



# SINGAPORE AIRLINES

Financial Statements FY2016/17

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# FINANCIAL STATEMENTS

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# Directors' Statement

The Directors are pleased to present this statement together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

In our opinion:

- (a) the financial statements set out on pages 99 to 203 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 March 2017, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

## 1 Directors of the Company

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

Peter Seah Lim Huat	Chairman (Independent)
Goh Choon Phong	Chief Executive Officer
Gautam Banerjee	(Independent)
William Fung Kwok Lun	(Independent)
Hsieh Tsun-yan	(Independent)
Helmut Gunter Wilhelm Panke	(Independent)
Lee Kim Shin	(Independent) (Appointed on 1 September 2016)
Dominic Ho Chiu Fai	(Independent) (Appointed on 1 May 2017)

## 2 Arrangements to Enable Directors to Acquire Shares and Debentures

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

## 3 Directors' Interests in Shares, Share Options and Debentures

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

Name of Director	Direct interest		Deemed interest	
	1.4.2016 or at date of appointment	31.3.2017	1.4.2016 or at date of appointment	31.3.2017
<b>Interest in Singapore Airlines Limited</b>				
<u>Ordinary shares</u>				
Goh Choon Phong	617,224	764,182	–	–
William Fung Kwok Lun	–	–	200,000	200,000

## Directors' Statement

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

Name of Director	Direct interest		Deemed interest	
	1.4.2016 or at date of appointment	31.3.2017	1.4.2016 or at date of appointment	31.3.2017
<u>Conditional award of restricted shares (Note 1)</u>				
Goh Choon Phong – Base Awards	121,488	120,000	–	–
– Final Awards (Pending Release)	29,118	50,117	–	–
<u>Conditional award of performance shares (Note 2)</u>				
Goh Choon Phong – Base Awards	251,592	249,546	–	–
<u>Conditional award of deferred restricted shares (Note 3)</u>				
Goh Choon Phong – Base Awards	74,777	45,600	–	–
<b>Interest in Ascendas Hospitality Trust</b>				
<u>Units</u>				
Hsieh Tsun-yan	231,000	231,000	–	–
<b>Interest in Ascendas India Trust</b>				
<u>Units</u>				
Gautam Banerjee	120,000	120,000	–	–
<b>Interest in Ascendas Real Estate Investment Trust</b>				
<u>Units</u>				
Gautam Banerjee	20,000	20,000	–	–
William Fung Kwok Lun	–	–	56,000	212,600
<b>Interest in Mapletree Global Student Accommodation Private Trust</b>				
<u>Units in Class A (USD)</u>				
Goh Choon Phong	–	4,823	–	–
<u>Units in Class B (GBP)</u>				
Goh Choon Phong	–	4,823	–	–
<b>Interest in Mapletree Greater China Commercial Trust</b>				
<u>Units</u>				
William Fung Kwok Lun	–	–	–	880,000
<b>Interest in Mapletree Treasury Services Ltd</b>				
<u>S\$600 million 5.125% Perpetual Bonds</u>				
William Fung Kwok Lun	–	–	\$500,000	\$500,000
<b>Interest in Singapore Technologies Engineering Limited</b>				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	545,325	545,325	–	–
Goh Choon Phong	6,000	6,000	–	–

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

Name of Director	Direct interest		Deemed interest	
	1.4.2016 or at date of appointment	31.3.2017	1.4.2016 or at date of appointment	31.3.2017
<b>Interest in Singapore Telecommunications Limited</b>				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	1,667	1,667	1,550	1,550
Goh Choon Phong	1,610	1,610	–	–
William Fung Kwok Lun	–	–	198,400	408,400
Hsieh Tsun-yan	–	–	55,000	47,000
Lee Kim Shin	190	190	–	–
<b>Interest in StarHub Limited</b>				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	278,092	292,092	300,000	300,000
<b>Interest in Telechoice International Limited</b>				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	50,000	50,000	–	–

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, in the case of awards granted before 2016, the two-year performance periods relating to the relevant awards and, in the case of awards granted from 2016 onwards, over the one-year performance periods relating to the relevant awards.
2. The actual number of Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.
3. The Awards of fully paid ordinary shares will vest at the end of three years from the date of the grant of the award. At the end of the vesting period, an additional number of shares equivalent to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period) will vest.

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

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2017, except for Dr William Fung Kwok Lun, whose deemed interest in shares in Singapore Telecommunications Limited decreased from 408,400 shares as at 31 March 2017 to 178,400 shares as at 21 April 2017.

### 4 Equity Compensation Plans of the Company

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

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

Peter Seah Lim Huat – Chairman  
Hsieh Tsun-yan  
Helmut Gunter Wilhelm Panke

## Directors' Statement

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

#### (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 16,723,550 unissued shares in the Company were outstanding:

Date of grant	Number of options to subscribe for unissued ordinary shares			Balance at 31.3.2017	Exercise price*	Exercisable Period
	Balance at 1.4.2016	Cancelled	Exercised			
3.7.2006	3,799,229	(1,489,218)	(2,310,011)	–	\$9.34	3.7.2007 – 2.7.2016
2.7.2007	9,026,612	(323,760)	–	8,702,852	\$15.46	2.7.2008 – 1.7.2017
1.7.2008	8,287,356	(266,658)	–	8,020,698	\$12.07	1.7.2009 – 30.6.2018
	21,113,197	(2,079,636)	(2,310,011)**	16,723,550		

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

\*\* Out of these, no new shares were issued during the financial year ended 31 March 2017 as all options exercised were satisfied by way of transfer of treasury shares.

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 financial year under review	Aggregate options exercised since commencement of financial year under review	Options lapsed	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	–	444,075	444,075	–	–

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

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

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

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

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

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

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

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

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

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

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

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

##### 1. RSP Base Awards

Name of participant	Balance as at 1 April 2016	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2017	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	61,448	–	61,488	–	280,232

##### 2. RSP 2014 Base Awards

Name of participant	Balance as at 1 April 2016	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2017	Aggregate Base Awards granted since commencement of RSP 2014 to end of financial year under review
Goh Choon Phong	60,000	60,000	–	120,000	120,000



## Directors' Statement

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

#### 3. RSP Final Awards (Pending Release)<sup>R1</sup>

Name of participant	Balance as at 1 April 2016	Final Awards granted during the financial year <sup>a</sup>	Final Awards released during the financial year	Balance as at 31 March 2017	Aggregate ordinary shares released to participant since commencement of RSP/RSP 2014 to end of financial year under review
Goh Choon Phong	29,118	79,940	58,941	50,117	179,435

#### 4. PSP Base Awards<sup>R2</sup>

Name of participant	Balance as at 1 April 2016	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2017	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	169,092	–	84,546	84,546	346,228	103,762

#### 5. PSP 2014 Base Awards<sup>R2</sup>

Name of participant	Balance as at 1 April 2016	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2017	Aggregate Base Awards granted since commencement of PSP 2014 to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP 2014 to end of financial year under review
Goh Choon Phong	82,500	82,500	–	165,000	165,000	–

#### 6. Deferred RSP/RSP 2014

Details of the deferred RSP/RSP 2014 awards of restricted shares are disclosed in Note 5 to the financial statements. The grant of deferred RSP/RSP 2014 awards granted on 4 September 2013, 28 August 2014, 10 September 2015 and 1 September 2016, were made under the authority of the BCIRC.

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 2016	Base Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2017	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	42,037	–	42,037	–	42,037	45,737



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

##### 6. Deferred RSP/RSP 2014 (continued)

##### (b) Deferred RSP 2014 Awards

Name of participant	Balance as at 1 April 2016	Base Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2017	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	32,740	12,860	–	45,600	45,600	–

<sup>R1</sup> 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 for awards granted before 2016 and over the one-year performance periods relating to the relevant awards for awards granted from 2016 onwards.

<sup>R2</sup> 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.

<sup>#</sup> 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.

#### 5 Equity Compensation Plans of Subsidiaries

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

##### (i) SIA Engineering Company Limited (“SIAEC”)

The SIAEC Employee Share Option Plan (“SIAEC ESOP”) was approved by the shareholders of SIAEC on 9 February 2000. At the end of the financial year, options to take up 12,805,040 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’ Statement of SIAEC.

##### (ii) Tiger Airways Holdings Limited (“Tiger Airways”)

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

## Directors' Statement

### 6 Audit Committee

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

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

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

- (i) quarterly and annual financial statements of the Group and the Company prior to their submissions to the Directors of the Company for adoption;
- (ii) audit scopes, plans and reports (including Key Audit Matters) of the external and internal auditors;
- (iii) effectiveness of material controls, including financial, compliance, information technology and risk management controls;
- (iv) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);
- (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 held four meetings since the last Directors' Statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

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

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

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

## **7 Auditors**

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

On behalf of the Board,

**PETER SEAH LIM HUAT**  
Chairman

**GOH CHOON PHONG**  
Chief Executive Officer

Dated this 18<sup>th</sup> day of May 2017

# Independent Auditors' Report

To the members of Singapore Airlines Limited

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Singapore Airlines Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, the consolidated profit and loss account, consolidated statements of comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 99 to 203.

In our opinion, the accompanying consolidated financial statements of the Group and the statements of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

### Basis for opinion

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

### Key audit matters

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

## Timing of recognition and accuracy of passenger revenue

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

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### The key audit matter

Passenger revenue is not recorded immediately on sale but is deferred to be recorded at a later time as revenue in the profit and loss account when a passenger is flown. Such deferred revenue is presented on the balance sheet as sales in advance of carriage and is measured based on the sales price to the customer, net of discounts and rebates.

Significant judgement is required in the following aspects:

- Certain tickets may never be used – Up until 1 April 2016, the Group recognised such tickets as revenue two years after sale. Improvements to the Group's accounting processes now allow the Group to estimate with reasonable accuracy the number of such tickets that will likely expire without being used. From 1 April 2016, the Group estimates at ticketed flight date the proportion of tickets that will likely not be used, and accounts for such tickets as revenue on that date.

The recognition of such tickets resulted in a one-off recognition of \$151.2 million in revenue and is accounted for in the financial year ended 31 March 2017 (the "current year").

- Flight tickets sold often involve multiple flight sectors and partner airlines – The determination of the amount of revenue to be recognised for each flight as it is flown relies on complex internal systems that handle large volumes of transaction data and includes the exchange of information with industry systems and partner airlines.

As a result of the judgement required in estimating revenue for tickets likely to be unused, and in the complexity of the determinations made on flight date of revenue to be recognised for flown flights, these are key focus areas in our audit.

### Findings

The estimates used to determine the revenue to be recognised at ticketed flight date relating to unused tickets were cautious, however within the range of passenger usage patterns.

In assessing the accuracy of passenger revenue recorded, no significant exceptions were noted in our testing of the IT and manual controls. Our site visits found the key controls to be operating as designed.

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### How the matter was addressed in our audit

We compared the assumptions used in estimating the revenue attributable to unused tickets to historical passenger ticket usage patterns. We checked the accuracy of the historical analysis used by testing relevant computer system controls applying data analytic technique on system data and considering its consistency with our understanding of Singapore Airlines' ticket conditions.

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

Computer system controls were tested selectively; these included those relating to the completeness of transfers of data between systems, ticket validation to identify data errors and the assignment of ticket prices to each flight. Key manual controls were also tested to assess the appropriateness of the treatment applied to exceptions and reconciliations of the Group's records with the outputs from shared industry systems and partner airlines.

We also visited Singapore Airlines stations in Beijing, Manila and Singapore as well as SilkAir stations in Medan and Singapore to test the effectiveness of key controls in the passenger revenue accounting process at those locations.

# Independent Auditors' Report

To the members of Singapore Airlines Limited

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

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

The key audit matter	How the matter was addressed in our audit
<p>Cash is received by Singapore Airlines in return for the issuance of miles in its frequent flyer programme. A portion of unearned revenue is separately identified from the value of the ticket sales for flights on which KrisFlyer members qualify to earn frequent flyer miles used on subsequent flights. In addition, programme partners purchase such miles from Singapore Airlines to issue to their own customers.</p>	<p>We evaluated the assumptions applied in the mathematical models used to determine the fair value of expected KrisFlyer awards. This included undertaking a comparison to historical redemption patterns and testing the calculations for award values against observable inputs such as published market air fares. We tested the controls implemented over the models.</p>
<p>Such unearned revenue is recognised on the balance sheet as deferred revenue.</p>	<p>We challenged the assumptions used to estimate the number of miles that will expire without use, including a comparison to historical expiry patterns and planned changes to the programme that may affect future redemptions.</p>
<p>Revenue is subsequently recognised when KrisFlyer members fly, or when it is assessed that the miles awarded will expire without use.</p>	
<p>Significant judgement is required in the following aspects:</p>	
<ul style="list-style-type: none"> <li>• The determination of the fair value of frequent flyer miles – Singapore Airlines relies on historical redemption patterns in determining these estimates; and</li> <li>• The determination of the number of miles that will expire without use – This takes into account of historical expiry patterns and the anticipated impact of KrisFlyer scheme revisions.</li> </ul>	
<p>The estimation of the fair value of miles awarded in the frequent flyer programme is complex and requires judgement to be applied. Predicting the impact of KrisFlyer scheme revisions that are anticipated to change the number of miles that will expire over time is judgemental. These are key focus areas of our audit.</p>	

## Findings

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

## Accounting for aircraft related assets and carrying values

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

The key audit matter	How the matter was addressed in our audit
<p>The accounting for aircraft has a material impact on Singapore Airlines due to the cumulative value of the aircraft and long-lived nature of these assets.</p> <p>Significant judgement was required in the following aspects:</p> <ul style="list-style-type: none"><li>• The determination of components of aircraft – Major components of each aircraft require replacement at different times, leading to different periods over which those components are depreciated. As part of the introduction of the A350 aircraft into Singapore Airlines in the current year, the Group reviewed the different components that make up its aircraft. As a result of this review covering all aircraft types, the Group determined that engine overhauls (EOH) should be identified as a separate component of cost to be depreciated over its own useful life, in order to better represent the underlying economics of EOH events. This resulted in the separate component of EOH costs being depreciated over shorter useful lives, ranging from 4 to 8 years, based on the intervals between engine overhauls;</li><li>• The determination of the useful lives and residual values of the various components of the aircraft – This takes into account physical and commercial considerations;</li><li>• The determination of the cash generating units (CGU) – The integration of the operations of Tiger Airways and Scoot during the year led to a greater interdependence in revenues between the two operations. A similar continuing increase is being observed in the interdependency of revenues between passenger and cargo operations, which share aircraft, as well as within the passenger operations between Singapore Airlines and SilkAir. As a result of that interdependence, Singapore Airlines has determined that the passenger and cargo operations, previously considered to be separate CGUs, are now a single CGU. With this revision, CGU impairment tests are computed against the cash flows of the combined CGU rather than against separate and respective CGUs; and</li><li>• The assessment of CGUs for possible impairment – In testing whether asset values are impaired, these being predominantly aircraft assets and goodwill, the carrying value of all assets in the CGU are compared to the amounts expected to be recoverable from each CGU. This requires estimates to be made for each CGU of future revenues, operating costs, capital expenditure, timing of cash flows and the discount rates applicable to these cash flows.</li></ul>	<p>We assessed Singapore Airlines' approach in determining the significant components of the cost of aircraft and compared it to our understanding of how these significant components are identified in the aviation industry. We challenged the assumptions used by the Group in the calculation of the values attributed to the identified components.</p> <p>We compared the estimates of useful lives and residual values to the Singapore Airlines' fleet plan, recent aircraft transactions, contractual rights and industry practices.</p> <p>We assessed the appropriateness of the CGUs identified within Singapore Airlines, based on our understanding of the nature of Singapore Airlines' business. This included considering how the Group Network and Fleet Planning Committee allocates aircraft to brands and routes, the redemption of KrisFlyer miles across different CGUs and the interdependence between cargo and passenger capacity. We read the plans for the integration of Tiger Airways and Scoot and interviewed key management personnel to understand the developments surrounding the Group's portfolio strategy.</p> <p>We considered the need for impairment provisions by assessing whether there were indicators of potential impairment in each CGU. Where a CGU required testing for impairment, we challenged the forecasts of its future revenues, operating costs, capital expenditure and discount rates based on our knowledge of the business and the aviation industry. We assessed the arithmetical accuracy of the discounted cash flow models by re-performing the mathematical calculations.</p>

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



# Independent Auditors' Report

To the members of Singapore Airlines Limited

## Accounting for aircraft related assets and carrying values (continued)

### Findings

We found the identification of the components of the cost of aircraft to be appropriate, including the estimate of the purchase cost that is attributed to the cost of initial engine inspections. We found that the estimates of useful lives and residual values were balanced and residual values were adjusted appropriately to reflect Singapore Airlines' fleet plans.

We found that the revised composition of the CGUs reflects the current and intended usage of the Group's aircraft fleet assets. Where CGU testing was required to be conducted, cash flow forecasting was found to be in accordance with approved plans. The SIA Group operates in a competitive market place, which has seen multi-year reductions in yield and is subject to volatility of key input costs such as fuel and as such is inherently complex to forecast. We found management forecasts had sufficient headroom to be considered balanced overall.

### Return costs for leased aircraft

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

The key audit matter	How the matter was addressed in our audit
<p>Singapore Airlines had 74 aircraft held under operating leases at 31 March 2017. Under the terms of operating lease agreements with aircraft lessors, the Group is contractually committed to meet, at the end of each lease, conditions relating to the condition of the aircraft upon return.</p> <p>The work thus required on each aircraft will vary, depending on the historical utilisation and future utilisation patterns of the aircraft in the period up to its return. As a result, the estimation of the expected future cash outflows associated with these lease return costs requires significant judgement and is a key focus area for our audit.</p>	<p>We read the lease agreements for selected aircraft to gain an understanding of the significant terms which influence the economics of, and hence accounting for, the Group's obligations.</p> <p>We reviewed the maintenance records of these aircraft to determine their condition, and discussed with management the plans for their future utilisation.</p> <p>We tested the key internal controls over the adequacy of the provisions for lease return costs.</p> <p>We assessed the appropriateness of the methodologies and assumptions used in determining the estimates for these agreements, taking into account known factors, including the historical experience of how actual return costs compared to amounts previously provided.</p>

### Findings

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

## Early adoption of FRS 109 Financial Instruments

Refer to note 2(b) 'Changes in accounting policies' and note 2(k) 'Financial instruments' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
<p>The Group chose to voluntarily adopt FRS 109 Financial Instruments on 1 October 2016, ahead of the mandatory adoption financial year ending 31 March 2019.</p>	<p>We read Singapore Airlines' risk management policies as they apply to aviation fuel hedging, and assessed whether the instruments accounted for as hedges operate to achieve the intent of the hedging strategy, and whether the hedging documentation appropriately sets out how this is achieved.</p>
<p>The implementation of this accounting standard requires significant judgement in a number of areas, principally the following:</p>	<p>We challenged the assumptions used by Singapore Airlines in the estimation of future expected loss for financial assets.</p>
<ul style="list-style-type: none"><li>• The Group has now applied hedge accounting to its strategies for the hedging of aviation fuel cost to the Brent index. These were previously not recognised as fully effective hedges. Assessing the effectiveness of a complex hedge strategy between these two items, and thus the appropriate accounting treatment, requires significant judgement.</li></ul>	<p>We read a selected number of investment agreements to determine whether Singapore Airlines' classification and measurement of investments is appropriate.</p>
<ul style="list-style-type: none"><li>• Provisions for losses on financial assets are now estimated on the basis of future expectations instead of past historical data, requiring greater application of judgement.</li></ul>	<p>We assessed the appropriateness of the methodologies and assumptions used in determining the fair value of unquoted equity investments.</p>
<ul style="list-style-type: none"><li>• Financial assets are now classified on a judgemental analysis of the substance of the originating transaction and their linkage to the business model, instead of previous accounting rule-based classification.</li></ul>	
<ul style="list-style-type: none"><li>• Certain unquoted equity investments previously accounted for at cost are stated at estimated fair value.</li></ul>	
<p>The effects of these adjustments resulted in changes to the classification, measurement and presentation of financial statement captions as set out in Note 2(b).</p>	

## Findings

Singapore Airlines' fuel hedges are appropriately documented and accounted for to be consistent with stated risk management policies. Changes in the classification of financial assets reflect the intended purpose for the arrangements. We found that the estimates used in Singapore Airlines' FRS 109 transitional adjustments appear to be balanced.

# Independent Auditors' Report

To the members of Singapore Airlines Limited

## Competition-related fine

Refer to note 2(p) 'Provisions' and note 35(a) 'Contingent liabilities – Cargo: Investigations by Competition Authorities and Civil Class Actions' for the relevant accounting policy and disclosures.

