4
Later than five years	1,670.2	888.2	956.3	791.0
	5,268.9	3,690.1	3,556.6	3,266.2

Engines

The Company has operating lease agreements for four GE90-115B engines and 12 Trent 800 engines with fixed rental rates. The basic lease term for each engine varies from four to six years with extension options. During the financial year, one lease ceased in accordance with the contractual terms and conditions upon engine damage beyond economical repair.

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

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Not later than one year	22.7	20.1	20.9	20.1
Later than one year but not later than five years	37.6	53.1	32.1	53.1
Later than five years	1.2	–	–	–
	61.5	73.2	53.0	73.2

35 Capital and Other Commitments (in \$ million) (continued)

(b) Operating lease commitments (continued)

As lessee (continued)

Property and equipment

The Group has entered into operating lease agreements for office and computer equipment, leasehold land and buildings. These non-cancellable leases have lease terms of between one to 50 years.

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

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Not later than one year	69.9	65.4	50.7	45.6
Later than one year but not later than five years	101.8	98.9	79.3	69.4
Later than five years	67.7	70.0	13.4	9.3
	239.4	234.3	143.4	124.3

The minimum lease payments recognised in the profit and loss account amounted to \$63.7 million (FY2013/14: \$64.0 million) and \$50.7 million (FY2013/14: \$53.8 million) for the Group and the Company respectively.

As lessor

Aircraft

The Company's existing commercial aircraft leases for two B777-200ER aircraft ceased during the year on expiry of the lease contracts. During the financial year, the Company entered into non-cancellable lease contracts for two B777-200 aircraft for a lease term of five years each. The lease rental is fixed throughout the lease term.

Tiger Group sub-leased one A320-200 aircraft to an external party during the financial year. The original lease term for the aircraft is nine years. Tiger also sub-leased three A320-200s to Tigerair Australia during the year. The original lease terms for the aircraft range from eight to 12 years. The original lease term of the engine was less than a year. Following the divestment of Tigerair Australia, Virgin Australia provided guarantees to the Group to cover obligations for the assets leased by Tigerair Australia.

SIA Cargo had previously entered into a commercial aircraft lease. This non-cancellable lease has a remaining lease term of five months. The lease rental is fixed throughout the lease term.

Notes to the Financial Statements

31 March 2015

35 Capital and Other Commitments (in \$ million) (continued)

(b) Operating lease commitments (continued)

As lessor (continued)

Aircraft (continued)

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

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Not later than one year	46.4	21.6	29.6	9.4
Later than one year but not later than five years	155.9	6.1	115.8	1.0
Later than five years	11.0	–	–	–
	213.3	27.7	145.4	10.4

36 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 8 February 2011, SIA Cargo confirmed its acceptance of a plea bargain offered by the United States Department of Justice (USD48.0 million or \$62.5 million). This amount has been reflected as exceptional items in the Group’s accounts in FY2010/11. The plea agreement has brought the Department of Justice’s air cargo investigations in the United States to a close for SIA Cargo.

On 30 November 2010, the Korea Fair Trade Commission (“KFTC”) released an adverse decision against 21 air cargo airlines, including SIA Cargo, in respect of fuel surcharges. A fine of KRW3.117 billion (\$3.6 million) was imposed on SIA Cargo. The fine was paid in January 2011 in accordance with Korean laws. This amount has been reflected as exceptional items in the Group’s accounts in FY2010/11. SIA Cargo appealed against the KFTC decision and subsequently the Seoul High Court judgment. SIA Cargo’s appeal to the South Korean Supreme Court was partially successful. As a result, in September 2014, the KFTC refunded KRW793.2 million (\$1.0 million) to SIA Cargo, being part of the fine amount paid previously. This refund is reflected as an exceptional item in the Group’s accounts.

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 has been reflected as exceptional items in the Group’s accounts in FY2010/11. SIA Cargo and the Company have filed an appeal to the European General Court seeking annulment of the decision.

In July 2010, SIA Cargo was among eight airlines to receive notification that the Competition Commission of South Africa had referred a complaint to the South Africa Competition Tribunal in respect of fuel surcharges. In August 2012, the Competition Commission of South Africa sent a notice withdrawing the complaint referral as concerns SIA Cargo and the Company. This step ended the proceedings in South Africa as concerns SIA Cargo and the Company.

36 Contingent Liabilities (in \$ million) (continued)

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

In December 2012, SIA Cargo confirmed its acceptance of settlement agreements with the Australian Competition and Consumer Commission and the New Zealand Commerce Commission, bringing to an end civil penalty proceedings concerning the air cargo issues which had been initiated in 2008. SIA Cargo agreed to pay a penalty and costs amount of AUD12.2 million (\$15.5 million) in Australia. In New Zealand, SIA Cargo agreed to pay a penalty and costs amount of NZD4.4 million (\$4.4 million). SIA Cargo paid these amounts in December 2012 and January 2013 in accordance with Australian and New Zealand laws respectively. The total Australian and New Zealand settlement amount of \$19.9 million has been reflected in the exceptional items of the Group's accounts in FY2012/13.

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 has been reflected as exceptional items 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.

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. SIA Cargo is defending this proceeding.

In June 2011, without admitting any liability, SIA Cargo and the Company reached a settlement with the plaintiffs in Canada whereby SIA Cargo agreed to pay CAD1.05 million (\$1.3 million) to resolve all liability of SIA Cargo and the Company as concerns the civil damage lawsuits filed in Canada. This amount has been reflected as an exceptional item in the Group's accounts in FY2011/12.

In December 2013, without admitting any liability, SIA Cargo and the Company reached a settlement with the class action plaintiffs in the United States whereby SIA Cargo agreed to pay USD62.8 million (\$78.3 million) to resolve all liability of SIA Cargo and the Company as concerns the air cargo class action lawsuits filed in the United States. This amount has been paid and is reflected as an exceptional item in the Group's accounts in FY2013/14.

In March 2014, without admitting any liability, SIA Cargo and the Company reached a settlement with the class action plaintiffs in Australia whereby SIA Cargo agreed to pay AUD5.6 million (\$6.4 million) to resolve all liability of SIA Cargo and the Company as concerns the class action lawsuit filed in Australia. This amount has been paid and is reflected as an exceptional item in the Group's accounts in FY2013/14.

In addition, without admitting any liability, in 2012, 2013 and 2015, SIA Cargo reached settlements with certain of its customers to resolve all pending and potential future civil damage claims regarding the air cargo issues. The settlements in 2012 and 2013 have been reflected in the Group's accounts in the previous financial years. Arising from the latest settlement in March 2015, a provision of USD10.1 million (\$13.7 million) was made as an exceptional item in the Group's accounts. The individual terms of all such settlements are required to be kept confidential.

Apart from Canada, the United States and Australia, 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 exceptional 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 the outcome is uncertain.

Notes to the Financial Statements

31 March 2015

36 Contingent Liabilities (in \$ million) (continued)

(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.

On 1 September 2011, legal proceedings were filed by the IATA Agents Association of India (“IATA Agents”) and Osaka Air Travels Ltd. (collectively, “Petitioners”) before the High Court of Kerala, India, principally against the Ministry of Civil Aviation and the Directorate General of Civil Aviation (“DGCA”), the Company, SilkAir and other airlines. The proceedings sought to quash a DGCA order dated 28 July 2011 which stated that the payment of commission to designated agents by airlines is entirely a commercial arrangement between the two, and does not require interference by the DGCA. On 27 November 2012, the High Court dismissed the suit against the airline defendants. An appeal challenging the order of dismissal was filed by the Petitioners on 14 January 2013. As there were several procedural defects made by the Petitioners, this matter has not been taken up by Court to date. Once the defects are corrected by the Petitioners, the matter will be listed for hearing. To date, the Petitioners have not cured the defects and the matter has, therefore, not come up for hearing.

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 which is subject to Court approval. In accordance with the agreement, SIA has made payment of USD9.2 million (\$11.4 million) into an escrow account pending court approval.

37 Financial Instruments (in \$ million)

(a) Classification 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 following tables analyse the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

2015 The Group	Loans and receivables	Available- for-sale financial assets	Held-to- maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Derivatives at fair value through profit or loss	Total
Assets							
Long-term investments	–	347.5	777.5	–	–	–	1,125.0
Other receivables	163.9	–	–	–	–	–	163.9
Trade debtors	1,486.9	–	–	–	–	–	1,486.9
Deposits and other debtors	43.4	–	–	–	–	–	43.4
Investments	–	164.0	4.6	–	–	–	168.6
Derivative assets	–	–	–	114.4	–	–	114.4
Cash and bank balances	5,254.1	–	–	–	–	–	5,254.1
Total financial assets	6,948.3	511.5	782.1	114.4	–	–	8,356.3
Total non-financial assets							15,564.9
Total assets							23,921.2
Liabilities							
Notes payable	–	–	–	–	1,300.0	–	1,300.0
Finance lease commitments	–	–	–	–	99.3	–	99.3
Loans	–	–	–	–	340.2	–	340.2
Trade and other creditors	–	–	–	–	2,906.5	–	2,906.5
Derivative liabilities	–	–	–	982.3	–	37.3	1,019.6
Total financial liabilities	–	–	–	982.3	4,646.0	37.3	5,665.6
Total non-financial liabilities							5,325.5
Total liabilities							10,991.1

Notes to the Financial Statements

31 March 2015

37 Financial Instruments (in \$ million) (continued)

(a) Classification of financial instruments (continued)

2015 The Company	Loans and receivables	Available- for-sale financial assets	Held-to- maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
Assets						
Long-term investments	–	322.7	777.5	–	–	1,100.2
Other receivables	17.9	–	–	–	–	17.9
Trade debtors	993.7	–	–	–	–	993.7
Deposits and other debtors	22.5	–	–	–	–	22.5
Amounts owing by subsidiary companies	311.5	–	–	–	–	311.5
Investments	–	98.1	4.6	–	–	102.7
Derivative assets	–	–	–	107.0	–	107.0
Cash and bank balances	4,646.5	–	–	–	–	4,646.5
Total financial assets	5,992.1	420.8	782.1	107.0	–	7,302.0
Total non-financial assets						14,163.8
Total assets						21,465.8
Liabilities						
Notes payable	–	–	–	–	1,300.0	1,300.0
Trade and other creditors	–	–	–	–	2,088.6	2,088.6
Amount owing to subsidiary companies	–	–	–	–	1,048.7	1,048.7
Derivative liabilities	–	–	–	981.8	–	981.8
Total financial liabilities	–	–	–	981.8	4,437.3	5,419.1
Total non-financial liabilities						4,467.4
Total liabilities						9,886.5