The key audit matter	How the matter was addressed in our audit
<p>In 2006 and thereafter, Singapore Airlines and SIA Cargo were among several airlines that received notices of investigations by competition authorities in the European Commission (EC) regarding the determination of surcharges, rates or other competitive aspects of air cargo services (air cargo matters).</p>	<p>We reviewed the historical basis of accounting for these events considering the information we understand to have been available at the relevant reporting dates.</p>
<p>On 9 November 2010, the EC issued an adverse decision against 13 airlines including Singapore Airlines and SIA Cargo. A fine of EUR74.8 million (\$135.7 million at prevailing rates) was imposed on SIA Cargo and Singapore Airlines. This amount was paid and recognised as an expense in the FY2010/11 Financial Report.</p>	<p>We obtained direct confirmation from the Group's external solicitors on the cases.</p>
<p>On appeal, the European General Court annulled the decision in December 2015. The EC refunded EUR76.4 million (\$119.1 million at prevailing rates) in February 2016. This amount received was recognised as a refund in the FY2015/16 Financial Report.</p>	<p>We held discussions with the Group's general counsel on the status of current legal actions to assess the Group's determination of the likelihood of the liabilities that may arise.</p>
<p>In March 2017, the EC re-imposed the EUR74.8 million (\$111.8 million at prevailing rates) fine requiring it to be paid by 21 June 2017.</p>	<p>We assessed the appropriateness of the accounting for the fines for the FY2016/17 year and the associated disclosures in the FY2016/17 Financial Report.</p>
<p>Accounting standards require that the assessment of the obligation be made based on information available at the date of the re-imposition of the fine, and applying the judgement of the Company where such information is limited.</p>	
<p>The Company is also required to regularly reassess the obligation. In such reassessment, the Company considers whether new information reflects new developments or an error in previous assessments.</p>	
<p>The final outcome is however dependent on the decisions of the EC and the European Courts and may be based on facts that may not be entirely in the possession of Singapore Airlines and SIA Cargo currently.</p>	
<p>Because of the inherent uncertainties since 2010 on the ongoing legal process, this is a key area of focus for our audit.</p>	

## Findings

We consider the re-imposition of the fine to be a new development, and that the establishment of a provision at that date to be appropriate. We found the basis of provisioning for the EC matter to be reasonable.

## Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report except for the SIA Group Portfolio, Celebrating 70 Years of Excellence, Strategy, The Year in Review, Environment, Community Engagement, Subsidiaries, Corporate Governance Report, Membership and Attendance of Singapore Airlines Limited, Further Information on Board of Directors, Information on Shareholdings and Corporate Data ("the Reports") which are expected to be made available to us after that date.

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

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

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

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

## Responsibilities of management and directors for the financial statements

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

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

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

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

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

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

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

## Independent Auditors' Report

To the members of Singapore Airlines Limited

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### Report on legal and regulatory requirements

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

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

#### **KPMG LLP**

Public Accountants and  
Chartered Accountants

Dated this 18<sup>th</sup> day of May 2017  
Singapore

# Consolidated Profit and Loss Account

For The Financial Year Ended 31 March 2017 (in \$ million)

	Notes	The Group	
		FY2016/17	FY2015/16
<b>Revenue</b>	4	<b>14,868.5</b>	15,238.7
<b>Expenditure</b>			
Staff costs	5	<b>2,616.2</b>	2,451.8
Fuel costs		<b>3,747.5</b>	4,527.0
Depreciation	20	<b>1,552.1</b>	1,543.0
Impairment of property, plant and equipment	20	<b>3.9</b>	10.6
Amortisation of intangible assets	21	<b>39.8</b>	32.7
Aircraft maintenance and overhaul costs		<b>898.3</b>	804.9
Commission and incentives		<b>387.1</b>	365.0
Landing, parking and overflying charges		<b>809.3</b>	765.8
Handling charges		<b>1,197.1</b>	1,138.9
Rentals on leased aircraft		<b>895.9</b>	924.7
Material costs		<b>63.8</b>	67.2
Inflight meals		<b>543.7</b>	547.2
Advertising and sales costs		<b>304.3</b>	289.8
Insurance expenses		<b>44.7</b>	44.1
Company accommodation and utilities		<b>115.4</b>	119.1
Other passenger costs		<b>176.3</b>	180.5
Crew expenses		<b>156.8</b>	148.5
Other operating expenses		<b>693.5</b>	596.7
		<b>14,245.7</b>	14,557.5
<b>Operating profit</b>	6	<b>622.8</b>	681.2
Finance charges	7	<b>(46.1)</b>	(50.3)
Interest income	8	<b>73.9</b>	70.7
(Loss)/Surplus on disposal of aircraft, spares and spare engines		<b>(31.7)</b>	52.7
Dividends from long-term investments		<b>5.5</b>	115.3
Dividends from asset held for sale		<b>39.5</b>	-
Other non-operating items	9	<b>(103.2)</b>	91.1
Share of profits of joint venture companies		<b>20.9</b>	22.8
Share of losses of associated companies		<b>(63.0)</b>	(11.1)
<b>Profit before taxation</b>		<b>518.6</b>	972.4
<b>Taxation</b>	10	<b>(76.7)</b>	(120.6)
<b>Profit for the financial year</b>		<b>441.9</b>	851.8
<b>Profit attributable to:</b>			
<b>Owners of the parent</b>		<b>360.4</b>	804.4
<b>Non-controlling interests</b>		<b>81.5</b>	47.4
		<b>441.9</b>	851.8
<b>Basic earnings per share (cents)</b>	11	<b>30.5</b>	69.0
<b>Diluted earnings per share (cents)</b>	11	<b>30.3</b>	68.7

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 2017 (in \$ million)

	The Group	
	FY2016/17	FY2015/16
<b>Profit for the financial year</b>	<b>441.9</b>	851.8
<b>Other comprehensive income:</b>		
<u>Items that are or may be reclassified subsequently to profit or loss:</u>		
Currency translation differences	<b>27.5</b>	(21.9)
Net fair value changes on cash flow hedges	<b>369.5</b>	124.3
Loss on dilution of interest in an associated company due to share options exercised	-	(1.9)
Share of other comprehensive income of associated and joint venture companies	<b>29.6</b>	(10.5)
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company	-	(0.8)
Realisation of foreign currency translation reserves on liquidation of an associated company	-	4.3
<u>Items that will not be reclassified subsequently to profit or loss:</u>		
Net fair value changes on financial assets measured at fair value through other comprehensive income ("FVOCI")	<b>(133.2)</b>	140.7
Actuarial loss on revaluation of defined benefit plans	<b>(5.1)</b>	(1.3)
<b>Other comprehensive income for the financial year, net of tax</b>	<b>288.3</b>	232.9
<b>Total comprehensive income for the financial year</b>	<b>730.2</b>	1,084.7
<b>Total comprehensive income attributable to:</b>		
<b>Owners of the parent</b>	<b>676.3</b>	1,004.6
<b>Non-controlling interests</b>	<b>53.9</b>	80.1
	<b>730.2</b>	1,084.7

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



# Statements of Financial Position

As At 31 March 2017 (in \$ million)

	Notes	The Group		The Company	
		2017	2016	2017	2016
<b>Equity attributable to owners of the parent</b>					
Share capital	13	<b>1,856.1</b>	1,856.1	<b>1,856.1</b>	1,856.1
Treasury shares	14	<b>(194.7)</b>	(381.5)	<b>(194.7)</b>	(381.5)
Other reserves	15	<b>11,421.6</b>	11,280.1	<b>10,852.2</b>	10,533.6
		<b>13,083.0</b>	12,754.7	<b>12,513.6</b>	12,008.2
<b>Non-controlling interests</b>					
		<b>387.2</b>	378.2	-	-
<b>Total equity</b>		<b>13,470.2</b>	13,132.9	<b>12,513.6</b>	12,008.2
<b>Deferred account</b>					
	16	<b>234.5</b>	255.0	<b>214.9</b>	222.4
<b>Deferred taxation</b>					
	17	<b>1,890.5</b>	1,681.7	<b>1,482.1</b>	1,346.5
<b>Long-term liabilities</b>					
	18, 37	<b>1,794.7</b>	1,283.4	<b>1,689.4</b>	1,110.1
<b>Provisions</b>					
	19	<b>910.3</b>	877.1	<b>648.0</b>	647.2
<b>Defined benefit plans</b>					
		<b>131.2</b>	129.3	<b>122.3</b>	121.4
		<b>18,431.4</b>	17,359.4	<b>16,670.3</b>	15,455.8
Represented by:					
<b>Property, plant and equipment</b>					
	20	<b>16,433.3</b>	14,143.5	<b>12,050.8</b>	10,241.2
<b>Intangible assets</b>					
	21	<b>423.5</b>	515.8	<b>169.5</b>	167.0
<b>Subsidiary companies</b>					
	22	-	-	<b>4,610.1</b>	4,460.9
<b>Associated companies</b>					
	23	<b>1,056.9</b>	901.9	<b>756.8</b>	531.5
<b>Joint venture companies</b>					
	24	<b>160.2</b>	156.3	-	-
<b>Long-term investments</b>					
	25	<b>405.7</b>	773.1	<b>395.3</b>	754.4
<b>Other long-term assets</b>					
	26, 37	<b>479.3</b>	496.8	<b>397.9</b>	398.7
<b>Deferred account</b>					
	16	<b>61.1</b>	65.2	<b>49.1</b>	50.5
<b>Current assets</b>					
Inventories	27	<b>178.4</b>	181.9	<b>106.1</b>	108.2
Trade debtors	28	<b>1,144.6</b>	1,221.8	<b>694.7</b>	799.4
Deposits and other debtors	29	<b>127.4</b>	114.8	<b>55.8</b>	43.5
Prepayments		<b>211.0</b>	132.4	<b>169.9</b>	104.8
Deferred account	16	<b>11.8</b>	17.7	<b>9.1</b>	15.0
Amounts owing by subsidiary companies	28	-	-	<b>203.8</b>	318.0
Loan receivable from an associated company	28	-	62.0	-	62.0
Derivative assets	37	<b>85.0</b>	24.9	<b>82.1</b>	22.3
Investments	30	<b>539.9</b>	668.1	<b>469.9</b>	601.9
Cash and bank balances	31	<b>3,380.5</b>	3,972.4	<b>2,733.2</b>	3,239.2
Other short-term assets		<b>21.4</b>	-	<b>21.4</b>	-
Assets held for sale	20, 25	-	398.0	-	-
		<b>5,700.0</b>	6,794.0	<b>4,546.0</b>	5,314.3
<b>Less: Current liabilities</b>					
Sales in advance of carriage		<b>1,634.3</b>	1,626.2	<b>1,465.9</b>	1,460.1
Deferred revenue		<b>707.8</b>	669.4	<b>707.8</b>	669.4
Deferred account	16	<b>86.0</b>	47.2	<b>76.3</b>	40.6
Current tax payable		<b>80.3</b>	191.9	<b>30.3</b>	131.0
Trade and other creditors	32	<b>3,296.1</b>	2,899.0	<b>2,251.9</b>	2,194.9
Amounts owing to subsidiary companies	32	-	-	<b>1,354.5</b>	1,191.1
Borrowings	18	<b>42.0</b>	211.9	-	-
Provisions	19	<b>322.4</b>	218.5	<b>298.8</b>	180.5
Derivative liabilities	37	<b>119.7</b>	623.1	<b>119.7</b>	595.1
		<b>6,288.6</b>	6,487.2	<b>6,305.2</b>	6,462.7
		<b>(588.6)</b>	306.8	<b>(1,759.2)</b>	(1,148.4)
<b>Net current (liabilities)/assets</b>		<b>18,431.4</b>	17,359.4	<b>16,670.3</b>	15,455.8

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 2017 (in \$ million)

### The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2016		1,856.1	(381.5)	(129.2)
Effects of adopting FRS 109	2(b)	-	-	-
<u>Comprehensive income</u>				
Currency translation differences	15(b)	-	-	-
Net fair value changes on financial assets measured at FVOCI	15(d)	-	-	-
Net fair value changes on cash flow hedges	15(d)	-	-	-
Share of other comprehensive income of associated and joint venture companies		-	-	6.5
Actuarial loss on revaluation of defined benefit plans		-	-	-
Other comprehensive income for the financial year, net of tax		-	-	6.5
Profit for the financial year		-	-	-
Total comprehensive income for the financial year		-	-	6.5
<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		-	-	(9.8)
Loss on dilution of interest in a subsidiary company due to share options exercised		-	-	-
Realisation of reserves from dilution of interest in an associated company		-	-	(8.5)
Issuance of share capital by a subsidiary company		-	-	-
Share-based compensation expense	5	-	-	-
Share options and share awards lapsed		-	-	1.7
Purchase of treasury shares	14	-	(134.3)	-
Treasury shares reissued pursuant to equity compensation plans	14	-	34.3	3.3
Treasury shares reissued pursuant to the Voluntary General Offer ("VGO") of Tiger Airways	14	-	286.8	25.8
Dividends	12	-	-	-
Total contributions by and distributions to owners		-	186.8	12.5
<u>Changes in ownership interests in a subsidiary company</u>				
Acquisition of non-controlling interests without a change in control	22(f)	-	-	(37.4)
Total changes in ownership interests in a subsidiary company		-	-	(37.4)
Total transactions with owners		-	186.8	(24.9)
Balance at 31 March 2017		1,856.1	(194.7)	(147.6)

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

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

## Statements of Changes in Equity

For The Financial Year Ended 31 March 2017 (in \$ million)

### The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2015		1,856.1	(326.3)	215.9
<u>Comprehensive income</u>				
Currency translation differences	15(b)	-	-	-
Net fair value changes on available-for-sale assets	15(d)	-	-	-
Net fair value changes on cash flow hedges	15(d)	-	-	-
Loss on dilution of interest in an associated company due to share options exercised		-	-	-
Share of other comprehensive income of associated and joint venture companies		-	-	-
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company		-	-	-
Realisation of foreign currency translation reserves on liquidation of an associated company		-	-	-
Actuarial loss on revaluation of defined benefit plans		-	-	-
Other comprehensive income for the financial year, net of tax		-	-	-
Profit for the financial year		-	-	-
Total comprehensive income for the financial year		-	-	-
<u>Transactions with owners, recorded directly in equity</u>				
<u>Contributions by and distributions to owners</u>				
Share of other changes in equity of an associated company		-	-	(3.7)
Loss on dilution of interest in subsidiary companies due to share options exercised		-	-	-
Issuance of share capital by a subsidiary company		-	-	-
Share-based compensation expense	5	-	-	-
Share options lapsed		-	-	-
Purchase of treasury shares	14	-	(85.4)	-
Treasury shares reissued pursuant to equity compensation plans	14	-	30.2	1.2
Dividends	12	-	-	-
Total contributions by and distributions to owners		-	(55.2)	(2.5)
<u>Changes in ownership interests in subsidiary companies</u>				
Disposal of a subsidiary company		-	-	-
Acquisition of non-controlling interests without a change in control	22(f)	-	-	(342.6)
Total changes in ownership interests in subsidiary companies		-	-	(342.6)
Total transactions with owners		-	(55.2)	(345.1)
Balance at 31 March 2016		1,856.1	(381.5)	(129.2)

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

Attributable to owners of the parent							Non-controlling interests	Total equity
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total				
(135.7)	113.2	(706.2)	11,446.6	12,463.6	466.5	12,930.1		
(19.9)	-	-	-	(19.9)	(2.0)	(21.9)		
-	-	109.0	-	109.0	31.7	140.7		
-	-	121.3	-	121.3	3.0	124.3		
-	-	-	(1.9)	(1.9)	-	(1.9)		
-	0.3	(10.8)	-	(10.5)	-	(10.5)		
-	-	(0.8)	-	(0.8)	-	(0.8)		
4.3	-	-	-	4.3	-	4.3		
-	-	-	(1.3)	(1.3)	-	(1.3)		
(15.6)	0.3	218.7	(3.2)	200.2	32.7	232.9		
-	-	-	804.4	804.4	47.4	851.8		
(15.6)	0.3	218.7	801.2	1,004.6	80.1	1,084.7		
-	-	-	-	(3.7)	-	(3.7)		
-	(5.0)	-	(2.0)	(7.0)	0.8	(6.2)		
-	-	-	-	-	1.5	1.5		
-	12.4	-	-	12.4	-	12.4		
-	(5.1)	-	5.1	-	-	-		
-	-	-	-	(85.4)	-	(85.4)		
-	(11.3)	-	-	20.1	-	20.1		
-	-	-	(315.4)	(315.4)	(43.6)	(359.0)		
-	(9.0)	-	(312.3)	(379.0)	(41.3)	(420.3)		
-	-	-	-	-	(3.1)	(3.1)		
-	19.2	(11.1)	-	(334.5)	(124.0)	(458.5)		
-	19.2	(11.1)	-	(334.5)	(127.1)	(461.6)		
-	10.2	(11.1)	(312.3)	(713.5)	(168.4)	(881.9)		
(151.3)	123.7	(498.6)	11,935.5	12,754.7	378.2	13,132.9		

## Statements of Changes in Equity

For The Financial Year Ended 31 March 2017 (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 2016		1,856.1	(381.5)	(5.1)	108.0	(470.9)	10,901.6	12,008.2
Effects of adopting FRS 109	2(b)	-	-	-	-	(20.7)	33.0	12.3
<u>Comprehensive income</u>								
Net fair value changes on financial assets measured at FVOCI	15(d)	-	-	-	-	5.0	-	5.0
Net fair value changes on cash flow hedges	15(d)	-	-	-	-	297.0	-	297.0
Actuarial loss on revaluation of defined benefit plans		-	-	-	-	-	(2.1)	(2.1)
Other comprehensive income for the financial year, net of tax		-	-	-	-	302.0	(2.1)	299.9
Profit for the financial year		-	-	-	-	-	514.0	514.0
Total comprehensive income for the financial year		-	-	-	-	302.0	511.9	813.9
<u>Transactions with owners, recorded directly in equity</u>								
<u>Contributions by and distributions to owners</u>								
Share-based compensation expense		-	-	-	12.0	-	-	12.0
Share options and share awards lapsed		-	-	1.7	(15.9)	-	14.2	-
Purchase of treasury shares	14	-	(134.3)	-	-	-	-	(134.3)
Treasury shares reissued pursuant to equity compensation plans	14	-	34.3	3.3	(16.0)	-	-	21.6
Treasury shares reissued pursuant to the VGO of Tiger Airways	14	-	286.8	25.8	(11.4)	-	-	301.2
Dividends	12	-	-	-	-	-	(521.3)	(521.3)
Total transactions with owners		-	186.8	30.8	(31.3)	-	(507.1)	(320.8)
Balance at 31 March 2017		1,856.1	(194.7)	25.7	76.7	(189.6)	10,939.4	12,513.6

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

# Statements of Changes in Equity

For The Financial Year Ended 31 March 2017 (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 2015		1,856.1	(326.3)	(6.3)	96.1	(581.8)	10,541.5	11,579.3
<u>Comprehensive income</u>								
Net fair value changes on available-for-sale assets	15(d)	-	-	-	-	2.3	-	2.3
Net fair value changes on cash flow hedges	15(d)	-	-	-	-	108.6	-	108.6
Actuarial loss on revaluation of defined benefit plans		-	-	-	-	-	(1.6)	(1.6)
Other comprehensive income for the financial year, net of tax		-	-	-	-	110.9	(1.6)	109.3
Profit for the financial year		-	-	-	-	-	672.0	672.0
Total comprehensive income for the financial year		-	-	-	-	110.9	670.4	781.3
<u>Transactions with owners, recorded directly in equity</u>								
<u>Contributions by and distributions to owners</u>								
Share-based compensation expense		-	-	-	9.1	-	-	9.1
Share options lapsed		-	-	-	(5.1)	-	5.1	-
Purchase of treasury shares	14	-	(85.4)	-	-	-	-	(85.4)
Treasury shares reissued pursuant to equity compensation plans	14	-	30.2	1.2	(11.3)	-	-	20.1
Dividends	12	-	-	-	-	-	(315.4)	(315.4)
Issue of share options pursuant to the VGO of Tiger Airways	22(f)	-	-	-	19.2	-	-	19.2
Total transactions with owners		-	(55.2)	1.2	11.9	-	(310.3)	(352.4)
Balance at 31 March 2016		1,856.1	(381.5)	(5.1)	108.0	(470.9)	10,901.6	12,008.2

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 2017 (in \$ million)