37 Financial Instruments (in \$ million) (continued)

(a) Classification of financial instruments (continued)

2014 The Group	Loans and receivables	Available- for-sale financial assets	Held-to- maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Derivatives at fair value through profit or loss	Total
Assets							
Long-term investments	–	708.4	416.8	–	–	–	1,125.2
Other receivables	92.2	–	–	–	–	–	92.2
Trade debtors	1,604.7	–	–	–	–	–	1,604.7
Deposits and other debtors	50.1	–	–	–	–	–	50.1
Investments	–	252.0	35.4	–	–	–	287.4
Derivative assets	–	–	–	134.1	–	–	134.1
Cash and bank balances	4,883.9	–	–	–	–	–	4,883.9
Total financial assets	6,630.9	960.4	452.2	134.1	–	–	8,177.6
Total non-financial assets							14,464.9
Total assets							22,642.5
Liabilities							
Notes payable	–	–	–	–	800.0	–	800.0
Finance lease commitments	–	–	–	–	143.2	–	143.2
Loans	–	–	–	–	21.8	–	21.8
Trade and other creditors	–	–	–	–	2,977.9	–	2,977.9
Derivative liabilities	–	–	–	31.8	–	25.0	56.8
Total financial liabilities	–	–	–	31.8	3,942.9	25.0	3,999.7
Total non-financial liabilities							5,068.2
Total liabilities							9,067.9

Notes to the Financial Statements

31 March 2015

37 Financial Instruments (in \$ million) (continued)

(a) Classification of financial instruments (continued)

2014 The Company	Loans and receivables	Available- for-sale financial assets	Held-to- maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
Assets						
Long-term investments	–	628.3	416.8	–	–	1,045.1
Other receivables	92.2	–	–	–	–	92.2
Trade debtors	1,113.2	–	–	–	–	1,113.2
Deposits and other debtors	20.3	–	–	–	–	20.3
Amounts owing by subsidiary companies	599.9	–	–	–	–	599.9
Investments	–	197.9	35.4	–	–	233.3
Derivative assets	–	–	–	133.3	–	133.3
Cash and bank balances	4,623.8	–	–	–	–	4,623.8
Total financial assets	6,449.4	826.2	452.2	133.3	–	7,861.1
Total non-financial assets						13,004.6
Total assets						20,865.7
Liabilities						
Notes payable	–	–	–	–	800.0	800.0
Trade and other creditors	–	–	–	–	2,287.4	2,287.4
Amounts owing to subsidiary companies	–	–	–	–	1,034.8	1,034.8
Derivative liabilities	–	–	–	29.2	–	29.2
Total financial liabilities	–	–	–	29.2	4,122.2	4,151.4
Total non-financial liabilities						4,602.2
Total liabilities						8,753.6

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

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
Derivative assets				
Equity swap derivative	–	20.3	–	20.3
Currency hedging contracts	106.5	10.0	103.1	9.2
Fuel hedging contracts	3.8	100.6	3.8	100.6
Cross currency swap contracts	4.0	–	–	–
Interest rate cap contracts	0.1	3.2	0.1	3.2
	114.4	134.1	107.0	133.3
Derivative liabilities				
Currency hedging contracts	37.8	27.9	37.8	27.9
Fuel hedging contracts	974.4	1.3	944.0	1.3
Cross currency swap contracts	6.9	25.0	–	–
Interest rate swap contracts	0.5	2.6	–	–
	1,019.6	56.8	981.8	29.2

37 Financial Instruments (in \$ million) (continued)

(b) Fair values

Financial instruments carried at fair value

Fair value hierarchy

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	The Group			
	31 March 2015		31 March 2014	
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)
Recurring fair value adjustments				
<u>Financial assets:</u>				
Available-for-sale investments				
Quoted investments				
– Government securities	8.6	–	3.7	–
– Equity investments	37.7	–	347.7	–
– Non-equity investments	118.3	–	186.2	–
Unquoted investments				
– Non-equity investments	–	303.6	–	323.9
Derivative assets				
Equity swap derivative	–	–	–	20.3
Currency hedging contracts	–	106.5	–	10.0
Fuel hedging contracts	–	3.8	–	100.6
Cross currency swap contracts	–	4.0	–	–
Interest rate cap contracts	–	0.1	–	3.2
	164.6	418.0	537.6	458.0
<u>Financial liabilities:</u>				
Derivative liabilities				
Currency hedging contracts	–	37.8	–	27.9
Fuel hedging contracts	–	974.4	–	1.3
Cross currency swap contracts	–	6.9	–	25.0
Interest rate swap contracts	–	0.5	–	2.6
	–	1,019.6	–	56.8

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.

Notes to the Financial Statements

31 March 2015

37 Financial Instruments (in \$ million) (continued)

(b) Fair values (continued)

Financial instruments carried at fair value (continued)

Determination of fair value

The Group and the Company have carried all investment securities that are classified as available-for-sale financial assets and all derivative instruments at their fair values.

The fair values of jet fuel swap contracts are the mark-to-market values of these contracts. The fair values of jet fuel option contracts are determined by reference to available market information and the Black-Scholes option valuation model. As the Group hedges its jet fuel requirements in Mean of Platts Singapore Jet Kerosene ("MOPS") and that the majority of the Group's fuel uplifts are in MOPS, the MOPS price (2015: USD 67.99/BBL, 2014: USD 120.20/BBL) is used as the input for market fuel price to the Black-Scholes option valuation model. Consequently, the annualised volatility (FY2014/15: 34.84%, FY2013/14: 10.29%) of the jet fuel swap and option contracts is also estimated with daily MOPS price. The continuously compounded risk-free rate estimated as average of the past 12 months Singapore Government Securities benchmark issues' one-year yield (FY2014/15: 0.52%, FY2013/14: 0.29%) was also applied to each individual jet fuel option contract to derive their estimated fair values as at the end of the reporting period.

The fair values of Brent and crack swap contracts are also determined by reference to available market information and are the marked-to-market values of these swap contracts. As the Group hedges in InterContinental Exchange ("ICE") Brent and Brent-MOPS crack, the ICE Brent futures contract price and its differential relative to MOPS price are used as the marked-to-market prices.

The fair value of forward currency contracts is determined by reference to current forward prices for contracts with similar maturity profiles. The fair values of foreign currency option contracts, interest rate swap contracts and interest rate cap contracts are determined by reference to valuation reports provided by counterparties.

The fair value of cross currency swap contracts is determined based on quoted market prices or dealer quotes for similar instruments used.

The fair value of quoted investments is generally determined by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions or reference to the current market value of another instrument (which is substantially the same).

Financial instruments whose carrying amounts approximate fair value

The carrying amounts of the following financial assets and liabilities approximate their fair values due to their short-term nature: cash and bank balances, funds from subsidiary companies, amounts owing to/by subsidiary companies, trade debtors, other debtors, trade and other creditors.

Financial instruments carried at other than fair value

Long-term investments classified as available-for-sale amounting to \$43.3 million (2014: \$98.9 million) for the Group and \$18.5 million (2014: \$18.8 million) for the Company are stated at cost because the fair values cannot be obtained directly from quoted market price or indirectly using valuation techniques supported by observable market data.

Investments classified as held-to-maturity amounting to \$782.1 million (2014: \$452.2 million) for the Group and the Company are stated at amortised cost. The fair value of these investments as at 31 March 2015 approximate \$782.8 million (2014: \$452.2 million) for the Group and the Company. Fair value is determined by reference to their published market bid price at the end of the reporting period. These investments are classified under Level 1 in the fair value hierarchy.

The Group and the Company have no intention to dispose of their interests in the above investments in the foreseeable future.

The fair values of long-term liabilities are disclosed in Note 19.

37 Financial Instruments (in \$ million) (continued)

(b) Fair values (continued)

Financial instruments not carried at fair value but for which fair value is disclosed

The deposits placed with a financial institution (Note 27) and purchase option price payable to lessor (Note 19) is classified as Level 3 under the fair value hierarchy. The fair value is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending at the end of the reporting period.

38 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").

(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 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.

Cash flow hedges

The Group manages this fuel price risk by using swap, option and collar contracts and hedging up to eight quarters forward using jet fuel swap, option and collar, Brent swap and crack swap contracts.

The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value loss before tax of \$952.9 million (2014: gain before tax of \$85.5 million), with a related deferred tax credit of \$162.0 million (2014: deferred tax charge of \$13.8 million), is included in the fair value reserve in respect of these contracts.

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 \$50.0 million and \$41.8 million (FY2013/14: \$46.6 million and \$39.1 million) respectively.

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

Notes to the Financial Statements

31 March 2015

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

(a) Jet fuel price risk (continued)

Sensitivity analysis on outstanding fuel hedging contracts:

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
	Effect on equity		Effect on equity	
Increase in one USD per barrel	35.1	31.2	28.8	25.5
Decrease in one USD per barrel	(35.1)	(31.2)	(28.8)	(25.5)

(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 2015, these accounted for 52.1% of total revenue (FY2013/14: 53.1%) and 65.8% of total operating expenses (FY2013/14: 66.9%). The Group's largest exposures are from United States Dollar, Euro, UK Sterling Pound, Swiss Franc, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan, Korean Won and Malaysian Ringgit. 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 and SGD. The Group also uses forward foreign currency contracts and foreign currency 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 that range from one month up to one year. 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.

Cash flow hedges

As at 31 March 2015, the Company holds USD310.3 million (2014: USD285.3 million) in short-term deposits to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 10 months. A fair value gain of \$22.3 million (2014: loss of \$0.4 million) is included in the fair value reserve in respect of these contracts.