	Notes	The Group	
		FY2016/17	FY2015/16
<b>Cash flow from operating activities</b>			
Profit before taxation		<b>518.6</b>	972.4
Adjustments for:			
Depreciation	20	<b>1,552.1</b>	1,543.0
Impairment of property, plant and equipment	20	<b>3.9</b>	10.6
Amortisation of intangible assets	21	<b>39.8</b>	32.7
Writeback of impairment of trade debtors	6	<b>(1.3)</b>	(4.7)
Writedown of inventories	27	<b>5.8</b>	26.6
Income from short-term investments	6	<b>(1.8)</b>	(1.8)
Provisions	19	<b>304.8</b>	218.5
Share-based compensation expense	5	<b>15.2</b>	12.4
Exchange differences		<b>(47.1)</b>	16.3
Amortisation of deferred gain on sale and operating leaseback transactions	6	<b>(6.0)</b>	(7.6)
Finance charges	7	<b>46.1</b>	50.3
Interest income	8	<b>(73.9)</b>	(70.7)
Loss/(Surplus) on disposal of aircraft, spares and spare engines		<b>31.7</b>	(52.7)
Dividends from long-term investments		<b>(5.5)</b>	(115.3)
Dividends from asset held for sale		<b>(39.5)</b>	-
Net gain on financial assets mandatorily measured at FVTPL		<b>(1.6)</b>	-
Other non-operating items	9	<b>103.2</b>	(91.1)
Share of profits of joint venture companies		<b>(20.9)</b>	(22.8)
Share of losses of associated companies		<b>63.0</b>	11.1
Operating cash flow before working capital changes		<b>2,486.6</b>	2,527.2
Increase/(Decrease) in trade and other creditors		<b>31.7</b>	(68.2)
Increase in sales in advance of carriage		<b>8.1</b>	161.5
Decrease in trade debtors		<b>82.0</b>	295.2
Decrease/(Increase) in deposits and other debtors		<b>17.4</b>	(28.3)
Increase in prepayments		<b>(78.5)</b>	(7.9)
Increase in inventories		<b>(2.3)</b>	(6.5)
Increase in deferred revenue		<b>38.4</b>	56.9
Cash generated from operations		<b>2,583.4</b>	2,929.9
Refund of fines		-	116.5
Income taxes paid		<b>(50.5)</b>	(40.9)
<b>Net cash provided by operating activities</b>		<b>2,532.9</b>	3,005.5

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

	Notes	The Group	
		FY2016/17	FY2015/16
<b>Cash flow from investing activities</b>			
Capital expenditure	33	(3,944.7)	(2,909.0)
Purchase of intangible assets	33	(43.6)	(45.5)
Proceeds from disposal of aircraft and other property, plant and equipment		45.4	492.9
Purchase of long-term investments		(0.6)	(259.5)
Proceeds from disposal of long-term investments		20.2	–
Purchase of short-term investments		(1,038.0)	(275.5)
Proceeds from disposal of short-term investments		1,570.4	166.1
Dividends received from associated and joint venture companies		78.4	78.6
Dividends received from investments		6.4	116.2
Dividends received from asset held for sale		39.5	–
Interest received from investments and deposits		76.9	77.8
Proceeds from disposal of asset held for sale		405.5	–
Proceeds from disposal of a subsidiary company, net of cash disposed		–	0.1
Loan to an associated company		(54.4)	(62.0)
Proceeds from repayment of loan from an associated company		116.4	–
Investments in associated companies		(225.3)	(84.8)
Proceeds from partial disposal of an associated company		4.0	4.9
<b>Net cash used in investing activities</b>		<b>(2,943.5)</b>	<b>(2,699.7)</b>
<b>Cash flow from financing activities</b>			
Dividends paid	12	(521.3)	(315.4)
Dividends paid by subsidiary companies to non-controlling interests	12	(37.6)	(43.6)
Proceeds from exercise of share options pursuant to the VGO of Tiger Airways		301.2	–
Acquisition of non-controlling interests without a change in control		(51.2)	(458.5)
Issuance of share capital by a subsidiary company		8.2	1.5
Interest paid		(41.1)	(53.8)
Proceeds from borrowings		1.8	4.9
Repayment of borrowings		(192.0)	(41.4)
Repayment of long-term lease liabilities		(21.5)	(54.1)
Proceeds from exercise of share options		33.2	24.4
Proceeds from issuance of bonds		430.0	–
Repayment of bonds		–	(300.0)
Purchase of treasury shares	14	(134.3)	(85.4)
<b>Net cash used in financing activities</b>		<b>(224.6)</b>	<b>(1,321.4)</b>
<b>Net cash outflow</b>		<b>(635.2)</b>	<b>(1,015.6)</b>
<b>Cash and cash equivalents at beginning of the financial year</b>		<b>3,972.4</b>	<b>5,042.7</b>
Effect of exchange rate changes		43.3	(54.7)
<b>Cash and cash equivalents at end of the financial year</b>		<b>3,380.5</b>	<b>3,972.4</b>
<b>Analysis of cash and cash equivalents</b>			
Fixed deposits	31	2,386.9	3,002.7
Cash and bank	31	993.6	969.7
<b>Cash and cash equivalents at end of the financial year</b>		<b>3,380.5</b>	<b>3,972.4</b>

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

# Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

## 1 General

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

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

The financial statements of the Group as at and for the year ended 31 March 2017 comprise the Company and its subsidiary companies (together referred to as “the Group” and individually as “Group entities”) and the Group’s interest in equity-accounted investees.

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

The financial statements for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 18 May 2017.

## 2 Summary of Significant Accounting Policies

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

### (a) Basis of preparation

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

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

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

### (b) Changes in accounting policies

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

On 1 April 2016, 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 2016. 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)

### (b) Changes in accounting policies (continued)

In addition, the Group has early adopted FRS 109: Financial Instruments with a date of initial application of 1 October 2016. The principal reason for early adoption is that FRS 109 better aligns the accounting of derivatives used for fuel hedges with the Group's risk management strategy. FRS 109 allows the adoption from the start of a quarterly reporting period. The impact of adopting this standard on reserves on the date of initial application, 1 October 2016, is set out below.

	The Group		The Company	
	Fair value reserve	General reserve	Fair value reserve	General reserve
<u>Effects of adopting FRS 109</u>				
(Decrease)/Increase in reserves as a result of:				
Classification of financial assets and liabilities	(24.0)	24.0	(20.7)	20.7
Expected credit loss on financial assets, certain loan commitments and financial guarantee contracts	-	(5.2)	-	(11.7)
Measurement of unquoted equity securities	-	24.0	-	24.0
Alignment of accounting policies of an associated company	(4.4)	4.4	-	-
Total	(28.4)	47.2	(20.7)	33.0

#### (i) Classification of financial assets and liabilities

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL") and replaces the existing FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Classification under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics. FRS 109 largely retains the existing requirements in FRS 39 for the classification of financial liabilities.

This resulted in non-equity investments of \$289.2 million for the Group and \$220.7 million for the Company which were previously classified as available-for-sale to being measured at FVTPL. Correspondingly, there was a transfer of \$24.0 million and \$20.7 million for the Group and the Company respectively of fair value gains previously recorded in the fair value reserve, to the general reserve. Other changes in classification have not had an impact on the measurement of either financial assets or liabilities.

#### (ii) Expected credit loss on financial assets, certain loan commitments and financial guarantee contracts

FRS 109 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' ("ECL") model. The new impairment model also applies to certain loan commitments and financial guarantee contracts, but not to equity investments. This change resulted in the earlier recognition of credit losses that reduced the value of financial assets by \$4.9 million and increased the value of provisions by \$0.3 million for the Group, and reduced the value of financial assets by \$11.6 million and increased the value of provisions by \$0.1 million for the Company.

#### (iii) Measurement of unquoted equity securities

FRS 109 is more restrictive in the use of cost when measuring unquoted equity securities. Consequently, SIA reviewed all such investments and recognised a \$24.0 million increase in long-term investments which was recorded in the general reserve.

#### (iv) Hedge accounting

FRS 109 permits hedge accounting of risk components of both non-financial and financial items, where they are separately identifiable and reliably measurable. Crude oil derivatives were previously designated under FRS 39 as a proxy for jet fuel derivatives resulting in hedge ineffectiveness. These hedges are now designated in qualifying cash flow hedges of the crude oil component of future jet fuel purchases. As a result, the risk of hedge ineffectiveness has been mitigated and this change better aligns the accounting of such derivatives with the Group's risk management strategy.

# Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

## 2 Summary of Significant Accounting Policies (continued)

### (b) Changes in accounting policies (continued)

#### (v) Transition

Consistent with prescribed transitional arrangements, changes in accounting policies resulting from the adoption of FRS 109 have not been applied retrospectively, as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities held as at the date of initial application, are recognised in retained earnings and reserves. Accordingly, the information presented for the prior period does not reflect the requirements of FRS 109 and therefore is not comparable to the information presented in the current period under FRS 109.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - The determination of the business model within which a financial asset is held; and
  - The designation of certain investments in equity instruments not held for trading as being held at FVOCI.

### (c) Standards issued but not yet effective

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) to the Group's financial statements for the first time from 1 April 2018.

The Group has conducted a preliminary assessment of the impact of SG-IFRS 1 First-time adoption of International Financial Reporting Standards for the transition to the new reporting framework. Based on the preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 Revenue from Contracts with Customers under this new framework will be similar to the impact on the adoption of FRS 115 as set out in this Note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently conducting a detailed analysis of the available accounting policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analysis.

New standards and amendments to standards that are effective from the Group's financial year ending 31 March 2018 are as follows:

Description	Effective from
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to FRS 7: Amendment relating to disclosure of changes in liabilities arising from financing activities	1 April 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 April 2017
Amendments to FRS 102: Amendments relating to classification and measurement of share-based payment transactions	1 April 2018
FRS 115 Revenue from Contracts with Customers	1 April 2018
FRS 116 Leases	1 April 2019

## 2 Summary of Significant Accounting Policies (continued)

### (c) Standards issued but not yet effective (continued)

Except for FRS 115 and FRS 116, the Group 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 Group does not plan to adopt any of these new standards earlier than their required adoption date. The nature of the impending changes in accounting policies on adoption of FRS 115 and FRS 116 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 when the Group is required to adopt it on 1 April 2018. The Group's FRS 115 project team which was set up to perform the impact assessments and implementation of this standard, is currently assessing the impact of FRS 115.

#### FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 Leases. FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lease accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases, unless the term is less than 12 months or the underlying asset is of low value.

The Group has conducted a preliminary assessment of the impact of the new standard on its existing operating lease arrangements as a lessee. As at the reporting date, the Group has non-cancellable operating lease commitments amounting to \$4,134.9 million (Note 34(b)). Based on the preliminary assessment, the Group expects a large proportion of these operating leases to be recognised as lease liabilities with corresponding ROU assets under the new standard. This will increase the Group's leverage ratio and its foreign exchange volatility arising from revaluation of lease liabilities that are denominated in USD. There will also be an impact on the timing of expense recognition in the profit and loss account over the period of lease. Interest expense will be recognised using the effective interest method on outstanding lease liabilities and the ROU assets will be depreciated, rather than operating lease payments being the expense.

### (d) Basis of consolidation

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

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

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

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

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

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

#### (d) Basis of consolidation (continued)

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

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

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

#### (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. The financial statements of subsidiary companies are included in the consolidated financial statements from the date the control commences until the date the control ceases.

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

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

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

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

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

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

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

## 2 Summary of Significant Accounting Policies (continued)

### (f) Intangible assets

#### (i) Computer software

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

#### (ii) Deferred engine development cost

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

#### (iii) Brand and trademarks

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

#### (iv) Goodwill

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

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

#### (v) Other intangible assets

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

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

#### (vi) Subsequent expenditure

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

#### (vii) Amortisation

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

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

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

For deferred engine development cost, amortisation begins when the aircraft engines are available for sale. These deferred engine development costs are amortised on a straight-line basis over the period of expected sales of the aircraft engines, which is estimated to be over a period of 20 years.

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



# Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

## 2 Summary of Significant Accounting Policies (continued)

### (g) Foreign currencies

#### Foreign currency transactions

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

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

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

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

#### Foreign operations

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

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

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

## 2 Summary of Significant Accounting Policies (continued)

### (h) Property, plant and equipment

#### (i) Recognition and measurement

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

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

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

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

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

Freehold land, advance and progress payments are not depreciated.

The estimated useful lives and residual values are as follows:

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

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

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

#### (i) Leases

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

##### (i) Finance lease – as lessee

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

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

##### (ii) Operating lease

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

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

##### (iii) Operating lease – as lessor

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

#### (j) Inventories

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

#### (k) Financial instruments – policy applicable under FRS 109

##### (i) Recognition and initial measurement

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

## 2 Summary of Significant Accounting Policies (continued)

### (k) Financial instruments – policy applicable under FRS 109 (continued)

#### (ii) Classification and subsequent measurement

##### Financial assets

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

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

- a) Amortised cost: A non-equity financial asset can be measured at amortised cost if it meets both of the following conditions:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) FVOCI: A non-equity financial asset can be measured at FVOCI only if it meets both of the following conditions:
- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
  - The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- c) FVTPL: All other financial assets are classified as measured at FVTPL. Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

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

##### Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's Management;
- The risks that affect the performance of the business model and how those risks are managed;
- How managers of the portfolio are compensated; and
- The frequency, volume and timing of disposals in prior periods, the reasons for such disposals and its expectations about future activity.

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

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

# Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

## 2 Summary of Significant Accounting Policies (continued)

### (k) Financial instruments – policy applicable under FRS 109 (continued)

#### (ii) Classification and subsequent measurement (continued)

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

#### Reclassifications

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

#### Financial liabilities

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

#### (iii) Derecognition

##### Financial assets

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

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

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

##### Financial liabilities

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

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the 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.

## 2 Summary of Significant Accounting Policies (continued)

### (k) Financial instruments – policy applicable under FRS 109 (continued)

#### (v) Impairment

##### Expected credit loss

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

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

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

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

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

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

##### Credit-impaired financial assets

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

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

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

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

##### Designation of hedges

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

# Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

## 2 Summary of Significant Accounting Policies (continued)

### (k) Financial instruments – policy applicable under FRS 109 (continued)

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

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

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

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

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

#### *Cash flow hedges*

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

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

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

#### *Fair value hedges*

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

### (l) Financial instruments – policy applicable under FRS 39

The following three areas for the accounting of financial instruments pertaining to classification and subsequent measurement, impairment and hedge accounting were accounted for under FRS 39 up to 30 September 2016, on which date FRS 109 was adopted. The differences in the accounting for financial instruments were addressed upon adoption, in the manner set out in Note 2(b).

## 2 Summary of Significant Accounting Policies (continued)

### (l) Financial instruments – policy applicable under FRS 39 (continued)

#### (i) Classification and subsequent measurement

The Group classified its financial assets into one of the following categories:

a) Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss included financial assets held for trading and those designated upon initial recognition as fair value through profit or loss. Financial assets were classified as held for trading if they were acquired principally for the purpose of selling in the short-term. This category included derivative financial instruments entered into by the Group.

b) Loans and receivables

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

c) Held-to-maturity investments

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

d) Available-for-sale investments

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

#### (ii) Impairment

Financial assets not carried at fair value through profit or loss, including interests in associated and joint venture companies, were assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicates that a loss event had occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that could be estimated reliably.

a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assessed whether objective evidence of impairment existed individually for financial assets that were individually significant, or collectively for financial assets that were not individually significant.

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



# Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

## 2 Summary of Significant Accounting Policies (continued)

### (l) Financial instruments – policy applicable under FRS 39 (continued)

#### (ii) Impairment (continued)

##### b) Financial assets carried at cost

If there was objective evidence that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss was 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 were not reversed in subsequent periods.

##### c) Available-for-sale financial assets

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

If an available-for-sale asset was 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, will be transferred from other comprehensive income to the profit and loss account.

In the case of non-equity investments classified as available-for-sale, impairment was assessed based on the same criteria as financial assets carried at amortised cost.

#### (iii) Hedge accounting

At the inception of a hedge relationship, the Group formally designated and documented the hedge relationships to which the Group wished to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation included identification of the hedged item or transaction, the hedging instrument, the nature of the risk being hedged and how the Group assessed 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 were expected to be highly effective in achieving offsetting changes in cash flows and were assessed on an ongoing basis to determine whether they had been highly effective throughout the financial reporting periods for which they were designated.

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

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

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

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

## 2 Summary of Significant Accounting Policies (continued)

### (n) Loans, notes payable and borrowings

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

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

### (o) Trade and other creditors

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

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

### (p) Provisions

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

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

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

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

### (q) Share capital and share issuance expenses

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

### (r) Treasury shares

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

### (s) Taxation

#### (i) Current income tax

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

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

# Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

## 2 Summary of Significant Accounting Policies (continued)

### (s) Taxation (continued)

#### (ii) Deferred tax

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

Deferred tax assets and liabilities are not recognised for:

- Temporary differences on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

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

### (t) Revenue

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

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

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

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

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

## 2 Summary of Significant Accounting Policies (continued)

### (t) Revenue (continued)

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

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

### (u) Income from investments

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

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

### (v) Employee benefits

#### (i) Equity compensation plans

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

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

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

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

#### (ii) Defined benefit plans

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

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

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

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

# Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

## 2 Summary of Significant Accounting Policies (continued)

### (v) Employee benefits (continued)

#### (iii) Defined contribution plans

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

#### (iv) Short term employee benefits

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

### (w) Aircraft maintenance and overhaul costs

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

### (x) Borrowing costs

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

### (y) Segment reporting

#### (i) Business segment

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

#### (ii) Geographical segment

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

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

### 3 Significant Accounting Estimates and Critical Judgements

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

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

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

Impairment is recognised when events and circumstances indicate that the aircraft may be impaired and the carrying amounts of the aircraft exceed the recoverable amounts. Recoverable amount is defined as the higher of an aircraft's fair value less costs to sell and its value-in-use. 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 aircraft 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.

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

Management's multi-brand strategy as well as its centralised network planning decisions have led to the integration programme involving Tiger Airways and Scoot during the year and the continued increase in the capacity interdependency among Singapore Airlines, SilkAir and SIA Cargo. As a result, the Group's identification of CGUs has changed in the year ended 31 March 2017 from a statutory entity basis to the "Full-Service Airlines and Cargo Operations" CGU and the "Low-Cost Airlines" CGU for the Group's wholly owned airline and cargo operations. Other CGUs remain unchanged.

#### (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's. 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 2017 was \$10,829.1 million (2016: \$10,106.2 million) and \$7,898.8 million (2016: \$7,358.7 million) respectively.

During the financial year, the Group identified the embedded engine overhaul element within the engine as a separate component for depreciation over shorter useful lives of between four to eight years. The effect of the change is an increase in depreciation expense of approximately \$25.9 million for the financial year ended 31 March 2017.

Change in estimates (in \$ million)	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21
Increase/(Decrease) in depreciation expense	25.9	29.2	19.3	13.3	(9.7)

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 3 Significant Accounting Estimates and Critical Judgements (continued)

#### (c) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the statement of financial position. During the financial year, the Group revised certain estimates to recognise passenger ticket breakage revenue from expected unutilised tickets on flight date, resulting in a one-time increase in revenue of approximately \$151.2 million. Effects in future periods have not been disclosed because the estimates rely on future flown revenue information.

The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2017 was \$1,634.3 million (2016: \$1,626.2 million) and \$1,465.9 million (2016: \$1,460.1 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 deferral of the revenue is estimated based on historical trends of breakage upon redemption, which is then used to project the expected utilisation of these benefits.

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

The carrying amount of the Group's and the Company's deferred revenue at 31 March 2017 was \$707.8 million (2016: \$669.4 million).

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

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

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate of the proportion of day-to-day maintenance compared to maintenance which extends the useful lives of the engine. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2017 was \$783.3 million (2016: \$475.3 million) and \$611.9 million (2016: \$350.6 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to \$70.9 million (FY2015/16: \$61.4 million) for the Group and \$28.1 million (FY2015/16: \$35.2 million) for the Company.

#### (f) Provision for lease return costs

Prior to the return of aircraft leased by the Group entities to the lessor, the Group entities are required to fulfil certain lease return conditions which may include the completion of certain maintenance activities to the airframe and engines and the reconfiguration of seats within the aircraft. The provision for lease return costs for these leased aircraft is determined based on the best estimate of the costs that will be incurred to fulfil the stipulated lease return conditions. The carrying amount of the provision for the Group and the Company at 31 March 2017 was \$1,137.2 million (2016: \$1,002.5 million) and \$886.3 million (2016: \$779.6 million) respectively.

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

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

- (i) The Singapore Airlines segment provides passenger air transportation under the Singapore Airlines brand with a focus on full-service passenger segment serving short and long haul markets.
- (ii) The SilkAir segment provides passenger air transportation under the SilkAir brand with a focus on full-service passenger segment serving regional markets.
- (iii) The Budget Aviation segment provides passenger air transportation under the Tiger Airways and Scoot brands with a focus on the low-cost passenger segment.
- (iv) SIA Engineering Company ("SIAEC") segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management. It also manufactures aircraft cabin equipment, refurbishes aircraft galleys, provides technical and non-technical handling services and repair and overhaul of hydro-mechanical aircraft equipment.
- (v) SIA Cargo segment is involved in air cargo transportation and related activities.