During the financial year, the Group entered into financial instruments to hedge expected future payments in USD and SGD. The cash flow hedges of the expected future purchases in USD and expected future payments in SGD in the next 12 months are assessed to be highly effective and at 31 March 2015, a net fair value gain before tax of \$67.1 million (2014: loss before tax of \$21.1 million), with a related deferred tax liability of \$11.5 million (2014: deferred tax credit of \$3.6 million), is included in the fair value reserve in respect of these contracts.

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

(b) Foreign currency risk (continued)

Fair value through profit or loss

In addition, the Group has cross currency swap contracts in place with notional amounts ranging from \$3.7 million to \$34.5 million (2014: \$10.8 million to \$47.0 million) where it pays SGD and receives USD at USD/SGD exchange rates ranging from 1.3085 to 1.6990 (FY2013/14: 1.3085 to 1.6990). These contracts are used to protect the foreign exchange risk exposure of the Group's USD-denominated finance lease commitments. The maturity period of these contracts ranges from 21 August 2015 to 14 February 2018.

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

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

Sensitivity analysis:

	The Group 31 March			
	2015		2014	
	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}
AUD	2.4	(2.0)	3.6	(1.5)
EUR	1.4	(1.8)	0.9	(1.5)
GBP	1.5	(1.1)	0.9	(0.8)
JPY	1.2	(0.9)	1.1	(0.4)
USD	(21.8)	(28.1)	(8.7)	(11.7)

	The Company 31 March			
	2015		2014	
	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}
AUD	2.1	(1.5)	3.3	(1.7)
EUR	0.7	(1.2)	0.5	(1.7)
GBP	1.3	(0.9)	0.8	(1.1)
JPY	1.0	(0.8)	0.8	(0.8)
USD	(18.2)	(21.8)	(8.5)	(13.0)

^{R1} Sensitivity analysis on outstanding foreign currency hedging contracts.

^{R2} Sensitivity analysis on significant outstanding foreign currency denominated monetary items.

If the relevant foreign currency strengthens by 1% against SGD, equity and profit before taxation would change by the same amounts in the opposite direction.

Notes to the Financial Statements

31 March 2015

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

(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

As at 31 March 2015, the Company has interest rate cap contracts at a strike rate of 6.50% (2014: 6.50%), maturing in two to three years, to hedge against risk of increase in aircraft lease rentals. The cash flow hedges of the interest rate cap contracts are assessed to be highly effective. A net fair value loss before tax of \$6.1 million (2014: \$16.7 million), with a related deferred tax credit of \$1.0 million (2014: \$2.8 million), is included in the fair value reserve in respect of these contracts.

In FY2009/10, the Company entered into interest rate swap contracts to protect a portion of the future operating lease rent payments from exposure to fluctuations in interest rates. These contracts were settled in FY2010/11. The balance in the fair value reserve will be recognised in the profit and loss account over the lease term of the respective aircraft. A net fair value loss before tax of \$4.6 million (2014: \$14.7 million), with a related deferred tax credit of \$0.8 million (2014: \$2.5 million), is included in the fair value reserve in respect of these contracts.

In FY2013/14, the Company entered into new interest rate swap contracts to protect a portion of the future operating lease rent payments from exposure to fluctuations in interest rates. These contracts were settled in FY2014/15. The balance in the fair value reserve will be recognised in the profit and loss account over the lease term of the respective aircraft. A net fair value loss before tax of \$1.1 million (2014: nil), with a related deferred tax credit of \$0.2 million (2014: nil), is included in the fair value reserve in respect of these contracts.

As at 31 March 2015, other than those instruments entered into by the Company, the Group has interest rate swap agreements in place whereby it pays fixed rates of interest ranging from 3.00% to 3.45% (2014: 3.00% to 3.45%) and receives a variable rate linked to LIBOR. These contracts are used to protect a portion of the finance lease commitments from exposure to fluctuations in interest rates. The maturity period of these swaps ranges from 21 August 2015 to 5 March 2016. The cash flow hedges of some of these contracts are assessed to be highly effective and at 31 March 2015, a net fair value gain of \$1.2 million (2014: net fair value loss of \$0.9 million) is included in the fair value reserve in respect of these contracts.

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the end of the reporting period.

Under these assumptions, an increase or decrease in market interest rates of one basis point for all currencies in which the Group has derivative financial instruments and variable rate assets and liabilities at 31 March 2015 will have the effects as set out in the table below.

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

(c) Interest rate risk (continued)

Sensitivity analysis:

	The Group 31 March			
	2015		2014	
	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}
Increase in one basis point in market interest rates	*	0.7	0.1	0.5
Decrease in one basis point in market interest rates	*	(0.7)	(0.1)	(0.5)

	The Company 31 March			
	2015		2014	
	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}
Increase in one basis point in market interest rates	*	0.4	0.1	0.4
Decrease in one basis point in market interest rates	*	(0.4)	(0.1)	(0.4)

* Amount less than \$0.1 million

^{R1} Sensitivity analysis on derivative financial instruments.

^{R2} Sensitivity analysis on variable rate assets and liabilities.

(d) Market rate risk

At 31 March 2015, the Group and the Company own investments of \$1,250.3 million (2014: \$1,313.7 million) and \$1,184.4 million (2014: \$1,259.6 million) respectively, which are subject to market rate risk. The market risk associated with these investments is the potential loss resulting from a decrease in market prices.

Market price sensitivity analysis

If prices for these investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity are set out in the table below.

Sensitivity analysis on investments:

	The Group 31 March		The Company 31 March	
	2015	2014	2015	2014
	Effect on equity		Effect on equity	
Increase in 1% of quoted prices	4.7	8.6	4.0	8.1
Decrease in 1% of quoted prices	(4.7)	(8.6)	(4.0)	(8.1)

Notes to the Financial Statements

31 March 2015

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

(e) Liquidity risk

At 31 March 2015, the Group has at its disposal, cash and short-term deposits amounting to \$5,254.1 million (2014: \$4,883.9 million). In addition, the Group has available short-term credit facilities of about \$400.0 million (2014: \$300.0 million). The Group also has a Medium Term Note Programmes under which it may issue notes up to \$2,000.0 million (2014: \$2,000.0 million) and as of 31 March 2015, \$1,000.0 million (2014: \$1,500.0 million) remains unutilised. Under these Programmes, notes issued by the Company may have varying maturities as agreed with the relevant financial institutions.

The Group's holdings of cash and short-term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for the Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The Group's policies in this regard are in line with the funding policies of other major airlines.

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.

2015	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years	Total
The Group							
Notes payable	337.0	33.6	33.6	33.6	33.6	1,056.2	1,527.6
Finance lease commitments	57.8	24.3	24.0	–	–	–	106.1
Loans	101.0	38.0	38.9	38.9	40.5	109.5	366.8
Trade and other creditors	2,906.5	–	–	–	–	–	2,906.5
Derivative financial instruments:							
Currency hedging contracts	37.8	–	–	–	–	–	37.8
Fuel hedging contracts	974.4	–	–	–	–	–	974.4
Cross currency swap contracts	6.9	–	–	–	–	–	6.9
Interest rate swap contracts	0.5	–	–	–	–	–	0.5
	4,421.9	95.9	96.5	72.5	74.1	1,165.7	5,926.6
The Company							
Notes payable	337.0	33.6	33.6	33.6	33.6	1,056.2	1,527.6
Trade and other creditors	2,088.6	–	–	–	–	–	2,088.6
Amounts owing to subsidiary companies	1,048.7	–	–	–	–	–	1,048.7
Derivative financial instruments:							
Currency hedging contracts	37.8	–	–	–	–	–	37.8
Fuel hedging contracts	944.0	–	–	–	–	–	944.0
	4,456.1	33.6	33.6	33.6	33.6	1,056.2	5,646.7

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

(e) Liquidity risk (continued)

2014	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years	Total
The Group							
Notes payable	22.5	319.3	16.1	16.1	16.1	520.5	910.6
Finance lease commitments	57.0	52.5	22.3	22.1	–	–	153.9
Loans	8.4	0.7	1.2	1.8	1.8	8.9	22.8
Trade and other creditors	2,977.9	–	–	–	–	–	2,977.9
Derivative financial instruments:							
Currency hedging contracts	27.9	–	–	–	–	–	27.9
Fuel hedging contracts	1.3	–	–	–	–	–	1.3
Cross currency swap contracts	25.0	–	–	–	–	–	25.0
Interest rate swap contracts	2.6	–	–	–	–	–	2.6
	3,122.6	372.5	39.6	40.0	17.9	529.4	4,122.0
The Company							
Notes payable	22.5	319.3	16.1	16.1	16.1	520.5	910.6
Trade and other creditors	2,287.4	–	–	–	–	–	2,287.4
Amounts owing to							
Subsidiary companies	1,034.8	–	–	–	–	–	1,034.8
Derivative financial instruments:							
Currency hedging contracts	27.9	–	–	–	–	–	27.9
Fuel hedging contracts	1.3	–	–	–	–	–	1.3
	3,373.9	319.3	16.1	16.1	16.1	520.5	4,262.0

(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 on derivative counterparties 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 a broad diversification. In specific instances, the contract may require special collateral.

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.

Collaterals requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

Allowance is made for doubtful accounts whenever risks are identified.

Notes to the Financial Statements

31 March 2015

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

(g) Counterparty risk

Counterparty risk is the potential financial loss from a transaction that may arise in the event of default by the counterparty. Counterparty risks are managed by limiting aggregated exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising from the event of non-performance by counterparties.

Surplus funds are invested in interest-bearing bank deposits and other high quality short-term liquid investments.

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	
	2015	2014	2015	2014	2015	2014	2015	2014
Counterparty profiles								
<u>By industry:</u>								
Travel agencies	468.7	534.8	5.6%	6.5%	249.7	288.4	3.4%	3.7%
Airlines	246.3	587.5	2.9%	7.2%	61.9	1,017.7	0.8%	13.0%
Financial institutions	5,798.3	5,302.7	69.4%	64.8%	5,180.9	5,034.7	71.0%	64.0%
Others	1,352.7	1,188.8	16.2%	14.6%	1,247.9	1,041.2	17.1%	13.2%
	7,866.0	7,613.8	94.1%	93.1%	6,740.4	7,382.0	92.3%	93.9%
<u>By region:</u>								
East Asia	4,981.7	4,923.5	59.6%	60.2%	4,134.1	4,958.8	56.6%	63.1%
Europe	1,072.2	951.5	12.8%	11.6%	954.9	807.0	13.1%	10.3%
South West Pacific	1,288.5	1,405.1	15.4%	17.2%	1,233.6	1,373.9	16.9%	17.5%
Americas	433.9	236.2	5.2%	2.9%	352.3	182.5	4.8%	2.3%
West Asia and Africa	89.7	97.5	1.1%	1.2%	65.5	59.8	0.9%	0.7%
	7,866.0	7,613.8	94.1%	93.1%	6,740.4	7,382.0	92.3%	93.9%
<u>By Moody's credit ratings:</u>								
Investment grade (A to Aaa)	6,023.3	5,501.5	72.1%	67.3%	5,434.6	5,257.5	74.4%	66.9%
Investment grade (Baa)	2.2	2.0	0.0%	0.0%	0.9	0.7	0.0%	0.0%
Non-rated	1,840.5	2,110.3	22.0%	25.8%	1,304.9	2,123.8	17.9%	27.0%
	7,866.0	7,613.8	94.1%	93.1%	6,740.4	7,382.0	92.3%	93.9%

39 Capital Management (in \$ million)

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

During the financial year ended 31 March 2015, 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	
	2015	2014	2015	2014
Notes payable	1,300.0	800.0	1,300.0	800.0
Finance lease commitments	99.3	143.2	–	–
Loans	340.2	21.8	–	–
Total debt	1,739.5	965.0	1,300.0	800.0
Share capital	1,856.1	1,856.1	1,856.1	1,856.1
Reserves	10,607.5	11,381.1	9,723.2	10,256.0
Total capital	12,463.6	13,237.2	11,579.3	12,112.1
Gearing ratio (times)	0.14	0.07	0.11	0.07

40 Related Party Transactions (in \$ million)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key Management Personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer and Executive Vice Presidents of the Company to be Key Management Personnel of the Company.

In addition to the related party information disclosed elsewhere in the financial statements, these were the following significant related party transactions which were carried out in the normal course of business on terms that prevail in arm's length transactions during the financial year:

	The Group	
	FY2014/15	FY2013/14
Purchases of services from associated companies	45.5	39.7
Services rendered to associated companies	(83.6)	(76.0)
Purchases of services from joint venture companies	–	0.1
Services rendered to joint venture companies	(28.3)	(15.1)
Purchases of services from related parties	1,134.6	1,215.8
Professional fees paid to a firm of which a Director is a member	1.5	0.8

Notes to the Financial Statements

31 March 2015

40 Related Party Transactions (in \$ million) (continued)

Directors' and key executives' remuneration of the Group

	The Group	
	FY2014/15	FY2013/14
<u>Directors</u>		
Salary, bonuses, fee and other costs	4.5	3.8
CPF and other defined contributions	*	*
Share-based compensation expense	1.1	1.0
	5.6	4.8
<u>Key executives (excluding executive Directors)</u>		
Salary, bonuses, fee and other costs	3.1	2.4
CPF and other defined contributions	*	*
Share-based compensation expense	1.1	1.1
	4.2	3.5

* Amount less than \$0.1 million

Share options granted to and exercised by Director and key executives of the Company are as follows:

Name of participant	Aggregate options granted since commencement of scheme up to end of financial year under review	Aggregate options exercised since commencement of scheme up to end of financial year under review	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	444,075	444,075	–
Mak Swee Wah	362,750	286,225	76,525
Ng Chin Hwee	214,025	214,025	–

Conditional awards granted to Director and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

RSP Base Awards

Name of Participant	Balance as at 1 April 2014	Base Awards granted during the financial year	Base Awards vested during the financial year	Modification ^A	Balance as at 31 March 2015	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	102,000	60,000	42,000	2,976	122,976	280,232
Mak Swee Wah	51,000	30,000	21,000	1,488	61,488	175,674
Ng Chin Hwee	51,000	30,000	21,000	1,488	61,488	159,756

40 Related Party Transactions (in \$ million) (continued)

RSP Final Awards (Pending Release) ^{R1}

Name of Participant	Balance as at 1 April 2014	Final Awards granted during the financial year #	Final Awards released during the financial year	Modification^	Balance as at 31 March 2015	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review *
Goh Choon Phong	6,912	34,440	22,860	458	18,950	90,072
Mak Swee Wah	5,642	17,220	13,615	228	9,475	78,483
Ng Chin Hwee	5,642	17,220	13,615	228	9,475	59,552

Time-based RSP Awards

Name of Participant	Balance as at 1 April 2014	Awards released during the financial year	Modification^	Balance as at 31 March 2015	Aggregate Awards released to participant since commencement of time-based RSP to end of financial year under review
Goh Choon Phong	52,958	26,479	656	27,135	79,438
Mak Swee Wah	52,958	26,479	656	27,135	79,438
Ng Chin Hwee	52,958	26,479	656	27,135	79,438

Deferred RSP/PSP 2014 Awards

Name of Participant	Balance as at 1 April 2014	Awards granted during the financial year	Modification^	Balance as at 31 March 2015	Aggregate Awards released to participant since commencement of DSA to end of financial year under review
Goh Choon Phong	41,020	19,570	1,017	61,607	–
Mak Swee Wah	16,470	7,510	408	24,388	–
Ng Chin Hwee	16,470	11,270	408	28,148	–

Notes to the Financial Statements

31 March 2015

40 Related Party Transactions (in \$ million) (continued)

PSP Base Awards^{R2}

Name of Participant	Balance as at 1 April 2014	Base Awards granted during the financial year	Base Awards vested during the financial year	Modification [^]	Balance as at 31 March 2015	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review *
Goh Choon Phong	206,754	82,500	58,254	5,728	236,728	346,228	61,482
Mak Swee Wah	82,701	33,000	23,301	2,290	94,690	183,178	71,883
Ng Chin Hwee	82,701	33,000	23,301	2,290	94,690	168,472	55,670

^{R1} 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 the two-year performance periods relating to the relevant awards.

^{R2} 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.

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.

[^] Following approval by the Company's shareholders of a special dividend of \$0.25 per share on 30 July 2014, the Board Compensation & Industrial Relations Committee approved an increase in all restricted and performance shares outstanding on 14 August 2014.

* During the financial year, 50,090, 79,437 and 26,230 treasury shares were issued to Director and key executives of the Company pursuant to the RSP, time-based RSP and PSP respectively.

41 Subsequent Event

On 17 April 2015, the Company subscribed to 45% of the equity interest in Airbus Asia Training Centre Pte Ltd ("AATC"), which has been jointly established with Airbus SAS. The Company was issued 14,850,045 shares in AATC for a consideration of USD15 million (\$20 million). AATC, which is considered an associated company of the Group, will provide flight training services on full-flight simulators for all in-production Airbus aircraft types.

Additional Information Required by the Singapore Exchange Securities Trading Limited

1. Interested Person Transactions (in million)

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the financial year 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)
	2014/15	2014/15
CapitaLand Limited Group		
– Orchard Turn Retail Investment Pte Ltd	–	3,898,200
PT Bank Danamon Indonesia TBK		764,993
SATS Ltd Group		
– Aero Laundry & Linen Services Private Limited	–	13,929,582
– Aerolog Express Pte Ltd	–	116,253
– Air India SATS Airport Services Private Limited	–	7,318,321
– Asia Airfreight Terminal Co Ltd	–	6,976,519
– Beijing Airport Inflight Kitchen Ltd	–	5,200,069
– Beijing Aviation Ground Services Co Ltd	–	6,210,171
– Maldives Inflight Catering Private Limited	–	2,538,210
– PT Jasa Angkasa Semesta Tbk	–	15,872,521
– SATS HK Limited	–	4,232,218
– SATS Ltd	–	671,085,562
– SATS Security Services Private Limited	–	21,682,896
– Taj Madras Flight Kitchen Pvt Limited	–	796,466
– Taj SATS Air Catering Ltd	–	5,204,354
– TKF Corporation	–	478,080
SembCorp Industries Limited Group		
– SembCorp Power Pte Ltd	–	3,271,547
Singapore Telecommunications Limited Group		
– Singapore Telecommunications Limited	–	2,275,137
– Optus Networks Pty Ltd	–	438,047
– Trusted Hub Limited	–	382,698
Temasek Holdings (Private) Limited and Associates		
– MediaCorp Pte Ltd	–	847,799
Starhub Limited		
– Starhub Mobile Pte Ltd	–	735,780
Singapore GP Pte Ltd*	4,082,734	–
Total Interested Person Transactions	4,082,734	774,255,423

* Agreement for a one-way charter of an aircraft and the purchase of admission and hospitality tickets in exchange for hospitality passes, marketing support and SIA tickets.