Other services provided by the Group, such as the training of pilots, air charters and tour wholesaling, have been aggregated under the segment "Others". None of these segments meets any of the quantitative thresholds for determining reportable segments in FY2016/17 or FY2015/16.

This represents a change to the operating segments reported in the previous corresponding period. The previously reported segment results for the year ended 31 March 2016 have been restated to be comparable with the revised segmentation approach as required by FRS 108 Operating Segments.

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

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



## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

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

#### Business segments

The Group's business is organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial years ended 31 March 2017 and 2016 and certain assets and liabilities information of the business segments as at those dates.

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

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

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

##### Business segments (continued)

	Singapore Airlines FY2015/16	SilkAir FY2015/16	Budget Aviation FY2015/16	SIAEC FY2015/16	SIA Cargo FY2015/16	Others FY2015/16	Total of segments FY2015/16	Elimination* FY2015/16	Consolidated FY2015/16
<b>Total Revenue</b>									
External revenue	10,633.8	947.5	1,193.7	395.8	2,037.1	30.8	15,238.7	-	15,238.7
Inter-segment revenue	1,052.3	18.2	25.7	717.7	7.9	58.5	1,880.3	(1,880.3)	-
	<u>11,686.1</u>	<u>965.7</u>	<u>1,219.4</u>	<u>1,113.5</u>	<u>2,045.0</u>	<u>89.3</u>	<u>17,119.0</u>	<u>(1,880.3)</u>	<u>15,238.7</u>
<b>Results</b>									
Segment result	485.1	90.6	42.0	104.1	(49.7)	(2.1)	670.0	11.2	681.2
Finance charges	(42.0)	-	(11.7)	(0.3)	(1.4)	-	(55.4)	5.1	(50.3)
Interest income	87.1	1.8	1.9	2.1	3.3	0.3	96.5	(25.8)	70.7
Surplus/(Loss) on disposal of aircraft, spares and spare engines	3.7	39.9	(3.5)	-	13.5	(0.9)	52.7	-	52.7
Dividends from long-term investments	95.2	14.0	-	6.1	-	-	115.3	-	115.3
Other non-operating items	(4.2)	(10.8)	(6.0)	(4.5)	116.5	0.1	91.1	-	91.1
Share of (losses)/profits of joint venture companies	-	-	(21.0)	43.8	-	-	22.8	-	22.8
Share of (losses)/profits of associated companies	(59.9)	-	(0.2)	49.0	-	-	(11.1)	-	(11.1)
Taxation	(94.2)	(14.0)	(1.3)	(20.8)	5.5	5.6	(119.2)	(1.4)	(120.6)
Profit for the financial year	<u>470.8</u>	<u>121.5</u>	<u>0.2</u>	<u>179.5</u>	<u>87.7</u>	<u>3.0</u>	<u>862.7</u>	<u>(10.9)</u>	<u>851.8</u>
Attributable to:									
Owners of the parent									804.4
Non-controlling interests									<u>47.4</u>
									<u>851.8</u>

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

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

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

#### Business segments (continued)

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

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

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

##### Business segments (continued)

	Singapore Airlines 2016	SilkAir 2016	Budget Aviation 2016	SIAEC 2016	SIA Cargo 2016	Others 2016	Total of segments 2016	Elimination* 2016	Consolidated 2016
<b>Other information as at 31 March</b>									
Segment assets	16,110.0	1,365.8	3,129.3	1,330.5	1,560.2	148.7	23,644.5	(1,691.2)	21,953.3
Investments in associated and joint venture companies	556.8	–	9.9	491.5	–	–	1,058.2	–	1,058.2
Loan receivable from an associated company	62.0	–	–	–	–	–	62.0	–	62.0
Long-term investments	754.4	0.6	8.3	–	–	9.8	773.1	–	773.1
<b>Total assets</b>	<b>17,483.2</b>	<b>1,366.4</b>	<b>3,147.5</b>	<b>1,822.0</b>	<b>1,560.2</b>	<b>158.5</b>	<b>25,537.8</b>	<b>(1,691.2)</b>	<b>23,846.6</b>
Segment liabilities	6,373.6	281.4	402.2	229.1	461.0	51.8	7,799.1	(1,679.2)	6,119.9
Long-term liabilities	110.1	–	9.1	–	28.6	–	147.8	–	147.8
Provisions	827.7	44.1	201.3	0.2	22.3	–	1,095.6	–	1,095.6
Defined benefit plans	121.4	0.4	–	–	7.5	–	129.3	–	129.3
Borrowings	1,000.0	–	269.8	33.3	44.4	–	1,347.5	–	1,347.5
Tax liabilities	1,477.5	93.7	98.9	47.5	156.0	–	1,873.6	–	1,873.6
<b>Total liabilities</b>	<b>9,910.3</b>	<b>419.6</b>	<b>981.3</b>	<b>310.1</b>	<b>719.8</b>	<b>51.8</b>	<b>12,392.9</b>	<b>(1,679.2)</b>	<b>10,713.7</b>
Capital expenditure	1,739.2	261.9	817.0	41.2	86.6	0.4	2,946.3	(22.6)	2,923.7
Purchase of intangible assets	33.0	2.5	10.6	4.6	0.8	0.6	52.1	–	52.1
Depreciation	1,222.2	60.5	100.5	42.2	121.8	1.5	1,548.7	(5.7)	1,543.0
Impairment of property, plant and equipment	18.7	–	2.9	–	–	0.7	22.3	–	22.3
Amortisation of intangible assets	25.4	1.7	2.8	1.6	1.1	0.1	32.7	–	32.7
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	24.8	3.4	4.1	5.0	2.5	0.1	39.9	–	39.9

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

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 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 2017 and 2016.

	By area of original sale	
	FY2016/17	FY2015/16
East Asia	<b>5,812.7</b>	5,862.0
Europe	<b>1,236.1</b>	1,303.2
South West Pacific	<b>1,282.6</b>	1,306.8
Americas	<b>514.8</b>	566.2
West Asia and Africa	<b>625.6</b>	657.5
Systemwide	<b>9,471.8</b>	9,695.7
Non-scheduled services and incidental revenue	<b>4,001.4</b>	4,175.5
	<b>13,473.2</b>	13,871.2

There was no single customer who contributed to more than 10% of the Group's revenue during the financial years ended 31 March 2017 and 2016.

### 5 Staff Costs (in \$ million)

	The Group	
	FY2016/17	FY2015/16
Salary, bonuses and other costs	<b>2,409.0</b>	2,267.5
CPF, other defined contributions and defined benefit expense	<b>192.0</b>	171.9
Share-based compensation expense	<b>15.2</b>	12.4
	<b>2,616.2</b>	2,451.8

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expense for the Group was \$11.3 million for FY2016/17 (FY2015/16: \$17.7 million). As this is not material to the total staff costs of the Group for FY2016/17 and FY2015/16, additional disclosures of the defined benefit plans are not shown.

#### Share-based compensation arrangements

As at 31 March 2017, the Group has the following share-based payment arrangements:

#### (a) Share option plans (equity-settled)

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

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

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

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

## 5 Staff Costs (in \$ million) (continued)

### Share-based compensation arrangements (continued)

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

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

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

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

Plans	Vesting Conditions	Performance conditions <sup>^</sup>	Payout
<b>Senior Executive Share Option Scheme<sup>®</sup></b>	<ul style="list-style-type: none"> <li>25% per annum of total ordinary shares subject to the options.</li> </ul>	None	100%
<b>Employee Share Option Scheme<sup>®</sup></b>	<ul style="list-style-type: none"> <li>Two years service from grant date.</li> </ul>	None	100%
<b>RSP/RSP 2014</b>	<p><u>Awards granted prior to FY2016/17</u></p> <ul style="list-style-type: none"> <li>Based on meeting stated performance conditions over a two-year performance period, 50% of award vests.</li> </ul> <p><u>Awards granted in FY2016/17</u></p> <ul style="list-style-type: none"> <li>Based on meeting stated performance conditions over a one-year performance period, 33% of award vests.</li> <li>Balance vests equally over the subsequent two years with fulfilment of service requirements.</li> </ul>	At both Company and Group level <ul style="list-style-type: none"> <li>EBITDAR<sup>#</sup> Margin</li> <li>Value Added per \$ Employment Cost</li> </ul>	0% - 150%*
<b>PSP/PSP 2014</b>	<ul style="list-style-type: none"> <li>Based on meeting stated performance conditions over a three-year performance period.</li> </ul>	<ul style="list-style-type: none"> <li>Absolute Total Shareholder Return (“TSR”) outperform Cost of Equity (“COE”)</li> <li>Relative TSR against selected airline peer index companies</li> </ul>	0% - 200%*
<b>Time-based RSP</b>	<ul style="list-style-type: none"> <li>For employees still in service, 50% of the shares vest in 2013 and the balance vests equally in 2014 and 2015.</li> <li>For retirees, 50% of the shares vest on the retirement date and the remaining 50% one year after the retirement date.</li> </ul>	None	100%
<b>Deferred share award</b>	<ul style="list-style-type: none"> <li>Awards cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition and provided that individual performance remains satisfactory.</li> </ul>	None	100%

<sup>®</sup> The share options have contractual life of no longer than 10 years from grant date.

<sup>#</sup> EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Rentals on leased aircraft.

<sup>\*</sup> The payout depends on the achievement of pre-set performance targets over the performance period.

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

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 5 Staff Costs (in \$ million) (continued)

Share-based compensation arrangements (continued)

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

	FY2016/17		FY2015/16	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	<b>21,113,197</b>	<b>\$13.03</b>	25,233,029	\$12.42
Cancelled	<b>(2,079,636)</b>	<b>\$10.64</b>	(1,754,354)	\$10.52
Exercised	<b>(2,310,011)</b>	<b>\$9.34</b>	(2,365,478)	\$8.71
Balance at 31 March	<b>16,723,550</b>	<b>\$13.83</b>	21,113,197	\$13.03
Exercisable at 31 March	<b>16,723,550</b>	<b>\$13.83</b>	21,113,197	\$13.03

The range of exercise prices for options outstanding at the end of the year is \$12.07 to \$15.46 (FY2015/16: \$9.34 to \$15.46).

The weighted average share price for options exercised during the year was \$10.40 (FY2015/16: \$11.01). The weighted average remaining contractual life for these options is 0.73 years (FY2015/16: 1.46 years).

Movement of share awards during the financial year

Date of grant	Number of Restricted Shares				Balance at 31.03.2017
	Balance at 01.04.2016/ date of grant	Adjustment*	Cancelled	Vested	
<b>RSP/RSP 2014</b>					
10.07.2012	102,188	-	(794)	(101,394)	-
15.07.2013	186,175	-	(640)	(99,605)	<b>85,930</b>
03.07.2014	689,073	131,617	(2,520)	(445,085)	<b>373,085</b>
03.07.2015	715,092	-	(5,400)	-	<b>709,692</b>
18.07.2016	794,854	-	(4,158)	-	<b>790,696</b>
	<b>2,487,382</b>	<b>131,617</b>	<b>(13,512)</b>	<b>(646,084)</b>	<b>1,959,403</b>

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

Date of grant	Number of Performance Shares			Balance at 31.03.2017
	Balance at 01.04.2016/ date of grant	Adjustment#	Vested	
<b>PSP/PSP 2014</b>				
15.07.2013	228,425	(123,005)	(105,420)	-
03.07.2014	248,568	-	-	<b>248,568</b>
03.07.2015	239,700	-	-	<b>239,700</b>
18.07.2016	240,900	-	-	<b>240,900</b>
	<b>957,593</b>	<b>(123,005)</b>	<b>(105,420)</b>	<b>729,168</b>

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

## 5 Staff Costs (in \$ million) (continued)

Share-based compensation arrangements (continued)

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

Time-based RSP

Movement of time-based share awards during the financial year

Date of grant	Number of Time-based Restricted Shares		
	Balance at 01.04.2016	Vested	Balance at 31.03.2017
<b>Time-based RSP</b>			
07.05.2010	5,426	(5,426)	-

Deferred RSP/RSP 2014 Awards ("DSA")

Movement of deferred RSP/RSP 2014 awards during the financial year

Date of grant	Number of Deferred RSP/RSP 2014 Awards			
	Balance at 01.04.2016/ date of grant	Adjustment*	Vested	Balance at 31.03.2017
<b>DSA</b>				
04.09.2013	154,557	11,610	(166,167)	-
28.08.2014	73,470	-	-	<b>73,470</b>
10.09.2015	74,790	-	-	<b>74,790</b>
01.09.2016	65,740	-	-	<b>65,740</b>
	368,557	11,610	(166,167)	<b>214,000</b>

Since the commencement of the RSP 2014 and PSP 2014 plans in July 2014, 2,204,546 awards have been granted.

### (c) Measurement of fair values

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

Valuation Method	FY2016/17		FY2015/16	
	RSP 2014	PSP 2014	RSP 2014	PSP 2014
	Monte Carlo Simulation			
Expected dividend paid yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	15.53 – 17.52	16.25	14.11 – 18.34	14.11
Risk-free interest rate (%)	0.81 – 1.08	1.08	0.89 – 1.61	1.16
Expected term (years)	0.95 – 2.95	3.0	2.0 – 4.0	3.0
Share price at date of grant (\$)	11.08	11.08	11.19	11.19
Estimated fair value (\$)	9.82 – 10.65	11.30	9.42 – 10.34	6.58

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



## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 6 Operating Profit (in \$ million)

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

	The Group	
	FY2016/17	FY2015/16
Compensation for changes in aircraft delivery slots	<b>(36.8)</b>	(136.7)
Interest income from short-term investments	<b>(0.9)</b>	(0.9)
Dividend income from short-term investments	<b>(0.9)</b>	(0.9)
Income from operating lease of aircraft	<b>(45.1)</b>	(46.9)
Amortisation of deferred gain on sale and operating leaseback transactions	<b>(6.0)</b>	(7.6)
Loss on disposal of short-term investments	<b>0.8</b>	5.1
Remuneration for auditors of the Company		
Audit fees	<b>1.6</b>	1.5
Non-audit fees	<b>0.3</b>	0.3
Bad debts written off	<b>1.9</b>	1.1
Writeback of impairment of trade debtors	<b>(1.3)</b>	(4.7)
Writedown of inventories	<b>5.8</b>	26.6
Exchange loss, net	<b>26.9</b>	106.2
Currency hedging loss/(gain)	<b>36.6</b>	(106.9)
Fuel hedging loss recognised in "Fuel costs"	<b>376.3</b>	1,166.5
Ineffectiveness of fuel hedging contracts recognised in "Fuel Costs"	<b>(36.4)</b>	0.2
Net gain on financial assets mandatorily measured at FVTPL	<b>(1.6)</b>	-
Ineffectiveness of cross currency swaps recognised in "Rentals on leased aircraft"	-	0.1

### 7 Finance Charges (in \$ million)

	The Group	
	FY2016/17	FY2015/16
Notes payable	<b>38.4</b>	36.9
Bank loans	<b>6.6</b>	11.4
Finance lease commitments	-	0.8
Realised loss on interest rate swap contracts accounted for as cash flow hedges	-	0.6
Commitment fees	<b>1.1</b>	0.6
	<b>46.1</b>	50.3

### 8 Interest Income (in \$ million)

	The Group	
	FY2016/17	FY2015/16
Interest income from fixed deposits and investments	<b>73.8</b>	69.2
Amortised interest income from other receivables	<b>0.1</b>	1.5
	<b>73.9</b>	70.7

## 9 Other Non-Operating Items (in \$ million)

	The Group	
	FY2016/17	FY2015/16
Impairment of aircraft	(21.2)	(11.7)
Impairment of intangible assets	(98.2)	-
Surplus on disposal of asset held for sale	141.6	-
(Loss)/Surplus on disposal of other property, plant and equipment	(0.2)	6.6
Surplus on disposal of a subsidiary company	-	3.3
Surplus on partial disposal of associated companies	2.4	2.8
Loss on liquidation of an associated company	-	(4.3)
Impairment on investment in an associated company	-	(2.5)
Impairment on long-term investments	-	(9.0)
Loss on disposal of a long term investment	(6.1)	-
Net gain on financial assets mandatorily measured at FVTPL	1.5	-
Writeback of provision for expected credit losses on investments and guarantees	1.8	-
(Provision)/Refund of competition-related fines and settlement	(131.9)	116.5
Surplus on dilution of interest in an associated company	9.7	1.9
Loss on planned disposal of aircraft	-	(38.0)
(Provision)/Writeback of provision for onerous aircraft leases, net	(2.6)	25.5
	<b>(103.2)</b>	<b>91.1</b>

## 10 Taxation (in \$ million)

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

### Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2017 and 2016 are:

	The Group	
	FY2016/17	FY2015/16
<u>Current taxation</u>		
Provision for the year	36.5	145.4
Over provision in respect of prior years	(15.9)	(8.6)
	<b>20.6</b>	<b>136.8</b>
<u>Deferred taxation</u>		
Movement in temporary differences	62.7	(16.9)
Under provision in respect of prior years	0.1	0.7
Previously unrecognised tax benefits	(6.7)	-
	<b>56.1</b>	<b>(16.2)</b>
	<b>76.7</b>	<b>120.6</b>

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 10 Taxation (in \$ million) (continued)

Deferred taxation related to other comprehensive income:

	The Group	
	FY2016/17	FY2015/16
Financial assets measured at FVOCI	0.9	(0.4)
Cash flow hedges	70.1	37.8
Actuarial loss on revaluation of defined benefit plans	(1.0)	(0.3)
	<b>70.0</b>	<b>37.1</b>

The Group has tax losses and deductible temporary differences (of which no deferred tax asset has been recognised) of approximately \$73.9 million (2016: \$103.3 million) and \$36.1 million (2016: \$38.6 million) respectively that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset.

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

	The Group	
	FY2016/17	FY2015/16
Profit before taxation	518.6	972.4
Less: Share of losses/(profits) of associated and joint venture companies	42.1	(11.7)
	<b>560.7</b>	<b>960.7</b>
Taxation at statutory corporate tax rate of 17.0%	95.3	163.3
<u>Adjustments</u>		
Income not subject to tax	(36.5)	(49.7)
Expenses not deductible for tax purposes	33.4	12.2
Higher effective tax rates of other countries	7.3	7.4
Over provision in respect of prior years, net	(15.8)	(7.9)
Income subject to concessionary tax rate	(1.9)	(1.1)
Tax benefit not recognised	2.4	1.1
Previously unrecognised tax benefits	(6.7)	-
Others	(0.8)	(4.7)
Taxation	<b>76.7</b>	<b>120.6</b>

## 11 Earnings Per Share

	The Group			
	FY2016/17		FY2015/16	
	Basic	Diluted	Basic	Diluted
Profit attributable to owners of the parent (in \$ million)	<b>360.4</b>	<b>360.4</b>	804.4	804.4
Adjustment for dilutive potential ordinary shares of subsidiary companies (in \$ million)	-	<b>(0.5)</b>	-	(0.3)
Adjusted net profit attributable to owners of the parent (in \$ million)	<b>360.4</b>	<b>359.9</b>	804.4	804.1
Weighted average number of ordinary shares in issue (in million)	<b>1,182.6</b>	<b>1,182.6</b>	1,166.0	1,166.0
Adjustment for dilutive potential ordinary shares (in million)	-	<b>4.4</b>	-	4.9
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	<b>1,182.6</b>	<b>1,187.0</b>	1,166.0	1,170.9
Earnings per share (cents)	<b>30.5</b>	<b>30.3</b>	69.0	68.7

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 and share-based incentive plans of the Company.

17.0 million (FY2015/16: 17.6 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous year presented.

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

## 12 Dividends Paid and Proposed (in \$ million)

	The Group and the Company	
	FY2016/17	FY2015/16
The following tax exempt (one-tier) dividends were declared and paid by the Group and Company to the owners of the Company:		
Final dividend of 35.0 cents per share in respect of FY2015/16 (FY2015/16: 17.0 cents per share in respect of FY2014/15)	<b>415.0</b>	199.1
Interim dividend of 9.0 cents per share in respect of FY2016/17 (FY2015/16: 10.0 cents per share in respect of FY2015/16)	<b>106.3</b>	116.3
	<b>521.3</b>	315.4

The Directors propose that a final tax exempt (one-tier) dividend of 11.0 cents per share amounting to \$130.0 million be paid for the financial year ended 31 March 2017.

During the financial year, total dividends of \$37.6 million (FY2015/16: \$43.6 million) were paid to non-controlling interests.