2. Material Contracts

Except as disclosed above and in the financial statements for the financial year ended 31 March 2015, there were no material contracts entered into by the Company and its subsidiary companies involving the interests of the Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Quarterly Results of the Group

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Total revenue						
2014/15	(\$ million)	3,682.2	3,905.1	4,098.5	3,879.7	15,565.5
2013/14	(\$ million)	3,840.2	3,900.7	3,874.6	3,628.4	15,243.9
Total expenditure						
2014/15	(\$ million)	3,642.7	3,773.4	3,952.2	3,787.8	15,156.1
2013/14	(\$ million)	3,758.5	3,813.8	3,723.6	3,688.7	14,984.6
Operating profit/(loss)						
2014/15	(\$ million)	39.5	131.7	146.3	91.9	409.4
2013/14	(\$ million)	81.7	86.9	151.0	(60.3)	259.3
Profit/(Loss) before taxation						
2014/15	(\$ million)	60.5	86.0	239.8	56.6	442.9
2013/14	(\$ million)	150.1	166.7	78.7	(27.6)	367.9
Profit attributable to owners of the Parent						
2014/15	(\$ million)	34.8	90.9	202.6	39.6	367.9
2013/14	(\$ million)	121.8	160.6	50.1	27.0	359.5
Earnings per share – Basic						
2014/15	(cents)	3.0	7.7	17.3	3.4	31.4
2013/14	(cents)	10.4	13.6	4.3	2.3	30.6
Earnings per share – Diluted						
2014/15	(cents)	2.9	7.7	17.2	3.4	31.2
2013/14	(cents)	10.3	13.6	4.2	2.3	30.3

Five-Year Financial Summary of the Group

	2014/15	2013/14	2012/13	2011/12	2010/11
Profit and loss account (\$ million)					
Total revenue	15,565.5	15,243.9	15,098.2	14,857.8	14,524.8
Total expenditure	(15,156.1)	(14,984.6)	(14,869.0)	(14,571.9)	(13,253.5)
Operating profit	409.4	259.3	229.2	285.9	1,271.3
Finance charges	(49.6)	(37.3)	(42.7)	(74.3)	(70.1)
Interest income	74.9	62.7	62.5	50.5	37.3
Surplus/(Loss) on disposal of aircraft, spares and spare engines	51.9	51.2	56.0	(1.4)	103.3
Dividend from long-term investments	13.2	19.6	27.3	18.0	23.8
Other non-operating items	(14.3)	1.9	11.9	48.8	80.1
Share of profits of joint venture companies	52.0	94.0	94.9	73.5	71.7
Share of (losses)/profits of associated companies	(129.1)	(45.2)	50.4	37.7	87.9
Profit before exceptional items	408.4	406.2	489.5	438.7	1,605.3
Exceptional items					
Remeasurement gain from consolidation of Tiger Airways	119.8	–	–	–	–
Impairment of China Cargo Airlines	(63.6)	–	–	–	–
Gain on divestment of an associated company	7.3	371.5	–	–	–
Impairment of freighters	(7.0)	(293.4)	–	–	–
Writeback of impairment/(Impairment) of property, plant and equipment of Singapore Flying College	2.1	(29.4)	–	–	–
Competition-related fines and settlements	(24.1)	(87.0)	(19.9)	(5.4)	(201.8)
Profit before taxation	442.9	367.9	469.6	433.3	1,403.5
Profit attributable to owners of the Parent	367.9	359.5	378.9	335.9	1,092.0
Statement of financial position (\$ million)					
Share capital	1,856.1	1,856.1	1,856.1	1,856.1	1,832.4
Treasury shares	(326.3)	(262.2)	(269.8)	(258.4)	(43.0)
Capital reserve	215.9	123.7	110.3	99.1	91.8
Foreign currency translation reserve	(135.7)	(101.5)	(191.8)	(186.3)	(186.1)
Share-based compensation reserve	113.2	134.5	151.7	165.9	172.6
Fair value reserve	(706.2)	(40.4)	(27.1)	(47.6)	(138.0)
General reserve	11,446.6	11,527.0	11,460.1	11,264.6	12,474.7
Equity attributable to owners of the Parent	12,463.6	13,237.2	13,089.5	12,893.4	14,204.4
Non-controlling interests	466.5	337.4	312.6	294.0	298.4
Total equity	12,930.1	13,574.6	13,402.1	13,187.4	14,502.8
Property, plant and equipment	13,523.2	13,026.7	13,098.0	13,381.4	13,877.6
Intangible assets	497.6	223.4	218.5	158.3	125.2
Associated companies	922.2	729.4	554.4	543.2	504.8
Joint venture companies	167.9	126.5	120.8	113.2	102.8
Long-term investments	1,125.0	1,125.2	706.9	373.7	35.3
Other non-current assets	220.3	100.6	230.0	267.3	119.6
Current assets	7,465.0	7,310.7	7,499.5	7,205.9	9,779.2
Total assets	23,921.2	22,642.5	22,428.1	22,043.0	24,544.5
Deferred account	141.7	226.4	146.7	224.4	347.1
Deferred taxation	1,599.6	1,788.9	1,948.2	2,029.1	2,181.1
Other non-current liabilities	2,467.3	1,661.2	1,529.5	1,337.1	1,281.2
Current liabilities	6,782.5	5,391.4	5,401.6	5,265.0	6,232.3
Total liabilities	10,991.1	9,067.9	9,026.0	8,855.6	10,041.7
Net assets	12,930.1	13,574.6	13,402.1	13,187.4	14,502.8

Five-Year Financial Summary of the Group

	2014/15	2013/14	2012/13	2011/12	2010/11
Cash flow (\$ million)					
Cash flow from operations	2,193.9	2,241.6	2,071.1	2,099.0	3,547.5
Internally generated cash flow ^{R1}	3,306.0	3,221.7	2,859.0	2,727.2	4,434.2
Capital expenditure	2,600.2	2,574.6	1,875.4	1,641.2	1,223.8
Per share data					
Earnings – basic (cents)	31.4	30.6	32.2	28.3	91.4
Earnings – diluted (cents)	31.2	30.3	31.9	27.9	90.2
Cash earnings (\$) ^{R2}	1.65	1.68	1.70	1.65	2.35
Net asset value (\$)	10.66	11.26	11.14	10.96	11.89
Share price (\$)					
High	12.91	11.45	11.35	14.77	16.50
Low	9.57	9.44	10.10	10.05	13.00
Closing	11.95	10.47	10.87	10.77	13.68
Dividends					
Gross dividends (cents per share)	22.0	46.0 ^{R3}	23.0	20.0	140.0 ^{R4}
Dividend cover (times)	1.4	0.7	1.4	1.4	0.7
Profitability ratios (%)					
Return on equity holders' funds ^{R5}	2.9	2.7	2.9	2.5	7.9
Return on total assets ^{R6}	1.7	1.9	2.0	1.7	4.9
Return on turnover ^{R7}	2.6	2.8	2.9	2.7	7.9
Productivity and employee data					
Value added (\$ million)	4,396.8	4,370.1	4,499.6	4,344.3	5,419.2
Value added per employee (\$) ^{R8}	183,483	184,268	194,040	192,960	246,361
Revenue per employee (\$) ^{R8}	649,564	642,769	651,093	659,936	660,308
Average employee strength	23,963	23,716	23,189	22,514	21,997
SGD per USD exchange rate as at 31 March	1.3752	1.2606	1.2417	1.2569	1.2602

^{R1} Internally generated cash flow comprises cash generated from operations, dividends from associated and joint venture companies, and proceeds from sale of aircraft and other property, plant and equipment.

^{R2} Cash earnings is defined as profit attributable to owners of the Parent plus depreciation and amortisation.

^{R3} Includes 25.0 cents per share special dividend.

^{R4} Includes 80.0 cents per share special dividend.

^{R5} Return on equity holders' funds is the profit attributable to owners of the Parent expressed as a percentage of the average equity holders' funds.

^{R6} Return on total assets is the profit after tax expressed as a percentage of the average total assets.

^{R7} Return on turnover is the profit after tax expressed as a percentage of the total revenue.

^{R8} Based on average staff strength.

Ten-Year Statistical Record

		2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06
Singapore Airlines											
<u>Financial</u>											
Total revenue	(\$ million)	12,418.4	12,479.7	12,387.0	12,070.1	11,739.1	10,145.0	13,049.5	12,759.6	11,343.9	10,302.8
Total expenditure	(\$ million)	12,078.2	12,224.1	12,199.8	11,889.5	10,887.8	10,183.6	12,226.6	11,115.6	10,316.9	9,651.8
Operating profit/(loss)	(\$ million)	340.2	255.6	187.2	180.6	851.3	(38.6)	822.9	1,644.0	1,027.0	651.0
Profit/(Loss) before taxation	(\$ million)	563.1	536.4	(682.4)	413.3	1,194.0	233.3	1,252.4	2,077.6	2,291.1	940.8
Profit/(Loss) after taxation	(\$ million)	540.3	538.5	(694.1)	390.2	1,011.2	279.8	1,218.7	1,758.8	2,213.2	746.0
Capital disbursements ^{R1}	(\$ million)	1,788.5	2,251.1	1,648.2	1,762.7	981.9	1,372.4	1,698.6	1,814.4	2,792.7	1,458.6
Passenger – yield	(cents/pkm)	11.2	11.1	11.4	11.8	11.9	10.4	12.5	12.1	10.9	10.6
– unit cost	(cents/ask)	8.9	9.1	9.2	9.2	8.9	8.6	9.2	8.4	7.9	7.5
– breakeven load factor	(%)	79.5	82.0	80.7	78.0	74.8	82.7	73.6	69.4	72.5	70.8
<u>Operating passenger fleet</u>											
Aircraft	(numbers)	105	103	101	100	108	108	103	98	94	90
Average age	(months)	85	81	80	74	75	75	74	77	75	76
Industry-wide average age	(months)	145	147	148	151	163	162	162	162	161	159
<u>Passenger production</u>											
Destination cities	(numbers)	60	62	63	63	64	68	66	65	64	62
Distance flown	(million km)	384.4	392.2	386.3	374.6	354.1	342.4	379.8	365.9	353.1	341.8
Time flown	(hours)	508,591	517,987	507,562	490,261	460,096	443,141	492,103	474,432	458,936	441,510
Available seat-km	(million)	120,000.8	120,502.8	118,264.4	113,409.7	108,060.2	105,673.7	117,788.7	113,919.1	112,543.8	109,483.7
<u>Traffic</u>											
Passengers carried	('000)	18,737	18,628	18,210	17,155	16,647	16,480	18,293	19,120	18,346	16,995
Revenue passenger-km	(million)	94,209.2	95,064.3	93,765.6	87,824.0	84,801.3	82,882.5	90,128.1	91,485.2	89,148.8	82,741.7
Passenger load factor	(%)	78.5	78.9	79.3	77.4	78.5	78.4	76.5	80.3	79.2	75.6
<u>Staff</u>											
Average strength	(numbers)	14,040	14,240	14,156	13,893	13,588	13,934	14,343	14,071	13,847	13,729
Seat capacity per employee ^{R2}	(seat-km)	8,547,066	8,462,275	8,354,366	8,163,082	7,952,620	7,583,874	8,212,278	8,096,020	8,127,667	7,974,630
Passenger load carried per employee ^{R3}	(tonne-km)	625,516	625,995	619,969	594,663	588,714	563,318	598,047	618,295	613,211	577,784
Revenue per employee	(\$)	884,501	876,383	875,035	868,790	863,931	728,075	909,817	906,801	819,232	750,441
Value added per employee	(\$)	242,970	242,184	159,593	237,472	310,480	219,678	294,666	368,382	368,831	258,810
SilkAir											
Passengers carried	('000)	3,553	3,411	3,295	3,032	2,764	2,356	1,954	1,815	1,616	1,259
Revenue passenger-km	(million)	5,864.9	5,516.1	5,223.1	4,469.4	4,039.6	3,466.4	3,158.6	3,094.9	2,712.9	2,208.0
Available seat-km	(million)	8,355.2	7,926.9	7,096.3	5,904.8	5,285.1	4,495.9	4,355.2	4,323.0	3,865.8	3,295.3
Passenger load factor	(%)	70.2	69.6	73.6	75.7	76.4	77.1	72.5	71.6	70.2	67.0
Passenger yield	(cents/pkm)	13.9	13.7	14.1	14.5	14.1	13.1	15.0	14.0	13.4	13.3
Passenger unit cost	(cents/ask)	9.7	9.8	9.9	10.1	9.4	9.9	10.9	9.7	9.4	8.9
Passenger breakeven load factor	(%)	69.8	71.5	70.2	69.7	66.7	75.6	72.7	69.3	70.1	66.9
SIA Cargo											
Cargo and mail carried	(million kg)	1,124.0	1,117.8	1,144.6	1,205.8	1,156.4	1,122.4	1,219.5	1,308.0	1,284.9	1,248.5
Cargo load	(million tonne-km)	6,347.2	6,419.3	6,763.6	7,198.2	7,174.0	6,659.1	7,299.3	7,959.2	7,995.6	7,874.4
Gross capacity	(million tonne-km)	10,024.9	10,273.6	10,661.0	11,286.5	11,208.5	10,510.1	12,292.5	12,787.8	12,889.8	12,378.9
Cargo load factor	(%)	63.3	62.5	63.4	63.8	64.0	63.4	59.4	62.2	62.0	63.6
Cargo yield	(cents/ltk)	32.8	32.7	33.4	34.9	36.2	32.0	38.2	38.7	38.4	38.6
Cargo unit cost	(cents/ctk)	21.4	21.9	23.2	23.5	22.3	21.9	24.9	23.4	24.5	23.5
Cargo breakeven load factor	(%)	65.2	67.0	69.5	67.3	61.6	68.4	65.2	60.5	63.8	60.9
Singapore Airlines, Silkair And SIA Cargo											
Overall load	(million tonne-km)	15,557.4	15,778.1	16,047.3	15,898.8	15,576.3	14,853.6	16,196.8	16,973.8	16,765.6	16,036.8
Overall capacity	(million tonne-km)	22,607.8	22,889.7	23,188.4	23,378.6	22,515.1	21,495.9	24,468.5	24,572.6	24,474.8	23,605.5
Overall load factor	(%)	68.8	68.9	69.2	68.0	69.2	69.1	66.2	69.1	68.5	67.9
Overall yield	(cents/ltk)	86.1	84.9	85.3	85.5	85.5	76.1	89.8	86.0	78.4	75.4
Overall unit cost	(cents/ctk)	60.4	60.8	60.4	58.6	55.4	54.6	58.4	52.9	50.6	48.2
Overall breakeven load factor	(%)	70.2	71.6	70.8	68.5	64.8	71.7	65.0	61.5	64.5	63.9

^{R1} Capital disbursements comprised capital expenditure in property, plant and equipment, intangible assets, investments in subsidiary, associated companies and joint venture companies, and additional long-term equity investments.

^{R2} Seat capacity per employee is available seat capacity divided by Singapore Airlines' average staff strength.

^{R3} Passenger load carried per employee is defined as passenger load and excess baggage carried divided by Singapore Airlines' average staff strength.

The Group Fleet Profile

As at 31 March 2015, Singapore Airlines Group operating fleet consisted of 170 aircraft - 162 passenger aircraft and 8 freighters.

Aircraft type	Owned	Finance Lease	Operating Lease	Total	Seats in standard configuration	Average age in years (y) and months (m)	Expiry of operating lease		On firm order	On option
							2015/16	2016/17		
Singapore Airlines:										
777-200A	2		1	3	323	13 y 1 m	1			
777-200R	9		1	10	266	11 y 8 m	1			
777-200ER	1		2	3	285	12 y 4 m	1	1		
777-200ERR ^{R1}	9			9	271	12 y 10 m				
777-300R	5		2	7	284	11 y 5 m	1	1		
777-300ER	22		3	25	278	5 y 11 m			2	
A380-800	5		6	11	471	6 y 4 m			5 ^{R2}	1 ^{R2}
A380-800A	5		3	8	409	3 y 2 m				
A330-300			29	29	285	3 y 9 m	4	4	3 ^{R3}	
A350-900 XWB ^{R2}									70	20
787-10 ^{R2}									30	
Sub-total	58		47	105 ^{R4}	N.A.	7 y 1 m	8	6	110	21
SIA Cargo:										
747-400F	2	4	2	8	N.A.	12 y 6 m	3 ^{R5}	2 ^{R6}		
SilkAir:										
A319-100	2		3	5	128	8 y 1 m				
A320-200	4		9	13	150	5 y 9 m	1			
737-800	4		5	9	162	0 y 8 m			14	
737-8 MAX ^{R2}									31	14 ^{R7}
Sub-total	10		17	27	N.A.	4 y 6 m	1		45	14
Scot:										
777-200	4			4	402	17 y 1 m				
787-8					335				10	
787-9	2			2	375	0 y 1 m			8	
Sub-total	6			6	N.A.	11 y 5 m			18	
Tiger Airways:										
A320-200		11	13	24	180	3 y 10 m				
A320-200N ^{R8}									39	11
Subtotal		11	13	24	180	3 y 10 m			39	11
Total	76	15	79	170	N.A.	6 y 7 m	12	8	212	46

N.A. not applicable

^{R1} 777-200ERR refers to retrofitted 777-200ER aircraft.

^{R2} The standard seat configuration will be finalised at a later date.

^{R3} The A330-300 aircraft on order are on operating leases.

^{R4} This excludes two 777-200ERs in storage and one A330-300 that subsequently entered service in April 2015.

^{R5} Two of the aircraft are on finance leases.

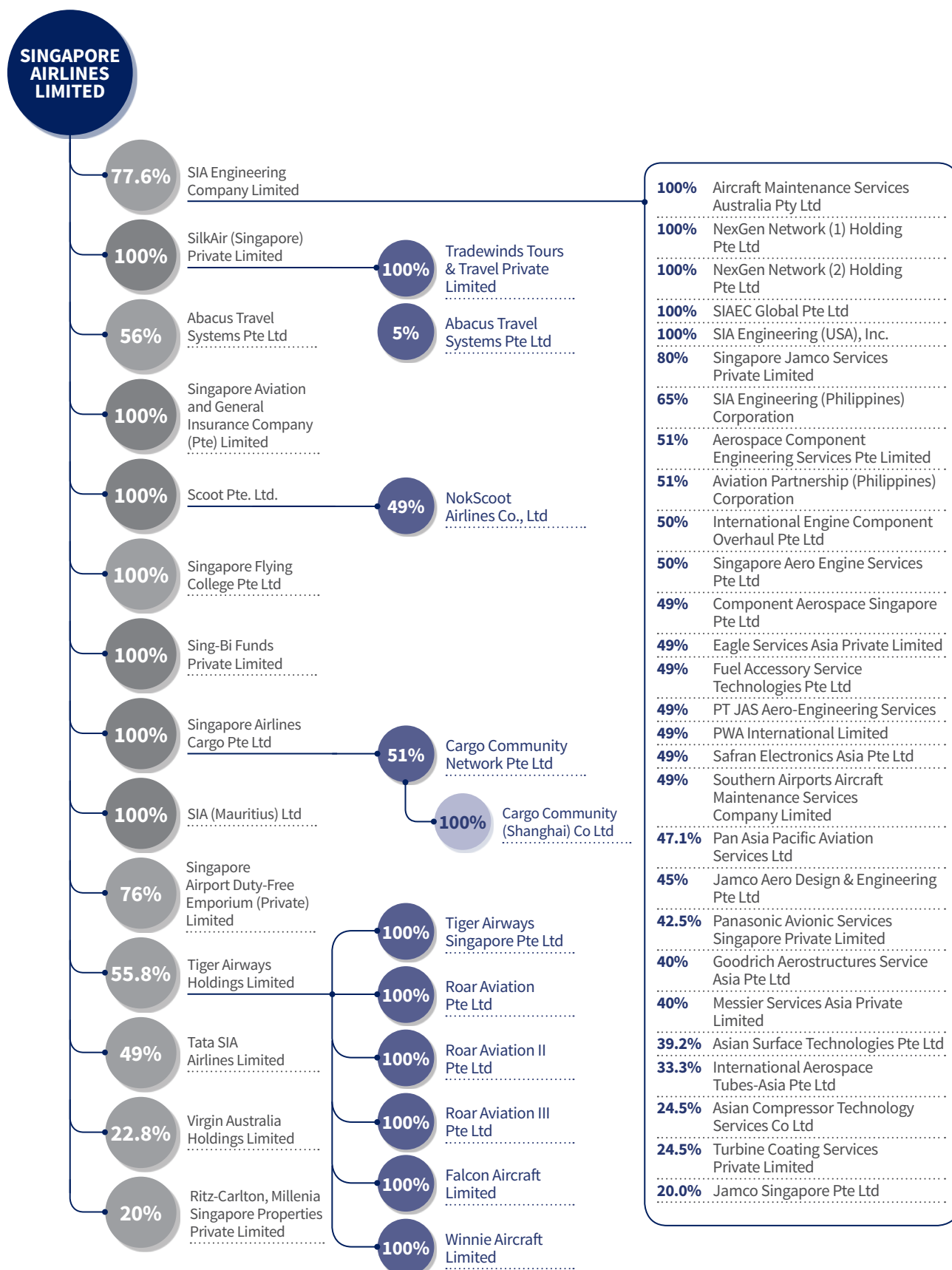
^{R6} One of the aircraft is on finance lease.