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 13 Share Capital (in \$ million)

	The Group and the Company			
	Number of shares		Amount	
	2017	2016	2017	2016
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April and 31 March	<b>1,199,851,018</b>	1,199,851,018	<b>1,856.1</b>	1,856.1
Special share				
Balance at 1 April and 31 March	<b>1</b>	1	#	#

# The value is \$0.50

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

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

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

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

During the financial year, the Company did not issue any shares (FY2015/16: nil) upon exercise of options granted under the ESOP, or vesting of share-based incentive plans.

## 14 Treasury Shares (in \$ million)

	The Group and the Company 31 March	
	2017	2016
Balance at 1 April	<b>(381.5)</b>	(326.3)
Purchase of treasury shares	<b>(134.3)</b>	(85.4)
Treasury shares reissued pursuant to the VGO of Tiger Airways:		
- For cash on exercise of options	<b>301.2</b>	-
- Transferred from share-based compensation reserve	<b>11.4</b>	-
- Gain on reissuance of treasury shares	<b>(25.8)</b>	-
	<b>286.8</b>	-
Treasury shares reissued pursuant to equity compensation plans:		
- For cash on exercise of employee share options	<b>21.6</b>	20.1
- Transferred from share-based compensation reserve	<b>16.0</b>	11.3
- Gain on reissuance of treasury shares	<b>(3.3)</b>	(1.2)
	<b>34.3</b>	30.2
Balance at 31 March	<b>(194.7)</b>	(381.5)

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

During the financial year, the Company purchased 12,665,700 (FY2015/16: 8,438,700) of its ordinary shares by way of on-market purchases at share prices ranging from \$10.38 to \$11.06 (FY2015/16: \$9.75 to \$10.70). The total amount paid to purchase the shares was \$134.3 million (FY2015/16: \$85.4 million) and this is presented as a component within equity attributable to owners of the parent.

The Company reissued 2,310,011 (FY2015/16: 2,365,478) treasury shares pursuant to its employee share option plans at a weighted average exercise price of \$9.34 (FY2015/16: \$8.71) each. In addition, 646,084 (FY2015/16: 355,413) shares, 105,420 (FY2015/16: nil) shares, 5,426 (FY2015/16: 109,893) shares and 166,167 (FY2015/16: nil) shares were reissued pursuant to the RSP, PSP, time-based RSP and DSA respectively. Furthermore, 27,125,949 treasury shares were reissued pursuant to the VGO of Tiger Airways. The number of treasury shares as at 31 March 2017 was 18,377,002 (2016: 36,070,359).

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.

## 15 Other Reserves (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Capital reserve	<b>(147.6)</b>	(129.2)	<b>25.7</b>	(5.1)
Foreign currency translation reserve	<b>(123.7)</b>	(151.3)	-	-
Share-based compensation reserve	<b>88.5</b>	123.7	<b>76.7</b>	108.0
Fair value reserve	<b>(234.4)</b>	(498.6)	<b>(189.6)</b>	(470.9)
General reserve	<b>11,838.8</b>	11,935.5	<b>10,939.4</b>	10,901.6
	<b>11,421.6</b>	11,280.1	<b>10,852.2</b>	10,533.6

### (a) Capital reserve

Capital reserve mainly arises from the loss on the acquisition of non-controlling interests in a subsidiary company (Note 22(f)), revaluation of land and buildings owned by Ritz-Carlton, Millenia Properties Private Limited, an associated company, the share of other changes in equity of Virgin Australia Holdings Limited ("VAH"), an associated company, and the gains or losses on the reissuance of treasury shares.

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 15 Other Reserves (in \$ million) (continued)

#### (b) Foreign currency translation reserve

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

#### (c) Share-based compensation reserve

Share-based compensation reserve consists of equity-settled share options and awards granted to employees, that is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and awards, and equity-settled share options granted to the shareholders of Tiger Airways pursuant to the VGO (Note 22(f)).

#### (d) Fair value reserve

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

Breakdown of the fair value reserves as follows:

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Financial assets measured at FVOCI	-	124.3	-	15.7
Derivative financial instruments designated as hedging instruments	<b>(234.4)</b>	(622.9)	<b>(189.6)</b>	(486.6)
	<b>(234.4)</b>	(498.6)	<b>(189.6)</b>	(470.9)

Fair value changes of financial assets measured at FVOCI:

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Gain on fair value changes	<b>8.0</b>	103.9	<b>5.0</b>	2.3
Recognised in the profit and loss account on disposal of financial assets measured at FVOCI	<b>(108.3)</b>	5.1	-	-
	<b>(100.3)</b>	109.0	<b>5.0</b>	2.3

## 15 Other Reserves (in \$ million) (continued)

### (d) Fair value reserve (continued)

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Gain/(Loss) on fair value changes	<b>29.2</b>	(655.1)	<b>24.3</b>	(572.8)
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	<b>(2.8)</b>	(41.4)	<b>(2.8)</b>	(31.3)
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in “Fuel costs”	<b>312.3</b>	883.3	<b>246.5</b>	768.1
Foreign currency contracts recognised in “Other operating expenses”	<b>30.5</b>	(77.4)	<b>28.8</b>	(66.7)
Cross currency swap contracts recognised in “Lease rentals”	<b>(0.1)</b>	0.1	<b>(0.1)</b>	0.1
Interest rate swap contracts recognised in “Lease rentals”	<b>0.3</b>	11.2	<b>0.3</b>	11.2
Interest rate swap contracts recognised in “Finance charges”	-	0.6	-	-
	<b>369.4</b>	121.3	<b>297.0</b>	108.6

### (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.

## 16 Deferred Account (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Deferred (loss)/gain on sale and leaseback transactions				
- operating leases	<b>(4.1)</b>	5.8	<b>(7.3)</b>	0.4
- finance leases	<b>0.4</b>	2.7	-	-
	<b>(3.7)</b>	8.5	<b>(7.3)</b>	0.4
Deferred credit	<b>251.3</b>	210.8	<b>240.3</b>	197.1
	<b>247.6</b>	219.3	<b>233.0</b>	197.5
Presented as:				
- Current assets	<b>(11.8)</b>	(17.7)	<b>(9.1)</b>	(15.0)
- Non-current assets	<b>(61.1)</b>	(65.2)	<b>(49.1)</b>	(50.5)
- Current liabilities	<b>86.0</b>	47.2	<b>76.3</b>	40.6
- Non-current liabilities	<b>234.5</b>	255.0	<b>214.9</b>	222.4
	<b>247.6</b>	219.3	<b>233.0</b>	197.5



## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 17 Deferred Taxation (in \$ million)

	The Group				The Company	
	Statement of financial position 31 March		Profit and loss		Statement of financial position 31 March	
	2017	2016	FY2016/17	FY2015/16	2017	2016
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	<b>1,958.9</b>	1,909.9	<b>49.0</b>	52.9	<b>1,547.5</b>	1,473.8
Revaluation to fair value						
- fuel hedging contracts	<b>10.8</b>	0.9	-	-	<b>8.9</b>	0.9
- currency hedging contracts	<b>7.2</b>	3.7	-	-	<b>6.5</b>	3.7
- cross currency swap contracts	<b>1.2</b>	-	-	-	<b>1.2</b>	-
- interest rate cap contracts	-	1.7	-	-	-	-
- financial assets measured at FVOCI	<b>0.9</b>	-	-	-	-	-
Fair value adjustments on acquisition of a subsidiary company	-	16.8	<b>(16.8)</b>	(0.4)	-	-
Other temporary differences	<b>46.2</b>	32.7	<b>24.1</b>	6.6	<b>13.8</b>	16.0
Gross deferred tax liabilities	<b>2,025.2</b>	1,965.7	<b>56.3</b>	59.1	<b>1,577.9</b>	1,494.4
Deferred tax assets						
Unabsorbed capital allowances and tax losses	<b>(10.5)</b>	(81.1)	<b>(10.3)</b>	(50.6)	-	-
Revaluation to fair value						
- fuel hedging contracts	<b>(55.5)</b>	(102.5)	-	-	<b>(42.9)</b>	(80.3)
- currency hedging contracts	<b>(10.2)</b>	(21.4)	-	-	<b>(9.3)</b>	(19.6)
- cross currency swap contracts	<b>(1.0)</b>	-	-	-	<b>(1.0)</b>	-
- interest rate cap contracts	<b>(0.1)</b>	(0.1)	-	-	<b>(0.1)</b>	(0.1)
Actuarial loss on revaluation of defined benefit plans	<b>(2.5)</b>	(1.5)	-	-	<b>(1.5)</b>	(1.0)
Other temporary differences	<b>(54.9)</b>	(77.4)	<b>10.1</b>	(24.7)	<b>(41.0)</b>	(46.9)
Gross deferred tax assets	<b>(134.7)</b>	(284.0)	<b>(0.2)</b>	(75.3)	<b>(95.8)</b>	(147.9)
Net deferred tax liabilities	<b>1,890.5</b>	1,681.7			<b>1,482.1</b>	1,346.5
Deferred tax charged/(credited) to profit and loss			<b>56.1</b>	(16.2)		
Deferred tax charged to equity	<b>70.0</b>	37.1			<b>58.2</b>	30.7

At the end of the reporting period, deferred tax liability of \$0.7 million (2016: \$0.7 million) has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiary companies.

For the other subsidiary companies of the Group, no deferred tax liability has been recognised as the Group has determined that undistributed earnings of these subsidiary companies will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to \$8.5 million (2016: \$7.1 million). The deferred tax liability is estimated to be \$2.6 million (2016: \$2.1 million).

## 18 Borrowings and Long-Term Liabilities (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
<u>Current Liabilities</u>				
Borrowings				
Loans	<b>18.3</b>	190.4	-	-
Finance lease commitments	<b>23.7</b>	21.5	-	-
	<b>42.0</b>	211.9	-	-
<u>Non-Current Liabilities</u>				
Borrowings				
Notes payable	<b>1,430.0</b>	1,000.0	<b>1,430.0</b>	1,000.0
Loans	<b>95.8</b>	112.7	-	-
Finance lease commitments	-	22.9	-	-
	<b>1,525.8</b>	1,135.6	<b>1,430.0</b>	1,000.0
<u>Long-Term Liabilities</u>				
Maintenance reserve	<b>9.8</b>	5.4	<b>9.8</b>	5.4
Purchase option price payable to lessor	-	28.6	-	-
Deposit received from a lessee	<b>9.5</b>	9.1	-	-
Derivative liabilities	<b>249.6</b>	104.7	<b>249.6</b>	104.7
	<b>268.9</b>	147.8	<b>259.4</b>	110.1
	<b>1,794.7</b>	1,283.4	<b>1,689.4</b>	1,110.1

### Notes payable

Notes payable at 31 March 2017 comprised unsecured notes issued by the Company. The details are set out below.

Series	Year of issuance	Amount	Fixed interest rate per annum	Date Repayable
001	2010	500.0	3.22%	9 July 2020
002	2014	200.0	3.145%	8 April 2021
003	2014	300.0	3.75%	8 April 2024
004	2016	430.0	3.13%	17 November 2026

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 18 Borrowings and Long-Term Liabilities (in \$ million) (continued)

#### Loans

A short-term loan of \$4.1 million (2016: \$8.8 million) is a revolving credit facility denominated in USD taken by a subsidiary company. The loan is unsecured and bears a fixed interest ranging from 2.50% to 2.75% (FY2015/16: 2.75% to 3.03%) per annum. The current revolving credit facility is repayable within 12 months after the reporting date.

The other short-term loans of \$14.2 million (2016: \$181.6 million) are European Export Credit Agency (“ECA”) aircraft financing loans denominated in SGD taken by a subsidiary company. These are in the form of credit support, where a bank or other financial institution lends money to the borrower with the loan guaranteed by the ECA. The secured bank loans are secured via assignment of the aircraft purchase agreement, assignment of engine warranty and credit agreement as well as mortgage of the aircraft. The interest rates range from 2.82% to 4.11% (FY2015/16: 1.18% to 4.11%) per annum and the loans are repayable within 12 months after the reporting date.

A long-term loan of \$21.8 million (2016: \$24.5 million) denominated in USD taken by a subsidiary company is unsecured and bears an average floating rate of 2.09% (FY2015/16: 1.80%) per annum, re-priced quarterly. This loan is repayable in 2022.

The other long-term loans of \$74.0 million (2016: \$88.2 million) are ECA aircraft financing loans denominated in SGD taken by a subsidiary company. The interest rates range from 2.82% to 4.11% per annum (FY2015/16: 1.18% to 4.11%) and the loans are repayable by 2024.

As part of the ECA financing arrangements with banks, special purpose entities (“SPEs”) (Note 22) were incorporated. As at 31 March 2017, there were ECA financing arrangements with banks to finance four aircraft (2016: 11 aircraft). Pursuant to the ECA financing, the legal ownership of the aircraft is vested in the SPEs. The subsidiary companies leased the aircraft using finance lease arrangements with Falcon Aircraft Limited and Winnie Aircraft Limited. The subsidiary companies have purchase options to acquire legal ownership of the aircraft from the SPEs at the end of the lease term at a bargain purchase option price.

#### Finance lease commitments

As at 31 March 2017, SIA Cargo held one (2016: two) B747-400 freighter under finance lease that matures in 2018, without any options for renewal. The lease has an option for SIA Cargo to purchase the aircraft at the end of the lease period of 12 years. Sub-leasing is allowed under the lease agreement. The interest rate on the finance lease commitment is fixed at 5.81% (FY2015/16: 5.81%) per annum.

During the financial year, SIA Cargo purchased an aircraft through the exercise of a purchase option in the finance lease. As at 31 March 2017, \$35.1 million was covered by a fund placed with a financial institution under defeasance to provide for payments due at time of exercise of purchase option at the end of the 15<sup>th</sup> year of the lease period. The fund placed with a financial institution generates interest in order to meet the obligation at time of maturity. The Year-15 purchase option price is payable by instalments between March 2017 and December 2017. The carrying value of the purchase option price payable (Note 32) amounted to \$34.2 million (2016: \$50.8 million was recognised under trade and other creditors and \$28.6 million was recognised under long-term liabilities) as at 31 March 2017.

SIA Cargo continues to remain the primary obligor under these lease agreements, and as such, there were unpaid lease commitments of \$59.6 million (2016: \$132.1 million) as at 31 March 2017.

## 18 Borrowings and Long-Term Liabilities (in \$ million) (continued)

### Finance lease commitments (continued)

Future minimum lease payments under these finance leases are as follows:

	The Group 31 March			
	2017		2016	
	Minimum Lease Payments	Present Value of Payments	Minimum Lease Payments	Present Value of Payments
Not later than one year	<b>24.5</b>	<b>23.7</b>	23.8	21.5
Later than one year but not later than five years	-	-	23.7	22.9
Total minimum lease payments	<b>24.5</b>	<b>23.7</b>	47.5	44.4
Amounts representing interest	<b>(0.8)</b>	-	(3.1)	-
Present value of minimum lease payments	<b>23.7</b>	<b>23.7</b>	44.4	44.4

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 19 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

	Return costs for leased aircraft	Onerous leases	Others	Total
Balance at 1 April 2015	1,006.8	88.0	43.0	1,137.8
Provision during the year	244.6	9.6	22.6	276.8
Provision written back during the year	(48.7)	(35.1)	–	(83.8)
Provision utilised during the year	(155.6)	(20.6)	(14.4)	(190.6)
Reclassification	(44.6)	–	–	(44.6)
Balance at 31 March 2016	1,002.5	41.9	51.2	1,095.6
Current	195.1	13.2	10.2	218.5
Non-current	807.4	28.7	41.0	877.1
	1,002.5	41.9	51.2	1,095.6
Balance at 1 April 2016	1,002.5	41.9	51.2	1,095.6
Provision during the year	286.4	2.6	26.6	315.6
Provision written back during the year	(8.0)	–	(0.2)	(8.2)
Provision utilised during the year	(151.2)	(13.3)	(13.3)	(177.8)
Reclassification	7.5	–	–	7.5
Balance at 31 March 2017	1,137.2	31.2	64.3	1,232.7
Current	296.7	13.7	12.0	322.4
Non-current	840.5	17.5	52.3	910.3
	1,137.2	31.2	64.3	1,232.7

## 19 Provisions (in \$ million) (continued)

### The Company

	Return costs for leased aircraft	Others	Total
Balance at 1 April 2015	809.6	39.1	848.7
Provision during the year	206.0	22.2	228.2
Provision written back during the year	(48.7)	–	(48.7)
Provision utilised during the year	(142.7)	(13.2)	(155.9)
Reclassification	(44.6)	–	(44.6)
Balance at 31 March 2016	779.6	48.1	827.7
Current	171.3	9.2	180.5
Non-current	608.3	38.9	647.2
	779.6	48.1	827.7
Balance at 1 April 2016	779.6	48.1	827.7
Provision during the year	246.6	25.6	272.2
Provision written back during the year	(0.9)	–	(0.9)
Provision utilised during the year	(139.0)	(13.2)	(152.2)
Balance at 31 March 2017	886.3	60.5	946.8
Current	288.3	10.5	298.8
Non-current	598.0	50.0	648.0
	886.3	60.5	946.8

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 20 Property, Plant and Equipment (in \$ million)

#### The Group

	Aircraft	Aircraft spares	Aircraft spare engines
<b>Cost</b>			
At 1 April 2015	19,218.8	527.9	201.8
Additions	714.4	67.6	53.4
Transfers	1,839.7	0.2	40.0
Reclassification to assets held for sale	(266.3)	–	–
Disposals	(1,434.1)	(17.8)	(31.2)
Disposal of a subsidiary company	–	–	–
Exchange differences	–	(0.1)	–
At 31 March 2016	20,072.5	577.8	264.0
Additions	91.7	21.2	33.0
Transfers	2,185.3	3.8	2.1
Disposals	(497.3)	(24.4)	(28.5)
Exchange differences	–	0.2	–
At 31 March 2017	21,852.2	578.6	270.6
<b>Accumulated depreciation and impairment losses</b>			
At 1 April 2015	9,586.5	300.1	104.4
Depreciation	1,410.8	30.1	19.7
Impairment losses	19.9	1.7	–
Transfers	(21.6)	–	18.9
Reclassification to assets held for sale	(80.5)	–	–
Disposals	(948.8)	(8.1)	(29.4)
Disposal of a subsidiary company	–	–	–
Exchange differences	–	(0.1)	–
At 31 March 2016	9,966.3	323.7	113.6
Depreciation	1,408.6	26.1	23.9
Impairment losses	21.2	3.9	–
Transfers	(13.6)	(0.1)	13.6
Disposals	(359.4)	(7.6)	(21.4)
Exchange differences	–	0.2	–
At 31 March 2017	11,023.1	346.2	129.7
<b>Net book value</b>			
At 31 March 2016	10,106.2	254.1	150.4
At 31 March 2017	10,829.1	232.4	140.9

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	147.4	611.1	870.6	276.5	3,045.9	24,915.7
-	-	0.4	38.8	14.9	2,034.2	2,923.7
-	-	-	(3.4)	5.6	(1,882.1)	-
-	-	-	-	-	(19.8)	(286.1)
-	-	-	(162.9)	(7.4)	(9.8)	(1,663.2)
-	-	-	(3.5)	(0.7)	-	(4.2)
-	-	(0.5)	(1.0)	(0.1)	(0.5)	(2.2)
15.7	147.4	611.0	738.6	288.8	3,167.9	25,883.7
-	-	1.3	45.4	10.7	3,826.6	4,029.9
-	-	18.9	18.9	13.9	(2,242.9)	-
-	-	-	(44.9)	(16.6)	-	(611.7)
-	-	1.5	0.5	0.1	-	2.3
15.7	147.4	632.7	758.5	296.9	4,751.6	29,304.2
-	123.0	441.8	594.4	242.3	-	11,392.5
-	3.3	11.6	49.0	18.5	-	1,543.0
-	-	-	0.7	-	-	22.3
-	-	-	2.7	-	-	-
-	-	-	-	-	-	(80.5)
-	-	-	(139.2)	(7.4)	-	(1,132.9)
-	-	-	(2.6)	(0.6)	-	(3.2)
-	-	(0.2)	(0.6)	(0.1)	-	(1.0)
-	126.3	453.2	504.4	252.7	-	11,740.2
-	3.3	12.1	59.8	18.3	-	1,552.1
-	-	-	-	-	-	25.1
-	-	-	0.1	-	-	-
-	-	-	(43.4)	(15.3)	-	(447.1)
-	-	0.2	0.2	-	-	0.6
-	129.6	465.5	521.1	255.7	-	12,870.9
15.7	21.1	157.8	234.2	36.1	3,167.9	14,143.5
15.7	17.8	167.2	237.4	41.2	4,751.6	16,433.3



## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

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

#### The Company

	Aircraft	Aircraft spares	Aircraft spare engines
<b>Cost</b>			
At 1 April 2015	15,034.3	301.7	65.0
Additions	41.4	51.6	14.7
Transfers	1,063.1	–	–
Disposals	(343.2)	(14.6)	(0.1)
At 31 March 2016	15,795.6	338.7	79.6
Additions	81.2	9.0	21.4
Transfers	1,657.3	(0.1)	2.1
Disposals	(273.5)	(20.7)	(28.5)
At 31 March 2017	17,260.6	326.9	74.6
<b>Accumulated depreciation and impairment losses</b>			
At 1 April 2015	7,481.1	204.1	15.5
Depreciation	1,151.9	13.4	6.2
Impairment losses	17.0	1.7	–
Transfers	(2.7)	–	–
Disposals	(210.4)	(5.7)	–
At 31 March 2016	8,436.9	213.5	21.7
Depreciation	1,146.7	9.0	8.9
Impairment losses	–	3.9	–
Transfers	(13.6)	(0.1)	13.6
Disposals	(208.2)	(5.4)	(21.4)
At 31 March 2017	9,361.8	220.9	22.8
<b>Net book value</b>			
At 31 March 2016	7,358.7	125.2	57.9
At 31 March 2017	7,898.8	106.0	51.8

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	147.4	332.3	540.1	217.0	1,910.3	18,563.8
-	-	-	23.2	13.2	1,595.1	1,739.2
-	-	-	-	-	(1,063.1)	-
-	-	-	(137.2)	(6.8)	-	(501.9)
15.7	147.4	332.3	426.1	223.4	2,442.3	19,801.1
-	-	-	17.4	8.2	2,983.3	3,120.5
-	-	-	0.1	-	(1,659.4)	-
-	-	-	(19.0)	(10.1)	-	(351.8)
15.7	147.4	332.3	424.6	221.5	3,766.2	22,569.8
-	123.0	312.5	323.6	197.6	-	8,657.4
-	3.3	1.9	33.2	12.3	-	1,222.2
-	-	-	-	-	-	18.7
-	-	-	2.7	-	-	-
-	-	-	(115.5)	(6.8)	-	(338.4)
-	126.3	314.4	244.0	203.1	-	9,559.9
-	3.3	1.8	40.0	9.6	-	1,219.3
-	-	-	-	-	-	3.9
-	-	-	0.1	-	-	-
-	-	-	(19.0)	(10.1)	-	(264.1)
-	129.6	316.2	265.1	202.6	-	10,519.0
15.7	21.1	17.9	182.1	20.3	2,442.3	10,241.2
15.7	17.8	16.1	159.5	18.9	3,766.2	12,050.8

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

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

#### Assets held under finance leases

	The Group 31 March	
	2017	2016
Net book value of property, plant and equipment acquired under finance leases:		
- aircraft	<b>265.3</b>	613.2
- plant and equipment	<b>0.1</b>	0.1
	<b>265.4</b>	613.3

#### Assets held as security

SilkAir (Singapore) Private Limited's ("SilkAir") spare engines with carrying amounts of \$25.9 million (2016: \$27.6 million) are pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to SilkAir.

#### Impairment of aircraft

In the financial year ended 31 March 2017, an impairment loss of \$21.2 million (FY2015/16: \$11.7 million) was recognised on two Boeing 777-200 (FY2015/16: four Boeing 777-200ER) aircraft that were removed from the operating fleet. The recoverable amount was based on the estimated disposal value. This amount was recognised as a non-operating item (Note 9). The estimated disposal value was classified as Level 3 under the fair value hierarchy.

#### Impairment of engines

In the previous financial year, an impairment loss of \$8.2 million was recognised on two engines damaged beyond economic repair.

#### Reclassification to assets held for sale

In the previous financial year, seven aircraft were classified as held for sale as a subsidiary company had decided to sell these aircraft. The sale was expected to be completed within one year. The Group recognised a loss on planned disposal of aircraft of \$38.0 million as a non-operating item (Note 9). The estimated disposal value of the aircraft was classified as Level 3 under the fair value hierarchy. The seven aircraft were disposed during the year.

	The Group 31 March	
	2017	2016
Balance as at 1 April	<b>241.5</b>	71.0
Transfer from property, plant and equipment	-	205.6
Loss on planned disposal of aircraft	-	(38.0)
Disposal during the year	<b>(241.5)</b>	-
Others	-	2.9
	-	241.5

## 21 Intangible Assets (in \$ million)

### The Group

	Goodwill	Brand	Trademarks	Computer software and others	Deferred engine development cost	Advance and progress payments	Total
<b>Cost</b>							
At 1 April 2015	163.8	75.9	25.0	523.5	56.7	10.7	855.6
Additions	6.6	-	-	10.4	2.6	32.5	52.1
Disposals	-	-	-	(6.4)	-	-	(6.4)
Transfers	-	-	-	32.7	-	(32.7)	-
Exchange differences	-	-	-	-	(1.1)	-	(1.1)
At 31 March 2016	170.4	75.9	25.0	560.2	58.2	10.5	900.2
Additions	-	-	-	12.5	1.6	30.4	44.5
Disposals	-	-	-	(1.4)	(3.1)	-	(4.5)
Transfers	-	-	-	27.2	-	(27.2)	-
Exchange differences	-	-	-	-	2.1	-	2.1
At 31 March 2017	170.4	75.9	25.0	598.5	58.8	13.7	942.3
<b>Accumulated amortisation and impairment losses</b>							
At 1 April 2015	-	-	-	358.0	-	-	358.0
Amortisation	-	-	1.6	31.1	-	-	32.7
Disposals	-	-	-	(6.3)	-	-	(6.3)
At 31 March 2016	-	-	1.6	382.8	-	-	384.4
Amortisation	-	-	1.1	35.4	3.3	-	39.8
Impairment losses	-	75.9	22.3	-	-	-	98.2
Disposals	-	-	-	(0.7)	(2.9)	-	(3.6)
At 31 March 2017	-	75.9	25.0	417.5	0.4	-	518.8
<b>Net book value</b>							
At 31 March 2016	170.4	75.9	23.4	177.4	58.2	10.5	515.8
At 31 March 2017	170.4	-	-	181.0	58.4	13.7	423.5

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 21 Intangible Assets (in \$ million) (continued)

#### The Company

	Computer software and others	Advance and progress payments	Total
<b>Cost</b>			
At 1 April 2015	437.4	8.4	445.8
Additions	8.9	24.1	33.0
Transfers	27.4	(27.4)	-
Disposals	(5.4)	-	(5.4)
At 31 March 2016	468.3	5.1	473.4
Additions	9.7	20.7	30.4
Transfers	17.5	(17.5)	-
At 31 March 2017	495.5	8.3	503.8
<b>Accumulated amortisation</b>			
At 1 April 2015	286.4	-	286.4
Amortisation	25.4	-	25.4
Disposals	(5.4)	-	(5.4)
At 31 March 2016	306.4	-	306.4
Amortisation	27.9	-	27.9
At 31 March 2017	334.3	-	334.3
<b>Net book value</b>			
At 31 March 2016	161.9	5.1	167.0
At 31 March 2017	161.2	8.3	169.5

#### Impairment testing of goodwill, brand and trademarks

The goodwill and brand acquired through the acquisition of Tiger Airways have indefinite useful lives. During the financial year ended 31 March 2016, Tiger Airways was identified as a single CGU for impairment testing purposes. In line with Management's multi-brand strategy, the Group embarked on plans to integrate the operations of Tiger Airways and Scoot. This has resulted in the adoption of a single brand "Scoot" by both Tiger Airways and Scoot and for both airlines to operate under a single operating licence from the second half of 2017. As a consequence of the announcement to discontinue the use of the Tiger brand, there was a \$75.9 million write-down for the brand and \$22.3 million write-down for trademarks.

The integration activities which have taken place during the financial year ended 31 March 2017 have resulted in an increased interdependency of revenues between the two airlines. This has led to the combination of Tiger Airways and Scoot as the "Low-Cost Airlines" CGU.

The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a five-year period. The post-tax discount rate applied to cash flow projections is 7.0% (2016: 6.8%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the five-year period is 3.5% (2016: 2.5%).

## 21 Intangible Assets (in \$ million) (continued)

Impairment testing of goodwill, brand and trademarks (continued)

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

- Post-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.
- Growth rate – The forecast long-term growth rate is based on published industry research and does not exceed the long-term average growth rate for the industry.

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

## 22 Subsidiary Companies (in \$ million)

	The Company 31 March	
	2017	2016
Investment in subsidiary companies	<b>3,380.9</b>	3,331.6
Accumulated impairment losses	<b>(52.7)</b>	(52.7)
	<b>3,328.2</b>	3,278.9
Long-term loans to a subsidiary company	<b>1,289.5</b>	1,182.0
Accumulated impairment loss	<b>(7.6)</b>	–
	<b>4,610.1</b>	4,460.9

During the financial year:

1. The Company acquired the remaining 4.5% interest in Tiger Airways, resulting in Tiger Airways becoming a wholly owned subsidiary. Further details are disclosed in Note 22(f).
2. SIAEC invested approximately \$3.3 million in NexGen Network (2) Holding Pte Ltd, in accordance with an agreement.
3. SIAEC extended a loan to a subsidiary company which bears an effective interest ranging from 4.05% to 4.19% (2016: 4.77% to 4.94%) per annum. The loan is non-trade related, unsecured and repayable in two tranches by 31 March 2018 and 31 March 2020 respectively.
4. SIAEC invested approximately \$7.1 million in SIA Engineering (Philippines) Corporation.
5. SIAEC incorporated a subsidiary, Heavy Maintenance Singapore Services Pte Ltd (“HMSS”) with Airbus S.A.S on 28 October 2016. SIAEC invested approximately \$8.1 million in HMSS.

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 22 Subsidiary Companies (in \$ million) (continued)

#### (a) Composition of the Group

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2017	2016
SIA Engineering Company Limited*	Engineering services	Singapore	<b>77.7</b>	77.6
Aircraft Maintenance Services Australia Pty Ltd <sup>(1)**</sup>	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	<b>77.7</b>	77.6
NexGen Network (1) Holding Pte Ltd <sup>(1)*</sup>	Investment holding	Singapore	<b>77.7</b>	77.6
NexGen Network (2) Holding Pte Ltd <sup>(1)*</sup>	Investment holding	Singapore	<b>77.7</b>	77.6
SIA Engineering (USA), Inc. <sup>(1)@</sup>	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	<b>77.7</b>	77.6
SIAEC Global Pte Ltd <sup>(1)*</sup>	Investment holding	Singapore	<b>77.7</b>	77.6
Singapore Jamco Services Pte Ltd <sup>(1)*</sup>	Maintenance, repair and overhaul of aircraft and cabin components/system	Singapore	<b>62.1</b>	62.0
SIA Engineering (Philippines) Corporation <sup>(1)**</sup>	Provide airframe maintenance and component overhaul services	Philippines	<b>50.5</b>	50.4
Heavy Maintenance Singapore Services Pte Ltd <sup>(1)@</sup>	Provide airframe maintenance and component overhaul services	Singapore	<b>50.5</b>	–
Aerospace Component Engineering Services Pte Limited <sup>(1)(2)*</sup>	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	<b>39.6</b>	39.6
Aviation Partnership (Philippines) Corporation <sup>(1)(2)**</sup>	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	<b>39.6</b>	39.6
Singapore Airlines Cargo Pte Ltd*	Air cargo transportation	Singapore	<b>100.0</b>	100.0
Cargo Community Network Pte Ltd <sup>(3)*</sup>	Providing and marketing of cargo community systems	Singapore	<b>51.0</b>	51.0
Cargo Community (Shanghai) Co. Ltd. <sup>(4)***</sup>	Marketing and support of portal services for the air cargo industry	People's Republic of China	<b>51.0</b>	51.0
SilkAir (Singapore) Private Limited*	Air transportation	Singapore	<b>100.0</b>	100.0
Tradewinds Tours & Travel Private Limited <sup>(5)*</sup>	Tour wholesaling	Singapore	<b>100.0</b>	100.0

## 22 Subsidiary Companies (in \$ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2017	2016
Budget Aviation Holdings Pte. Ltd.*	Investment holding	Singapore	100.0	–
Scoot Pte. Ltd. <sup>(6)*</sup>	Air transportation	Singapore	100.0	100.0
Tiger Airways Holdings Limited <sup>(6)*</sup>	Investment holding	Singapore	100.0	95.5
Tiger Airways Singapore Pte. Ltd. <sup>(7)*</sup>	Air transportation	Singapore	100.0	95.5
Roar Aviation Pte. Ltd. <sup>(7)*</sup>	Investment holding	Singapore	100.0	95.5
Roar Aviation II Pte. Ltd. <sup>(7)@@</sup>	Investment holding	Singapore	100.0	95.5
Roar Aviation III Pte. Ltd. <sup>(7)*</sup>	Investment holding	Singapore	100.0	95.5
Simple Holidays Pte. Ltd. <sup>(7)*</sup>	Reservation service activities	Singapore	100.0	95.5
Singapore Aviation and General Insurance Company (Pte) Limited*	Aviation insurance	Singapore	100.0	100.0
Singapore Flying College Pte Ltd*	Training of pilots	Singapore	100.0	100.0
Sing-Bi Funds Private Limited*	Investment holding	Singapore	100.0	100.0
Singapore Airport Duty-Free Emporium (Private) Limited*	Inactive	Singapore	76.0	76.0
SIA (Mauritius) Ltd <sup>@</sup>	Inactive	Mauritius	100.0	100.0

<sup>(1)</sup> Held by SIA Engineering Company

<sup>(2)</sup> The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company

<sup>(3)</sup> Held by Singapore Airlines Cargo Pte Ltd

<sup>(4)</sup> Held by Cargo Community Network Pte Ltd

<sup>(5)</sup> Held by SilkAir (Singapore) Private Limited

<sup>(6)</sup> Held by Budget Aviation Holdings Pte. Ltd.

<sup>(7)</sup> Held by Tiger Airways Holdings Limited

\* Audited by KPMG LLP, Singapore

\*\* Audited by member firms of KPMG International in the respective countries

\*\*\* Audited by Shanghai HDDY Certified Public Accountants Co., Ltd

@ Not required to be audited under the law in country of incorporation

@@ Not required to be audited in the current financial year

+ Financial year end 31 December

### Special purpose entities

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

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

The SPEs are held by Tiger Airways Holdings 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 18).



## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 22 Subsidiary Companies (in \$ million) (continued)

#### (b) Interest in subsidiary company with material non-controlling interests (“NCI”)

The Group has the following subsidiary company that has NCI that are material to the Group:

	SIA Engineering Company Group of Companies	
	2017	2016
Proportion of ownership interest held by NCI	<b>22.3%</b>	22.4%
Profit allocated to NCI during the reporting period	<b>79.6</b>	43.9
Accumulated NCI at the end of reporting period	<b>381.2</b>	359.8
Dividends paid to NCI	<b>36.2</b>	40.7

#### (c) Summarised financial information about subsidiary company with material NCI

Summarised financial information before intercompany eliminations of the subsidiary company with material non-controlling interests are as follows:

##### Summarised balance sheet

	SIA Engineering Company Group of Companies 31 March	
	2017	2016
<u>Current</u>		
Assets	<b>979.4</b>	926.2
Liabilities	<b>(279.4)</b>	(256.1)
Net current assets	<b>700.0</b>	670.1
<u>Non-current</u>		
Assets	<b>939.0</b>	895.8
Liabilities	<b>(51.0)</b>	(54.0)
Net non-current assets	<b>888.0</b>	841.8
Net assets	<b>1,588.0</b>	1,511.9

#### (d) Summarised statement of comprehensive income

	SIA Engineering Company Group of Companies	
	FY2016/17	FY2015/16
Revenue	<b>1,104.1</b>	1,113.5
Profit before tax	<b>355.1</b>	200.3
Taxation	<b>(17.9)</b>	(20.8)
Profit after tax	<b>337.2</b>	179.5
Other comprehensive income	<b>(123.7)</b>	148.5
Total comprehensive income	<b>213.5</b>	328.0

## 22 Subsidiary Companies (in \$ million) (continued)

### (e) Other summarised information

	SIA Engineering Company Group of Companies	
	FY2016/17	FY2015/16
Net cash flow from operations	<b>131.8</b>	77.1
Acquisition of significant property, plant and equipment	<b>(38.2)</b>	(40.9)

### (f) Changes in ownership interests in subsidiary companies

#### Acquisition of non-controlling interests without a change in control

##### FY2016/17

During the year, the Group acquired the remaining 4.5% interests in Tiger Airways via the following:

- 4.4% for cash consideration of \$49.3 million and option to subscribe for the Company's shares; and
- 0.1% for cash consideration of \$1.9 million (\$1.07 per Perpetual Convertible Capital Securities ("PCCS")) held by the non-controlling interests.

##### FY2015/16

The Company announced on 6 November 2015 a Voluntary Conditional General Offer (the "Offer") for the shares in Tiger Airways that the Company did not already own for a consideration comprising \$0.41 per Tiger Airways' share (the "Offer Price") and options to subscribe for the Company's shares. On 4 January 2016, the Offer Price was revised to \$0.45 per share (the "Final Offer Price"). On 11 January 2016, the Company declared the Offer unconditional. Shareholders who accepted the Offer were paid the Final Offer Price of \$0.45 per share.

As a result of the Offer, the Group granted 44,412,941 equity-settled share-based payment options with contractual lives ranging from 38 days to 89 days from the vesting date. An amount of \$19.2 million in relation to the valuation of the option to subscribe was recorded in the share-based compensation reserve (Note 15).

#### Financial effects

The following summarises the effect of the changes in the Group's ownership interests in Tiger Airways on the equity attributable to owners of the Company.

	31 March	
	2017	2016
Consideration paid for acquisition of non-controlling interests	<b>51.2</b>	458.5
Decrease in equity attributable to non-controlling interests	<b>(12.9)</b>	(124.0)
Decrease in equity attributable to owners of the Company	<b>38.3</b>	334.5

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 23 Associated Companies (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Investment in associated companies	<b>1,068.8</b>	913.8	<b>766.2</b>	540.9
Accumulated impairment losses	<b>(11.9)</b>	(11.9)	<b>(9.4)</b>	(9.4)
	<b>1,056.9</b>	901.9	<b>756.8</b>	531.5

During the financial year:

1. The Company injected \$40.1 million in TATA SIA Airlines Limited (“TATA-SIA”). There was no change in the Group’s 49% equity stake in TATA-SIA after the capital injection.
2. Following VAH’s share placements to HNA Aviation Group and 1:1 rights issue to all shareholders, which the Company subscribed to for \$185.2 million, the Company’s ownership interest in VAH reduced from 23.1% to 20.0%. The dilution in interest resulted in a gain of \$9.7 million being recognised in profit or loss.
3. Ritz-Carlton, Millenia Singapore Properties Private Limited recorded a revaluation gain of \$32.6 million from its annual revaluation exercise of its land and building. The Group’s share of the revaluation gain of \$6.5 million as at 31 March 2017 is included under the share of post-acquisition capital reserve.
4. Scoot Pte. Ltd. disposed 337,500 shares in Air Black Box Asia Pacific Pte. Ltd. (“Air Black Box”) to ANA Holdings, Inc. (“ANA”) and Cebu Air, Inc. (“Cebu”). Simultaneously, Air Black Box issued 1,350,000 shares to ANA and Cebu. These transactions have resulted in a reduction of equity interest in Air Black Box from 25% to 15%. The partial disposal resulted in a gain of \$0.1 million being recognised in profit or loss.
5. On 1 November 2016, Component Aerospace Singapore Pte Ltd (“CAS”) acquired the business and certain assets of International Aerospace Tubes-Asia Pte Ltd (“IAT-A”) for a cash consideration of approximately US\$14.3 million. Both CAS and IAT-A are joint ventures with Pratt & Whitney (“P&W”). The Group has adopted book value accounting in accounting this transaction, consistent with its policy for common control transactions. There is no financial impact to the Group.
6. SIAEC sold 2.575% of its interest in CAS to P&W for a total cash consideration of approximately \$3.8 million. SIAEC’s residual interest in the shares of CAS is 46.425% with the remaining 53.575% held by P&W. The gain on sale of the investment at the Group level is approximately \$2.3 million.
7. On 5 July 2016, Messier Services Asia Private Limited was renamed to Safran Landing Systems Services Singapore Private Limited.
8. On 7 December 2016, Safran Electronics Asia Pte. Ltd. was renamed to Safran Electronics & Defense Services Asia Pte. Ltd..