^{R7} These are purchase rights for Boeing model 737MAX aircraft including 737-7 MAX, 737-8 MAX or 737-9 MAX.

^{R8} A320-200N refers to A320neos. The standard seat configuration will be finalised at a later date.

Group Corporate Structure

As at 31 March 2015



Information on Shareholdings

As at 3 June 2015

No. of Issued Shares:	1,199,851,019
No. of Issued Shares (excluding Treasury Shares):	1,169,854,796
No./Percentage of Treasury Shares:	29,996,223 (2.50%)
Class of Shares:	Ordinary shares
	One Special share held by the Minister for Finance
Voting Rights (excluding Treasury shares):	1 vote per share

Range of shareholdings	Number of shareholders	%*	Number of shares	%*
1 – 99	240	0.65	6,568	0.00
100 – 1,000	14,462	39.42	12,564,723	1.07
1,001 – 10,000	19,403	52.89	70,437,979	6.02
10,001 – 1,000,000	2,567	7.00	82,943,293	7.09
1,000,001 and above	16	0.04	1,003,902,233	85.82
Total	36,688	100.00	1,169,854,796	100.00

Twenty largest shareholders

	Name	Number of shares	%*
1	Temasek Holdings (Private) Limited	657,306,600	56.19
2	DBS Nominees Pte Ltd	127,669,027	10.91
3	Citibank Nominees Singapore Pte Ltd	103,854,327	8.88
4	HSBC (Singapore) Nominees Pte Ltd	37,446,598	3.20
5	DBSN Services Pte Ltd	23,673,026	2.02
6	United Overseas Bank Nominees Pte Ltd	17,588,266	1.50
7	Raffles Nominees(Pte) Ltd	15,734,267	1.34
8	BNP Paribas Securities Services	7,081,972	0.61
9	Bank of Singapore Nominees Pte Ltd	2,867,207	0.25
10	DB Nominees (S) Pte Ltd	2,461,661	0.21
11	Estate of Chang Shyh Jin, Deceased	2,007,940	0.17
12	OCBC Nominees Singapore Private Limited	1,950,720	0.17
13	UOB Kay Hian Pte Ltd	1,810,735	0.15
14	ABN AMRO Nominees Singapore Pte Ltd	1,373,838	0.12
15	BNP Paribas Nominees Singapore Pte Ltd	1,076,049	0.09
16	OCBC Securities Private Ltd	990,763	0.08
17	Phillip Securities Pte Ltd	928,420	0.08
18	DBS Vickers Securities (Singapore) Pte Ltd	920,840	0.08
19	Morgan Stanley Asia (S) Securities Pte Ltd	897,400	0.08
20	HL Bank Nominees (S) Pte Ltd	809,340	0.07
	Total	1,008,448,996	86.20

Substantial shareholder (as shown in the Register of Substantial Shareholders)

Substantial shareholder	Direct Interest	Number of shares		%*
		%*	Deemed Interest**	
Temasek Holdings (Private) Limited	657,306,600	56.19	281,152	0.02

* Based on 1,169,854,795 ordinary shares issued as at 3 June 2015 (this is based on 1,199,851,018 shares issued as at 3 June 2015, excluding the 29,996,223 Treasury shares as at 3 June 2015).

** Temasek Holdings (Private) Limited is deemed to be interested in the 281,152 shares in which its subsidiary ST Asset Management Ltd, and its associated company DBS Group Holdings Ltd, are deemed to have an interest.

Shareholdings held by the public

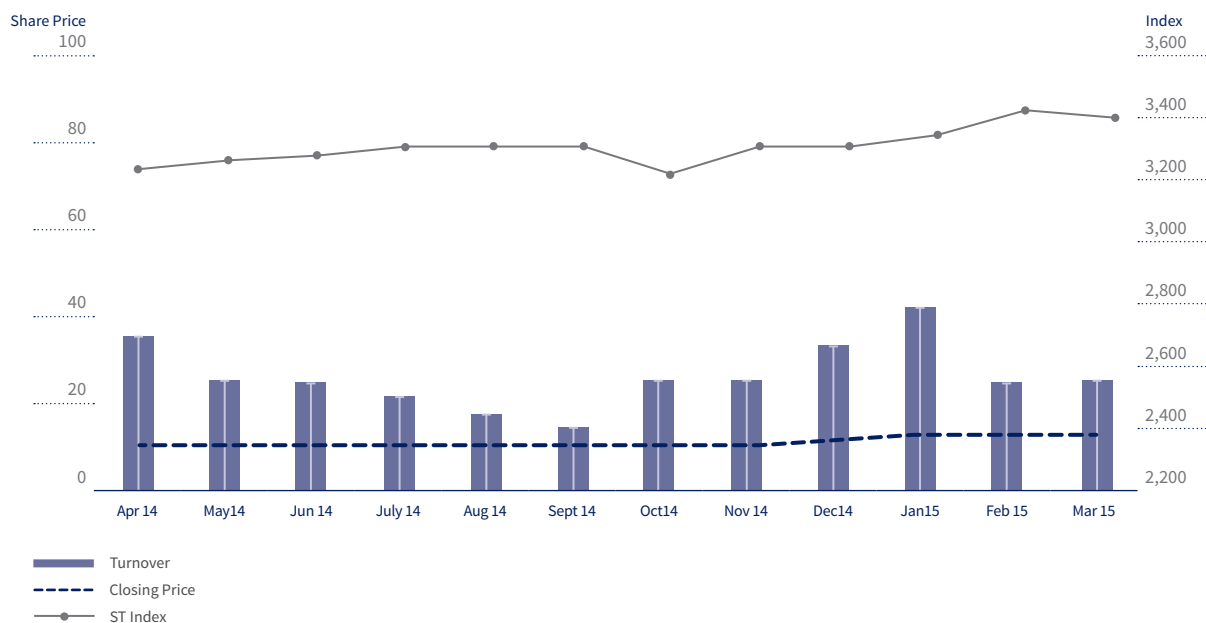
Based on the information available to the Company as at 3 June 2015, 43.71% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Share Price and Turnover

Singapore Airlines Share Price and Turnover

Share price (\$)

Volume (Million Stock Units)



Share Price (\$)	2014/15	2013/14
High	12.91	11.45
Low	9.57	9.44
Closing	11.95	10.47
Market Value Ratios^{R1}		
Price/Earnings	38.06	34.22
Price/Book value	1.12	0.93
Price/Cash earnings ^{R2}	7.24	6.23

^{R1} Based on closing price on 31 March and Group numbers.

^{R2} Cash earnings is defined as profit attributable to owners of the Parent plus depreciation and amortisation.

Notice of Annual General Meeting

SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 197200078R

Notice is hereby given that the Forty-Third Annual General Meeting of Singapore Airlines Limited (“the **Company**”) will be held at Orchard Grand Ballroom, Level 3, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Thursday, 30 July 2015 at 10.00 a.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors’ Report and Audited Financial Statements for the year ended 31 March 2015 and the Auditor’s Report thereon.
2. To declare a final dividend of 17 cents per ordinary share for the year ended 31 March 2015.
3. To re-elect the following Directors who are retiring by rotation in accordance with Article 82 of the Company’s Articles of Association and who, being eligible, offer themselves for re-election:
 - (a) Mrs Christina Ong
 - (b) Dr Helmut Gunter Wilhelm Panke
 - (c) Mr Lucien Wong Yuen Kuai
4. To approve Directors’ emoluments of up to \$2,300,000 for the financial year ending 31 March 2016 (FY 2014/15: up to \$1,900,000).
5. To appoint KPMG LLP as Auditor of the Company in place of the retiring Auditor, Ernst & Young LLP, and to authorise the Directors to fix their remuneration.

Special Business

6. To consider and if thought fit, to pass, with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

6.1 That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the capital of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 5% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

Notice of Annual General Meeting

SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 197200078R

- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue or consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

6.2 That the Directors of the Company be and are hereby authorised to:

- (a) grant awards in accordance with the provisions of the SIA Performance Share Plan 2014 and/or the SIA Restricted Share Plan 2014; and
- (b) allot and issue from time to time such number of fully paid-up ordinary shares as may be required to be delivered pursuant to the vesting of awards under the SIA Performance Share Plan 2014 and/or the SIA Restricted Share Plan 2014,

provided that:

- (1) the aggregate number of (1) new ordinary shares allotted and issued and/or to be allotted and issued, (2) existing ordinary shares (including ordinary shares held in treasury) delivered and/or to be delivered, and (3) ordinary shares released and/or to be released in the form of cash in lieu of ordinary shares, pursuant to the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014, shall not exceed 5% of the total number of issued ordinary shares (excluding treasury shares) from time to time;
- (2) the aggregate number of ordinary shares under awards to be granted pursuant to the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 respectively during the period (the “**Relevant Year**”) commencing from this Annual General Meeting and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 0.5% of the total number of issued ordinary shares (excluding treasury shares) from time to time (the “**Yearly Limit**”); and
- (3) if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used for the grant of awards under the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 in subsequent years, for the duration of the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 respectively.

6.3 That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“**Chapter 9**”) of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are “entities at risk” (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 2 to the Letter to Shareholders dated 1 July 2015 (the “**Letter**”) with any party who is of the class of interested persons described in Appendix 2 to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

- (b) the approval given in sub-paragraph (a) above (the “**IPT Mandate**”) shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

6.4 That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) market purchase(s) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buy Back Mandate**”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
 - (i) the date on which the next Annual General Meeting of the Company is held;
 - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
 - (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

“**Average Closing Price**” means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

“**Maximum Limit**” means that number of issued Shares representing 5% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

“**Maximum Price**”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed, whether pursuant to a market purchase or an off-market purchase, 105% of the Average Closing Price of the Shares; and

Notice of Annual General Meeting

SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 197200078R

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

7. To transact any other business as may properly be transacted at an Annual General Meeting.

Closure of Books

Notice is hereby given that, subject to the approval of shareholders to the final dividend being obtained at the Forty-Third Annual General Meeting to be held on 30 July 2015, the Transfer Books and the Register of Members of the Company will be closed on 6 August 2015 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 5 August 2015 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 5 August 2015 will be entitled to the final dividend.