## 23 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	
			2017	2016
TATA SIA Airlines Limited <sup>(a)</sup>	Domestic and international full-service scheduled passenger airlines services	India	<b>49.0</b>	49.0
Airbus Asia Training Centre Pte. Ltd. <sup>+++ (b)</sup>	Flight training services	Singapore	<b>45.0</b>	45.0
Ritz-Carlton, Millenia Singapore Properties Private Limited <sup>+++ (a)</sup>	Hotel ownership and management	Singapore	<b>20.0</b>	20.0
Virgin Australia Holdings Limited <sup>+++</sup>	Air transportation	Australia	<b>20.0</b>	23.1
Eagle Services Asia Private Limited <sup>(1)+++ (a)</sup>	Repair and overhaul of aircraft engines	Singapore	<b>38.0</b>	38.0
Fuel Accessory Service Technologies Pte Ltd <sup>(1)+++ (a)</sup>	Repair and overhaul of engine fuel components and accessories	Singapore	<b>38.0</b>	38.0
PT JAS Aero-Engineering Services <sup>(1)+++ (e)</sup>	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	<b>38.0</b>	38.0
Southern Airports Aircraft Maintenance Services Company Limited <sup>(1)+++ (a)</sup>	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	<b>38.0</b>	38.0
Boeing Asia Pacific Aviation Services Pte Ltd <sup>(1)+++ (a)</sup>	Provide engineering, material management and fleet support solutions	Singapore	<b>38.0</b>	38.0
Pan Asia Pacific Aviation Services Ltd <sup>(1) (d)</sup>	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	<b>36.6</b>	36.5
Component Aerospace Singapore Pte Ltd <sup>(1)+++ (a)</sup>	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	<b>36.0</b>	38.0
JAMCO Aero Design & Engineering Pte Ltd <sup>(1) (f)</sup>	Providing turnkey solutions for aircraft interior modifications	Singapore	<b>34.9</b>	34.9
Panasonic Avionics Services Singapore Pte. Ltd. <sup>(1) *</sup>	IFE maintenance, repair & overhaul and ancillary services	Singapore	<b>33.0</b>	33.0
Safran Electronics & Defense Asia Services Pte. Ltd. (Previously known as: Safran Electronics Asia Pte Ltd) <sup>(1)+++ (a)</sup>	Provide avionics maintenance, repair and overhaul services	Singapore	<b>31.1</b>	31.0
Goodrich Aerostructures Service Center-Asia Pte Ltd <sup>(1)+++ (a)</sup>	Repair and overhaul of aircraft nacelles, thrust reservers and pylons	Singapore	<b>31.1</b>	31.0

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 23 Associated Companies (in \$ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2017	2016
Safran Landing Systems Services Singapore Private Limited (Previously known as: Messier Services Asia Private Limited) <sup>(1)+++ (b)</sup>	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	<b>31.1</b>	31.0
Asian Surface Technologies Pte Ltd <sup>(1)+++ (c)</sup>	Repair and overhaul of aircraft engine fan blades	Singapore	<b>30.4</b>	30.4
International Aerospace Tubes-Asia Pte Ltd <sup>(1)+++ ^</sup>	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	<b>25.9</b>	25.9
Asian Compressor Technology Services Co Ltd <sup>(1)+++ ^ @</sup>	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	<b>19.0</b>	19.0
Turbine Coating Services Private Limited <sup>(1)+++ ^ @</sup>	Repair and overhaul of aircraft engine turbine airfoils	Singapore	<b>19.0</b>	19.0
Jamco Singapore Pte Ltd <sup>(1) (f) @</sup>	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	<b>15.5</b>	15.5
Air Black Box Asia Pacific Pte. Ltd. <sup>(2)+++ (g) @ @</sup>	Provision of support services to air transportation	Singapore	<b>15.0</b>	25.0

<sup>(1)</sup> Held by SIA Engineering Company

<sup>(2)</sup> Held by Scoot Pte. Ltd.

\* Audited by KPMG LLP, Singapore

\*\* Audited by member firms of KPMG International

<sup>^</sup> Audited by Pricewaterhouse Coopers LLP, Singapore

<sup>^^</sup> Audited by member firms of Pricewaterhouse Coopers

<sup>(a)</sup> Audited by member firms of Deloitte & Touche

<sup>(b)</sup> Audited by Ernst & Young LLP, Singapore

<sup>(c)</sup> Audited by RSM Chio Lim, Singapore

<sup>(d)</sup> Audited by BDO Limited, Hong Kong

<sup>(e)</sup> Audited by RSM AAJ, Indonesia

<sup>(f)</sup> Audited by Foo Kon Tan LLP

<sup>(g)</sup> Audited by Wong, Lee & Associates LLP

<sup>+</sup> Financial year end 30 June

<sup>++</sup> Financial year end 30 November

<sup>+++</sup> Financial year end 31 December

<sup>@</sup> The Group has significant influence in these entities through its holdings in SIAEC

<sup>@ @</sup> The Group has significant influence by virtue of the board representation

The carrying amounts of the investment in associated companies are as follows:

	The Group 31 March	
	2017	2016
Virgin Australia Holdings Limited (“VAH”)	<b>490.1</b>	354.2
Eagle Services Asia Private Limited (“ESA”)	<b>164.8</b>	146.1
Other associated companies	<b>402.0</b>	401.6
	<b>1,056.9</b>	901.9

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

## 23 Associated Companies (in \$ million) (continued)

The Group has two (2016: two) associated companies that are material and a number of associated companies that are individually immaterial to the Group. All are equity accounted. The following summarises the financial information of each of the Group's material associated companies based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisitions and differences in the Group's accounting policies.

### Summarised statement of financial position

	VAH 31 March		ESA 31 March	
	2017	2016	2017	2016
Current assets	<b>1,912.3</b>	1,624.7	<b>296.9</b>	290.3
Non-current assets	<b>4,813.1</b>	4,493.1	<b>52.4</b>	47.8
Total assets	<b>6,725.4</b>	6,117.8	<b>349.3</b>	338.1
Current liabilities	<b>(2,205.0)</b>	(2,656.9)	<b>(10.1)</b>	(38.1)
Non-current liabilities	<b>(2,692.8)</b>	(2,527.9)	<b>(2.9)</b>	(1.9)
Total liabilities	<b>(4,897.8)</b>	(5,184.8)	<b>(13.0)</b>	(40.0)
Net assets	<b>1,827.6</b>	933.0	<b>336.3</b>	298.1

### Summarised statement of comprehensive income

	VAH		ESA	
	FY2016/17	FY2015/16	FY2016/17	FY2015/16
(Loss)/Profit after tax	<b>(373.7)</b>	(105.5)	<b>46.6</b>	19.8
Other comprehensive income	<b>69.5</b>	(75.9)	-	-
Total comprehensive income	<b>(304.2)</b>	(181.4)	<b>46.6</b>	19.8

A reconciliation of the summarised financial information to the carrying amounts of VAH and ESA is as follows:

	The Group 31 March	
	2017	2016
<b>VAH</b>		
Group's share of net assets	<b>369.8</b>	229.6
Goodwill on acquisition	<b>117.1</b>	120.8
Other adjustments	<b>3.2</b>	3.8
	<b>490.1</b>	354.2
<b>ESA</b>		
Group's share of net assets	<b>164.8</b>	146.1

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 23 Associated Companies (in \$ million) (continued)

Dividends of approximately \$8.9 million (FY2015/16: \$6.9 million) were received from ESA during the financial year.

The fair value of the Group's ownership interest in VAH, which is determined based on its quoted market price and the value of other contractual arrangements exceeds its carrying amount. The fair value is classified as Level 2 under the fair value hierarchy.

Aggregate information about the Group's share of the results of the associated companies that are not individually material is as follows:

#### Summarised statement of comprehensive income

	Immaterial associates	
	FY2016/17	FY2015/16
(Loss)/Profit after tax	<b>(5.4)</b>	3.6
Other comprehensive income	<b>6.5</b>	–
Total comprehensive income	<b>1.1</b>	3.6

### 24 Joint Venture Companies (in \$ million)

	The Group 31 March	
	2017	2016
Investment in joint venture companies	<b>160.2</b>	156.3

During the year, SIAEC divested its 50.0% shareholding in International Engine Component Overhaul Pte Ltd ("IECO") to Singapore Aero Engine Services Pte Ltd ("SAESL") on 18 July 2016. Subsequently on 2 October 2016, Rolls-Royce and SIAEC amalgamated the business and operations of IECO and SAESL into a single entity (with SAESL being the surviving entity post amalgamation), enabling them to compete more effectively for the global engine and component repair business.

The joint venture companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2017	2016
International Engine Component Overhaul Pte Ltd <sup>(1)</sup>	Repair and overhaul of aero engine components and parts	Singapore	–	38.8
Singapore Aero Engine Services Pte Ltd <sup>(1)</sup>	Repair and overhaul of aircraft engines	Singapore	<b>38.8</b>	38.8
NokScoot Airlines Co., Ltd <sup>(2)</sup>	Air transportation	Thailand	<b>49.0</b>	49.0

<sup>(1)</sup> Held by SIA Engineering Company, audited by Ernst & Young LLP, Singapore, and financial year end of 31 December.

<sup>(2)</sup> Held by Scoot, audited by Deloitte & Touche, Thailand, and financial year end of 31 December.

The Group jointly controls all the joint venture companies with other partners under contractual agreements that require unanimous consent for all major decisions over the relevant activities; they are all equity accounted.

## 24 Joint Venture Companies (in \$ million) (continued)

The carrying amounts of the investments are as follows:

	The Group 31 March	
	2017	2016
Singapore Aero Engine Services Pte Ltd	<b>162.0</b>	136.0
Other joint venture companies	<b>(1.8)</b>	20.3
	<b>160.2</b>	156.3

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

Dividends of approximately \$22.8 million (FY2015/16: \$33.9 million) were received from SAESL during the financial year.

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

### Summarised statement of financial position

	SAESL 31 March	
	2017	2016
Cash and short-term deposits	<b>22.2</b>	31.2
Other current assets	<b>509.9</b>	544.3
Total current assets	<b>532.1</b>	575.5
Non-current assets	<b>282.7</b>	251.3
Total assets	<b>814.8</b>	826.8
Current liabilities	<b>(384.6)</b>	(432.8)
Non-current liabilities	<b>(106.2)</b>	(122.0)
Total liabilities	<b>(490.8)</b>	(554.8)
Net assets	<b>324.0</b>	272.0

### Summarised statement of comprehensive income

	SAESL	
	FY2016/17	FY2015/16
Revenue	<b>1,578.5</b>	1,326.3
Depreciation and amortisation	<b>(21.3)</b>	(12.6)
Interest income	<b>0.1</b>	0.1
Interest expense	<b>(3.1)</b>	(1.6)
Profit before tax	<b>62.1</b>	82.2
Taxation	<b>(0.3)</b>	(0.2)
Profit after tax	<b>61.8</b>	82.0
Other comprehensive income	<b>1.7</b>	10.7
Total comprehensive income	<b>63.5</b>	92.7



## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 24 Joint Venture Companies (in \$ million) (continued)

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

Aggregate information about the Group's investment in the other joint venture companies that are not individually material is as follows:

The Group's share of the assets and liabilities comprises:

	The Group 31 March	
	2017	2016
<u>Assets and liabilities</u>		
Current assets	<b>54.7</b>	43.0
Non-current assets	<b>0.8</b>	10.4
	<b>55.5</b>	53.4
Current liabilities	<b>(57.0)</b>	(32.5)
Non-current liabilities	<b>(0.3)</b>	(0.6)
	<b>(1.8)</b>	20.3

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

	The Group	
	FY2016/17	FY2015/16
<u>Results</u>		
Loss after tax	<b>(10.0)</b>	(18.2)
Other comprehensive income	-	1.2
Total comprehensive income	<b>(10.0)</b>	(17.0)

## 25 Long-Term Investments (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
<u>Quoted</u>				
Non-equity investments	<b>138.7</b>	528.0	<b>138.7</b>	528.0
<u>Unquoted</u>				
Non-equity investments	<b>221.9</b>	215.7	<b>221.9</b>	215.7
Equity investments	<b>45.1</b>	29.4	<b>34.7</b>	10.7
	<b>405.7</b>	773.1	<b>395.3</b>	754.4

The Group's non-equity investments comprised investments in corporate bonds, certificates of deposits and investment funds.

The interest rates for quoted and unquoted non-equity investments range from 2.37% to 3.80% (FY2015/16: 1.30% to 3.96%) per annum and 1.00% to 4.46% (FY2015/16: 1.00% to 4.08%) per annum respectively.

### Reclassification to assets held for sale

In the previous financial year, the Group entered into a conditional sale and purchase agreement with Rolls-Royce Overseas Holdings Limited and Hong Kong Aircraft Engineering Company Limited to divest its 10% stake in Hong Kong Aero Engine Services Limited ("HAESL"). The Group remeasured its investment in HAESL to its fair value of approximately \$156.5 million, and recognised a gain of approximately \$141.9 million in other comprehensive income. In accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations, the Group's equity interest in HAESL was reclassified from long-term investments to assets held for sale. The equity interest in HAESL is classified as Level 2 under the fair value hierarchy.

During the financial year, the Group completed the disposal. Proceeds of \$156.6 million that were received resulted in a surplus on disposal of \$141.6 million recognised in other non-operating items (Note 9) arising from the realisation of the \$141.9 million gain previously recognised in other comprehensive income.

## 26 Other Long-Term Assets (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Deposit	-	28.6	-	-
Other receivables	<b>435.7</b>	460.8	<b>354.3</b>	391.3
Derivative assets	<b>43.6</b>	7.4	<b>43.6</b>	7.4
	<b>479.3</b>	496.8	<b>397.9</b>	398.7

In the previous financial year, the deposit was held for the purpose of payment for the purchase price option payable on a finance lease (Note 18).

The Group's other receivables are stated at amortised cost and are expected to be received over a period of two to 10 years.

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 27 Inventories (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Technical stocks and stores	<b>160.1</b>	154.2	<b>94.6</b>	88.6
Catering and general stocks	<b>18.3</b>	27.7	<b>11.5</b>	19.6
Total inventories at lower of cost and net realisable value	<b>178.4</b>	181.9	<b>106.1</b>	108.2

The cost of inventories recognised as an expense amounted to \$109.9 million (FY2015/16: \$118.8 million). In addition, the Group wrote down \$5.8 million (FY2015/16: \$26.6 million) of inventories, which is recognised as other operating expenses in the profit and loss account.

### 28 Trade Debtors (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Trade debtors	<b>1,075.0</b>	1,137.8	<b>694.7</b>	798.9
Accrued receivables	<b>43.9</b>	61.9	-	-
Amounts owing by associated companies	<b>9.0</b>	9.1	-	0.5
Amounts owing by joint venture companies	<b>16.7</b>	13.0	-	-
	<b>1,144.6</b>	1,221.8	<b>694.7</b>	799.4
Amounts owing by subsidiary companies	-	-	<b>203.8</b>	318.0
Loan receivable from an associated company	-	62.0	-	62.0
	-	62.0	<b>203.8</b>	380.0
	<b>1,144.6</b>	1,283.8	<b>898.5</b>	1,179.4

Trade debtors are non-interest bearing. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless the Group writes off the amount ascertained to be uncollectible. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days 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 which have not been billed.

Amounts owing by subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and are repayable on demand. The amounts are neither overdue nor impaired.

The interest on a short-term loan to an associated company was computed using Bank Bill Swap Bid Rate plus an agreed margin. The loan was denominated in AUD and the interest rate was 10.345% per annum. The carrying amount of the loan approximated fair value as interest rates on the loan approximated market interest rates. The short-term loan to an associated company has been repaid during the year.

## 28 Trade Debtors (in \$ million) (continued)

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Not past due and not impaired	<b>1,013.3</b>	1,186.9	<b>868.4</b>	1,174.1
Past due but not impaired	<b>128.7</b>	95.7	<b>27.2</b>	4.8
	<b>1,142.0</b>	1,282.6	<b>895.6</b>	1,178.9
Impaired trade debtors - collectively assessed	<b>5.2</b>	5.3	<b>3.4</b>	0.4
Less: Accumulated impairment losses	<b>(2.6)</b>	(5.1)	<b>(0.5)</b>	-
	<b>2.6</b>	0.2	<b>2.9</b>	0.4
Impaired trade debtors - individually assessed				
Customers in bankruptcy or other financial reorganisation	<b>2.6</b>	5.0	-	0.1
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	<b>1.4</b>	1.9	<b>1.4</b>	2.0
Less: Accumulated impairment losses	<b>(4.0)</b>	(5.9)	<b>(1.4)</b>	(2.0)
	-	1.0	-	0.1
Total trade debtors, net	<b>1,144.6</b>	1,283.8	<b>898.5</b>	1,179.4

Included in trade and other debtors are amounts owing by related parties of \$8.4 million (2016: \$3.3 million) and \$2.7 million (2016: \$1.9 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	
	2017	2016	2017	2016
Balance at 1 April	<b>11.0</b>	16.8	<b>2.0</b>	2.9
Written back during the year	<b>(1.3)</b>	(4.7)	<b>0.5</b>	(0.9)
Written off during the year	<b>(2.7)</b>	(1.1)	<b>(0.6)</b>	-
Impact of FRS 109 transferred to reserves	<b>(0.4)</b>	-	-	-
Balance at 31 March	<b>6.6</b>	11.0	<b>1.9</b>	2.0
Bad debts written off directly to profit and loss account, net of debts recovered	<b>0.4</b>	1.1	<b>0.5</b>	0.8

As at 31 March 2017, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 13.0% (2016: 16.7%), AUD – 9.8% (2016: 13.7%), EUR – 6.5% (2016: 5.4%), GBP – 4.7% (2016: 4.1%) and JPY – 2.4% (2016: 2.0%).

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 29 Deposits and Other Debtors (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Deposits	<b>50.3</b>	66.7	<b>8.2</b>	8.5
Other debtors	<b>77.1</b>	48.1	<b>47.6</b>	35.0
	<b>127.4</b>	114.8	<b>55.8</b>	43.5

Included in deposits is an amount of \$34.2 million (2016: \$50.8 million) placed with a financial institution for the purpose of payment due at the time of exercise of purchase option at the end of the 15<sup>th</sup> year of the lease period for one of the finance lease (Note 18). This deposit generates interest at a fixed rate of 5.68% (FY2015/16: 5.68%) per annum to meet the obligation at maturity of the lease in December 2017.

### 30 Investments (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
<u>Quoted</u>				
Equity investments	<b>37.6</b>	33.5	–	–
Non-equity investments	<b>502.3</b>	544.3	<b>469.9</b>	511.6
<u>Unquoted</u>				
Non-equity investments	–	90.3	–	90.3
	<b>539.9</b>	668.1	<b>469.9</b>	601.9

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

The interest rates for quoted non-equity investments range from 0.51% to 5.50% (FY2015/16: 1.12% to 5.25%) per annum.

### 31 Cash and Bank Balances (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Fixed deposits	<b>2,386.9</b>	3,002.7	<b>2,364.9</b>	2,822.9
Cash and bank balances	<b>993.6</b>	969.7	<b>368.3</b>	416.3
	<b>3,380.5</b>	3,972.4	<b>2,733.2</b>	3,239.2

As at 31 March 2017, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 39.4% (2016: 25.6%), EUR – 2.9% (2016: 4.3%) and AUD – 3.4% (2016: 1.6%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.86% to 2.01% (FY2015/16: 0.43% to 2.76%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 1.36% (FY2015/16: 1.45%) per annum.

### 32 Trade and Other Creditors (in \$ million)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Trade creditors	<b>3,234.1</b>	2,844.8	<b>2,248.6</b>	2,192.4
Purchase option price payable to lessor	<b>34.2</b>	50.8	–	–
Amounts owing to associated companies	<b>27.8</b>	3.4	<b>3.3</b>	2.5
	<b>3,296.1</b>	2,899.0	<b>2,251.9</b>	2,194.9
Funds from subsidiary companies	–	–	<b>1,174.6</b>	1,073.8
Amounts owing to subsidiary companies	–	–	<b>179.9</b>	117.3
	–	–	<b>1,354.5</b>	1,191.1

Trade and other creditors are non-interest bearing. As at 31 March 2017, 18.0% (2016: 18.7%) 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 \$169.2 million (2016: \$158.6 million) and \$127.2 million (2016: \$113.0 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 0.20% to 1.20% (FY2015/16: 0.01% to 1.53%) per annum for SGD funds, and 0.87% to 1.20% (FY2015/16: 0.32% to 1.23%) per annum for USD funds.

As at 31 March 2017, 20.9% of the funds from subsidiary companies are denominated in USD (2016: USD 33.9%).