The final dividend, if so approved by shareholders, will be paid on 19 August 2015.

By Order of the Board

Ethel Tan (Mrs)
Company Secretary
1 July 2015
Singapore

Explanatory notes

1. In relation to Ordinary Resolution Nos. 3(a), 3(b) and 3(c), Mrs Christina Ong will, upon re-election, continue to serve as a member of the Board Safety and Risk Committee and the Board Nominating Committee. Dr Helmut Gunter Wilhelm Panke will, upon re-election, continue to serve as Chairman of the Board Safety and Risk Committee and a member of the Board Compensation and Industrial Relations Committee. Mr Lucien Wong Yuen Kuai will, upon re-election, continue to serve as a member of the Board Executive Committee, the Board Safety and Risk Committee and the Board Nominating Committee. Mrs Ong and Dr Panke are considered independent Directors. Mr Wong is considered a non-executive non-independent Director. Please refer to the sections on Board of Directors and Corporate Governance in the Annual Report for further details on Mrs Ong, Dr Panke and Mr Wong, respectively.
2. Ordinary Resolution No. 4, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY2015/16. Directors' fees are computed based on the anticipated number of Board and Committee meetings for FY2015/16, assuming full attendance by all of the non-executive Directors. The amount also caters for any fee increases and unforeseen circumstances, for example, the appointment of additional Directors, additional unscheduled Board meetings and/or the formation of additional Board Committees. The amount also includes transport and travel benefits to be provided to the non-executive Directors. In the event that the amount proposed is insufficient, approval will be sought at the next Annual General Meeting before payments are made to Directors for the shortfall. Mr Goh Choon Phong, being the Chief Executive Officer, does not receive any Director's fees.
3. Ordinary Resolution No. 5, if passed, will effect the appointment of KPMG LLP as the Auditor of the Company in place of the retiring Auditor, Ernst & Young LLP, and will authorise the Directors to fix their remuneration. Please refer to the Letter to Shareholders dated 1 July 2015 (the "**Letter**") for more details.
4. Ordinary Resolution No. 6.1, if passed, will empower the Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments. The number of shares which the Directors may issue under this Resolution will not exceed 50% of the issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 5% for issues other than on a *pro rata* basis. The 5% sub-limit for non-*pro rata* issues is lower than the 20% sub-limit allowed under the Listing Manual of the Singapore Exchange Securities Trading Limited. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed and (b) any subsequent bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares.
5. Ordinary Resolution No. 6.2, if passed, will empower the Directors to grant awards pursuant to the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014, and to allot and issue ordinary shares in the capital of the Company pursuant to the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014. The SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 were adopted at the Extraordinary General Meeting of the Company held on 30 July 2014. The total number of ordinary shares which may be delivered pursuant to awards granted under the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 (whether in the form of ordinary shares or in the form of cash in lieu of ordinary shares) shall not exceed 5% of the total number of issued ordinary shares (excluding ordinary shares held by the Company as treasury shares) from time to time. In addition, Ordinary Resolution No. 6.2 will also provide that the total number of ordinary shares under awards to be granted pursuant to the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 from this Annual General Meeting to the next Annual General Meeting (the "**Relevant Year**") shall not exceed 0.5% of the total number of issued ordinary shares (excluding treasury shares) from time to time (the "**Yearly Limit**"), provided that if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used by the Directors to make grants of awards under the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 in subsequent years, for the duration of the SIA Performance Share Plan 2014 and the SIA Restricted Share Plan 2014 respectively.
6. Ordinary Resolution No. 6.3, if passed, will renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited), or any of them, to enter into certain interested person transactions with certain classes of interested persons as described in Appendix 2 to the Letter. The authority will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company. Please refer to the Letter for more details.
7. Ordinary Resolution No. 6.4, if passed, will renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution.

The Company may use internal or external sources of funds to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired and the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Buy Back Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 March 2015, based on certain assumptions, are set out in paragraph 4.7 of the Letter.

Please refer to the Letter for more details.

Notice of Annual General Meeting

SINGAPORE AIRLINES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 197200078R

Notes:

1. *The Chairman of the Annual General Meeting will be exercising his right under Article 63 of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of a poll.*
2. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.*
3. *The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time fixed for holding the Meeting.*

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Corporate Data

Board of Directors

CHAIRMAN

Stephen Lee Ching Yen

MEMBERS

Gautam Banerjee
William Fung Kwok Lun
Goh Choon Phong
Hsieh Tsun-yan
Christina Ong
Helmut Gunter Wilhelm Panke
Lucien Wong Yuen Kuai
Jackson Peter Tai
(until 30 July 2014)

Board Committees

Board Executive Committee

CHAIRMAN

Stephen Lee Ching Yen

MEMBERS

Gautam Banerjee
Goh Choon Phong
Lucien Wong Yuen Kuai

Board Audit Committee

CHAIRMAN

Gautam Banerjee

MEMBERS

William Fung Kwok Lun
Hsieh Tsun-yan
Jackson Peter Tai
(until 30 July 2014)

Board Compensation and Industrial Relations Committee

CHAIRMAN

Stephen Lee Ching Yen

MEMBERS

Gautam Banerjee
Hsieh Tsun-yan
Helmut Gunter Wilhelm Panke
Jackson Peter Tai
(until 30 July 2014)

Board Nominating Committee

CHAIRMAN

Stephen Lee Ching Yen

MEMBERS

Christina Ong
Lucien Wong Yuen Kuai

Board Safety and Risk Committee

CHAIRMAN

Helmut Gunter Wilhelm Panke

MEMBERS

Christina Ong
Lucien Wong Yuen Kuai

Company Secretary

Ethel Tan

Share Registrar

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

Auditor

Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay
North Tower #18-01
Singapore 048583

Audit Partner

Mak Keat Meng
(appointed since FY 2010/11)

Registered Office

Airline House
25 Airline Road
Singapore 819829

Executive Management

Head Office

Goh Choon Phong
CHIEF EXECUTIVE OFFICER

Mak Swee Wah
EXECUTIVE VICE PRESIDENT
Commercial

Ng Chin Hwee
EXECUTIVE VICE PRESIDENT
Human Resources & Operations

Marvin Tan Meng Hung
SENIOR VICE PRESIDENT
Cabin Crew

Tan Kai Ping
SENIOR VICE PRESIDENT
Corporate Planning

Mervyn Sirisena
SENIOR VICE PRESIDENT
Engineering

Stephen Barnes
SENIOR VICE PRESIDENT
Finance

Gerard Yeap Beng Hock
SENIOR VICE PRESIDENT
Flight Operations

Christopher Cheng Kian Hai
SENIOR VICE PRESIDENT
Human Resources

Tan Chik Quee
SENIOR VICE PRESIDENT
Information Technology
(until 9 September 2014)

George Wang Wei Jun
ACTING SENIOR VICE PRESIDENT
Information Technology
(from 10 September 2014)

Lee Wen Fen
SENIOR VICE PRESIDENT
Marketing Planning

Tan Pee Teck
SENIOR VICE PRESIDENT
Product & Services

Overseas Regions

Lee Sek Eng
REGIONAL VICE PRESIDENT
Americas
(from 12 May 2014)

Subhas Menon
REGIONAL VICE PRESIDENT
Europe

Lim Wee Kok
REGIONAL VICE PRESIDENT
North Asia

Philip Goh Ser Miang
REGIONAL VICE PRESIDENT
South East Asia

Tan Tiow Kor
REGIONAL VICE PRESIDENT
South West Pacific

Joey Seow Eng Wan
REGIONAL VICE PRESIDENT
West Asia & Africa
(from 2 June 2014)

Senior Management, Major Subsidiaries

William Tan Seng Koon
PRESIDENT & CHIEF EXECUTIVE OFFICER
SIA Engineering Company Limited
(until 31 March 2015)

Png Kim Chiang
PRESIDENT & CHIEF EXECUTIVE OFFICER
SIA Engineering Company Limited
(from 1 April 2015)

Lee Lik Hsin
CHIEF EXECUTIVE OFFICER
Tiger Airways Holdings Limited
(from 12 May 2014)

Leslie Thng Kan Chung
CHIEF EXECUTIVE
SilkAir (Singapore) Private Limited

Chin Yau Seng
PRESIDENT
Singapore Airlines Cargo Pte Ltd
(from 12 May 2014)

Campbell David
McGregor Wilson
CHIEF EXECUTIVE OFFICER
Scoot Pte. Ltd.

2015 Financial Calendar

31 March 2015
Financial Year-End

14 May 2015
Announcement of 2014/15
Annual Results

1 July 2015
Despatch of Annual Report
and Letter to Shareholders

29 July 2015
Announcement of 2015/16
First Quarter Results

30 July 2015
Annual General Meeting

19 August 2015
Payment of Final Dividend
for the Financial Year 2014/15
(subject to shareholders' approval at AGM)

5 November 2015
Announcement of 2015/16
Second Quarter and
Half-Year Results



SINGAPORE AIRLINES

MCI (P) 092/05/2015

IS20150000744

Singapore Company Registration Number: 197200078R

Airline House, 25 Airline Road, Singapore 819829

COMPANY SECRETARY

Ethel Tan

Tel: +65 6541 4030

Fax: +65 6546 7469

Email: ethel_tan@singaporeair.com.sg

INVESTOR RELATIONS

Tel: +65 6541 4885

Fax: +65 6542 9605

Email: investor_relations@singaporeair.com.sg

PUBLIC AFFAIRS

Tel: +65 6541 5880

Email: public_affairs@singaporeair.com.sg

www.singaporeair.com.sg