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

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 33 Analysis of Capital Expenditure Cash Flow (in \$ million)

	The Group	
	FY2016/17	FY2015/16
Purchase of property, plant and equipment	<b>4,029.9</b>	2,923.7
Property, plant and equipment acquired under credit terms	<b>(14.9)</b>	(14.7)
Property, plant and equipment settled by credit notes	<b>(70.3)</b>	–
Cash invested in capital expenditure	<b>3,944.7</b>	2,909.0
Purchase of intangible assets	<b>44.5</b>	52.1
Acquisition of goodwill	–	(6.6)
Intangible assets acquired under credit terms	<b>(0.9)</b>	–
Cash invested in purchase of intangible assets	<b>43.6</b>	45.5

### 34 Capital and Other Commitments (in \$ million)

#### (a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated \$21,021.9 million (2016: \$23,688.6 million) for the Group and \$15,293.5 million (2016: \$16,961.0 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of associated companies' and joint venture companies' commitments for capital expenditure totaled \$4,137.6 million (2016: \$4,367.2 million) and \$6.0 million (2016: \$6.2 million) respectively.

## 34 Capital and Other Commitments (in \$ million) (continued)

### (b) Operating lease commitments

#### As lessee

##### Aircraft

The Company has three B777-300ERs, 25 A330-300s and nine A380-800s under operating leases at fixed rental rates. In five of the A380 lease agreements, lease rentals will be adjusted if the one-month LIBOR exceeds 6.50% per annum. The original lease terms range from eight to 12 years.

For flexibility in fleet planning, most leases include extension options. The extension options provide for lease renewals up to a maximum of five years. In addition, there are 15 early termination options that allow termination of the leases up to two years prior to original lease expiry. Sub-leasing is allowed under all the lease arrangements.

SilkAir has three A319-100s, eight A320-200s, and nine B737-800s under operating leases with fixed rental rates. The original lease terms for the three A319-100s range from 6.9 to 11.5 years, and SilkAir holds options to extend the leases for up to a maximum of three years. The original lease terms for the eight A320-200s range from 6.6 to 11.8 years and SilkAir holds options to extend the leases for one to five years. The original lease terms for the nine B737-800s range from 9.8 to 10.5 years, and SilkAir holds options to extend the leases for up to a maximum of four years. Sub-leasing is allowed under all the lease arrangements.

Budget Aviation Holdings (“BAH”) Group has 31 A320-200s and two A319s under operating leases. The original lease terms on the aircraft are for 12 years. Sub-leasing is allowed under all the lease arrangements, subject to certain terms and conditions stated in the agreements.

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Not later than one year	<b>775.5</b>	820.1	<b>549.3</b>	609.4
Later than one year but not later than five years	<b>2,228.3</b>	2,438.5	<b>1,348.9</b>	1,554.5
Later than five years	<b>859.5</b>	1,289.7	<b>383.6</b>	631.7
	<b>3,863.3</b>	4,548.3	<b>2,281.8</b>	2,795.6

##### Engines

The Company has operating lease agreements for four GE90-115B engines and nine Trent 800 engines with fixed rental rates. The basic lease term for each engine varies from four to six years with extension options.

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



## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 34 Capital and Other Commitments (in \$ million) (continued)

#### (b) Operating lease commitments (continued)

##### As lessee (continued)

##### Engines (continued)

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Not later than one year	<b>18.0</b>	22.0	<b>16.0</b>	20.2
Later than one year but not later than five years	<b>9.2</b>	16.2	<b>5.8</b>	11.3
Later than five years	-	0.2	-	-
	<b>27.2</b>	38.4	<b>21.8</b>	31.5

##### Property and equipment

The Group has entered into operating lease agreements for office and computer equipment, leasehold land and buildings. These non-cancellable leases have lease terms of between one and 50 years.

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Not later than one year	<b>74.0</b>	76.4	<b>53.9</b>	55.5
Later than one year but not later than five years	<b>109.2</b>	122.1	<b>79.6</b>	95.1
Later than five years	<b>61.2</b>	63.7	<b>12.1</b>	12.8
	<b>244.4</b>	262.2	<b>145.6</b>	163.4

The minimum lease payments recognised in the profit and loss account amounted to \$69.6 million (FY2015/16: \$63.9 million) and \$54.3 million (FY2015/16: \$53.1 million) for the Group and the Company respectively.

##### As lessor

##### Aircraft

The Company leased three B777 aircraft for a lease term of five years each to NokScoot. The lease rental is fixed throughout the lease term and is non-cancellable.

BAH Group sub-leased two A320-200 aircraft to an external party. The sub-lease term for the aircraft is between eight and nine years. BAH Group also sub-leased one A320-200 aircraft to Tigerair Australia. The sub-lease term for the aircraft is eight years. VAH has provided a guarantee to BAH Group to cover obligations for the assets leased by Tigerair Australia.

### 34 Capital and Other Commitments (in \$ million) (continued)

#### (b) Operating lease commitments (continued)

##### As lessor (continued)

##### Aircraft (continued)

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Not later than one year	<b>47.3</b>	52.5	<b>33.9</b>	32.0
Later than one year but not later than five years	<b>108.7</b>	164.8	<b>68.7</b>	91.1
Later than five years	<b>13.7</b>	25.7	-	-
	<b>169.7</b>	243.0	<b>102.6</b>	123.1

### 35 Contingent Liabilities (in \$ million)

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

In 2006 and thereafter, SIA Cargo and the Company were among several airlines that received notice of investigations by competition authorities in the United States, European Union, Australia, Canada, New Zealand, South Africa, South Korea and Switzerland as to whether surcharges, rates or other competitive aspects of air cargo service were lawfully determined (the "air cargo issues").

On 9 November 2010, the European Commission issued an adverse decision against 13 air cargo airlines, including SIA Cargo and the Company, in respect of fuel surcharges, security surcharges and commissions on surcharges. A fine of EUR74.8 million (\$135.7 million) was imposed on SIA Cargo and the Company. SIA Cargo paid the fine in February 2011 in accordance with European Union laws. This amount was reflected as an exceptional item in the Group's accounts in FY2010/11. SIA Cargo and the Company filed an appeal to the European General Court seeking annulment of the decision. In December 2015, the European General Court annulled the decision of the European Commission in its entirety vis-à-vis SIA Cargo and the Company. In February 2016, EUR76.4 million (\$119.1 million) comprising the fine amount and returns thereon was refunded to SIA Cargo. This refund was recognised as a non-operating item (Note 9) in the Group's FY2015/16 accounts. In March 2017, the European Commission re-adopted a decision in respect of the same case against the air cargo airlines, imposing a fine of EUR74.8 million (\$111.8 million) against SIA Cargo and the Company. This amount was recognised as a non-operating item (Note 9) in the Group's accounts in FY2016/17.

In January 2014, the Swiss Competition Commission announced a fine against SIA Cargo and the Company of CHF1.7 million (\$2.3 million) in respect of the air cargo issues. This amount was reflected as an exceptional item in the Group's accounts in FY2013/14. SIA Cargo and the Company have filed an appeal to the Swiss Federal Administrative Tribunal seeking annulment of the decision.

The proceedings by competition authorities in the United States, South Korea, South Africa, Australia and New Zealand were resolved in previous financial periods.

After the investigations commenced, civil damage lawsuits were filed in the United States, Canada, Australia, South Korea, England, the Netherlands, Norway and Germany by private parties against several airlines, including SIA Cargo and the Company. Other lawsuits have been threatened by customers of SIA Cargo or shippers that purportedly contracted with SIA Cargo's customers.

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 35 Contingent Liabilities (in \$ million) (continued)

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

The plaintiffs in the South Korea proceedings withdrew their complaint in July 2011 and the proceedings were accordingly dismissed without prejudice. In January 2014, a shipper from South Korea which purportedly contracted with SIA Cargo's customers served a claim against SIA Cargo and other airlines. SIA Cargo is defending this proceeding.

In September 2016, one of SIA Cargo's customers filed a claim against SIA Cargo and the Company in the United States after opting out of SIA Cargo's and the Company's class action settlement. SIA Cargo and the Company are defending this proceeding.

Without admitting any liabilities, SIA Cargo and the Company have settled with plaintiffs in the United States class action, Australia and Canada to resolve all liabilities of SIA Cargo and the Company as concerns the civil damage or class action lawsuits filed in the relevant jurisdictions.

In addition, without admitting any liability, in 2012, 2013 and 2015, SIA Cargo reached settlements with certain customers to resolve all pending and potential future civil damage claims regarding the air cargo issues. The settlements in 2012, 2013, 2015 and potential settlement in 2017 have been reflected in the Group's financial statements in the respective financial years. The individual terms of all such settlements are required to be kept confidential.

Apart from Canada, the United States class action 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 items recorded as non-operating items noted above, it is premature to make a provision in the financial statements for the other pending investigations, court proceedings, civil suits, or threatened claims as their respective outcomes are uncertain.

#### (b) Passengers: Civil Class Actions

The Company and several other airlines have been named in a civil class action lawsuit in Canada alleging an unlawful agreement to fix surcharges and fares on transpacific flights. The case is currently in the procedural stage and has not been tried thus far on its substantive legal merits. As the lawsuit has neither been tried nor alleged damages quantified, it is premature to make a provision in the financial statements.

In August 2014, without admitting any liability, the Company entered into a settlement agreement with the class action plaintiffs in the United States for USD9.2 million (\$11.4 million) with respect to the passenger civil class action lawsuits filed in the United States. In accordance with the agreement, the Company paid the above amount into an escrow account pending court approval. Final approval of the settlement was granted by the court in June 2015. Subsequently, one of the class members filed an appeal against the court judgement approving the settlement. This appeal is currently pending.

#### (c) Guarantee to a Joint Venture Company

During the year, the Company provided a guarantee of THB600.0 million (\$24.3 million) in respect of a revolving credit facility granted by a lender to NokScoot.

## 36 Financial Instruments (in \$ million)

### Classification and fair values of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how revenue and expenses, including fair value gains and losses, are recognised. The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as per the following tables.

Financial assets and financial liabilities that are classified as measured at amortised cost with carrying amounts being a reasonable approximation of their fair values are not presented in these tables. These financial assets include trade debtors, deposits and other debtors, amounts owing by subsidiary companies and cash and bank balances. These financial liabilities include deposits received from lessee, trade and other creditors, amounts owing to subsidiary companies and loans.

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

\* Mandatorily measured at FVTPL

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 36 Financial Instruments (in \$ million) (continued)

#### Classification and fair values of financial instruments (continued)

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

\* Mandatorily measured at FVTPL

### 36 Financial Instruments (in \$ million) (continued)

#### Classification and fair values of financial instruments (continued)

31 March 2016	Carrying amount					Total	Fair value		
	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost		Level 1	Level 2	Level 3
<b>The Group</b>									
<u>Financial assets</u>									
Long-term investments									
Quoted									
Non-equity investments	-	-	528.0	-	-	528.0	528.0	-	-
Unquoted									
Non-equity investments	-	215.7	-	-	-	215.7	-	215.7	-
Equity investments	-	29.4	-	-	-	29.4	-	-	29.4
Deposit	79.4	-	-	-	-	79.4	-	-	84.1
Other long-term receivables	460.8	-	-	-	-	460.8	-	-	457.9
Derivative assets	-	-	-	32.3	-	32.3	-	32.3	-
Investments									
Quoted									
Equity investments	-	33.5	-	-	-	33.5	33.5	-	-
Non-equity investments	-	192.9	351.4	-	-	544.3	544.3	-	-
Unquoted									
Non-equity investments	-	90.3	-	-	-	90.3	-	90.3	-
Assets held for sale	-	156.5	-	-	-	156.5	-	156.5	-
	540.2	718.3	879.4	32.3	-	2,170.2	1,105.8	494.8	571.4
<u>Financial liabilities</u>									
Derivative liabilities	-	-	-	727.8	-	727.8	-	727.8	-
Notes payable	-	-	-	-	1,000.0	1,000.0	1,036.3	-	-
	-	-	-	727.8	1,000.0	1,727.8	1,036.3	727.8	-

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 36 Financial Instruments (in \$ million) (continued)

#### Classification and fair values of financial instruments (continued)

31 March 2016	Carrying amount					Total	Fair value		
	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost		Level 1	Level 2	Level 3
<b>The Company</b>									
<u>Financial assets</u>									
Long-term investments									
Quoted									
Non-equity investments	-	-	528.0	-	-	528.0	528.0	-	-
Unquoted									
Non-equity investments	-	215.7	-	-	-	215.7	-	215.7	-
Equity investments	-	10.7	-	-	-	10.7	-	-	10.7
Other long-term receivables	391.3	-	-	-	-	391.3	-	-	391.3
Derivative assets	-	-	-	29.7	-	29.7	-	29.7	-
Investments									
Quoted									
Non-equity investments	-	160.2	351.4	-	-	511.6	511.6	-	-
Unquoted									
Non-equity investments	-	90.3	-	-	-	90.3	-	90.3	-
	391.3	476.9	879.4	29.7	-	1,777.3	1,039.6	335.7	402.0
<u>Financial liabilities</u>									
Derivative liabilities	-	-	-	699.8	-	699.8	-	699.8	-
Notes payable	-	-	-	-	1,000.0	1,000.0	1,036.3	-	-
	-	-	-	699.8	1,000.0	1,699.8	1,036.3	699.8	-

## 36 Financial Instruments (in \$ million) (continued)

### Classification and fair values of financial instruments (continued)

#### Financial instruments carried at fair value

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

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

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

#### Determination of fair value

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

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



## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 36 Financial Instruments (in \$ million) (continued)

#### Master netting or similar agreements

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

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

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

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

The Group	Effects of offsetting in the statements of financial position			Related amounts not offset	
	Gross amounts	Gross amounts set-off in the statements of financial position	Net amounts presented in the statements of financial position	Amounts subject to master netting arrangements	Net amount
<u>31 March 2017</u>					
Derivative assets	128.6	–	128.6	(107.5)	21.1
Trade debtors	1,155.5	(10.9)	1,144.6	–	1,144.6
	1,284.1	(10.9)	1,273.2	(107.5)	1,165.7
Derivative liabilities	369.3	–	369.3	(107.5)	261.8
Trade and other creditors	3,307.0	(10.9)	3,296.1	–	3,296.1
	3,676.3	(10.9)	3,665.4	(107.5)	3,557.9
<u>31 March 2016</u>					
Derivative assets	32.3	–	32.3	(27.7)	4.6
Trade debtors	1,230.4	(8.6)	1,221.8	–	1,221.8
	1,262.7	(8.6)	1,254.1	(27.7)	1,226.4
Derivative liabilities	727.8	–	727.8	(27.7)	700.1
Trade and other creditors	2,907.6	(8.6)	2,899.0	–	2,899.0
	3,635.4	(8.6)	3,626.8	(27.7)	3,599.1

### 36 Financial Instruments (in \$ million) (continued)

#### Master netting or similar agreements (continued)

The Company	Effects of offsetting in the statements of financial position			Related amounts not offset	
	Gross amounts	Gross amounts set-off in the statements of financial position	Net amounts presented in the statements of financial position	Amounts subject to master netting arrangements	Net amount
<u>31 March 2017</u>					
Derivative assets	125.7	–	125.7	(107.5)	18.2
Trade debtors	705.6	(10.9)	694.7	–	694.7
Amounts owing by subsidiary companies	363.8	(160.0)	203.8	–	203.8
	1,195.1	(170.9)	1,024.2	(107.5)	916.7
Derivative liabilities	369.3	–	369.3	(107.5)	261.8
Trade and other creditors	2,262.8	(10.9)	2,251.9	–	2,251.9
Amounts owing to subsidiary companies	1,514.5	(160.0)	1,354.5	–	1,354.5
	4,146.6	(170.9)	3,975.7	(107.5)	3,868.2
<u>31 March 2016</u>					
Derivative assets	29.7	–	29.7	(27.7)	2.0
Trade debtors	808.0	(8.6)	799.4	–	799.4
Amounts owing by subsidiary companies	469.5	(151.5)	318.0	–	318.0
	1,307.2	(160.1)	1,147.1	(27.7)	1,119.4
Derivative liabilities	699.8	–	699.8	(27.7)	672.1
Trade and other creditors	2,203.5	(8.6)	2,194.9	–	2,194.9
Amounts owing to subsidiary companies	1,342.6	(151.5)	1,191.1	–	1,191.1
	4,245.9	(160.1)	4,085.8	(27.7)	4,058.1

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 37 Financial Risk Management Objectives and Policies (in \$ million)

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

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

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

Derivative financial instruments for cash flow hedges included in the statements of financial position are as follows:

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
<u>Derivative assets</u>				
Current				
Currency hedging contracts	<b>38.4</b>	20.9	<b>38.3</b>	20.2
Fuel hedging contracts	<b>45.1</b>	2.5	<b>43.8</b>	2.1
Cross currency swap contracts	<b>1.5</b>	1.5	–	–
	<b>85.0</b>	24.9	<b>82.1</b>	22.3
Non-current				
Currency hedging contracts	<b>9.8</b>	2.3	<b>9.8</b>	2.3
Fuel hedging contracts	<b>26.7</b>	–	<b>26.7</b>	–
Cross currency swap contracts	<b>7.1</b>	5.1	<b>7.1</b>	5.1
	<b>43.6</b>	7.4	<b>43.6</b>	7.4
	<b>128.6</b>	32.3	<b>125.7</b>	29.7
<u>Derivative liabilities</u>				
Current				
Currency hedging contracts	<b>52.8</b>	98.5	<b>52.8</b>	94.5
Fuel hedging contracts	<b>66.9</b>	524.6	<b>66.9</b>	500.6
	<b>119.7</b>	623.1	<b>119.7</b>	595.1
Non-current				
Currency hedging contracts	<b>15.1</b>	25.9	<b>15.1</b>	25.9
Fuel hedging contracts	<b>228.6</b>	75.6	<b>228.6</b>	75.6
Cross currency swap contracts	<b>5.9</b>	3.2	<b>5.9</b>	3.2
	<b>249.6</b>	104.7	<b>249.6</b>	104.7
	<b>369.3</b>	727.8	<b>369.3</b>	699.8

### 37 Financial Risk Management Objectives and Policies (in \$ million) (continued)

#### (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 to hedge approved range of anticipated jet fuel purchases over a specified time frame.

#### Cash flow hedges

The Group manages this fuel price risk by using swap, option and collar contracts and hedging up to 20 quarters forward using jet fuel swap, option and collar contracts, ICE Brent swap contracts and Brent-MOPS crack swap contracts.

The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value loss before tax of \$241.0 million (2016: loss before tax of \$610.7 million), with a related deferred tax credit of \$40.9 million (2016: deferred tax credit of \$103.8 million), was included in the fair value reserve in respect of these contracts.

The table below sets out the movements for fuel hedges designated on 1 October 2016 when the Group voluntarily adopted FRS 109 Financial Instruments:

	The Group FY2016/17	The Company FY2016/17
Change in fair value of hedging instrument	(236.5)	(239.2)
Change in fair value of hedged item	236.5	239.2
Hedge ineffectiveness recognised in profit or loss	-	-

For the financial year ended 31 March 2017, ineffectiveness of \$36.4 million related to hedge designations made under FRS 39 were de-designated on 30 September 2016.

As at 31 March 2017, the Group had entered into longer dated Brent hedges with maturity extending to 2022, covering between 40% and 45% of our projected annual fuel consumption, at average prices ranging from USD53 to USD59 per barrel.

#### Jet fuel price sensitivity analysis

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one USD per barrel of jet fuel affects the Group's and the Company's annual fuel costs by \$55.7 million and \$43.1 million (FY2015/16: \$52.4 million and \$41.3 million) respectively.

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

#### Sensitivity analysis on outstanding fuel hedging contracts:

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
	Effect on equity		Effect on equity	
Increase in one USD per barrel	<b>125.2</b>	25.4	<b>94.7</b>	20.7
Decrease in one USD per barrel	<b>(125.2)</b>	(25.4)	<b>(94.7)</b>	(20.7)

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 37 Financial Risk Management Objectives and Policies (in \$ million) (continued)

#### (b) Foreign currency risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For the financial year ended 31 March 2017, these accounted for 49.9% of total revenue (FY2015/16: 48.6%) and 53.6% of total operating expenses (FY2015/16: 58.0%). 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 or SGD. The Group also uses foreign currency forward and option contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell currencies at predetermined forward rates, buying either USD or SGD depending on forecast requirements, with settlement dates that range from one month up to one year. The Company also uses cross currency swap contracts to hedge a portion of its fixed future foreign exchange exposure in USD. The cross currency swap contracts provide for the Company to exchange surplus currency, specifically JPY and EUR into USD predetermined costs. The Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements.

#### Cash flow hedges

##### a) Net operating and other exposures

The Group and Company hold cash flow hedges to manage net operating exposures to foreign currencies. As at 31 March 2017, the carrying amounts of these hedges consisted of \$34.7 million derivative assets and \$45.3 million derivative liabilities for the Group, and \$33.1 million derivative assets and \$45.3 million derivative liabilities for the Company. During the financial year, the amount reclassified from the cash flow hedge reserve to profit or loss (classified under 'Other operating expenses') is \$36.6 million for the Group and \$34.7 million for the Company, and no ineffectiveness has been recognised in the profit or loss for the Group or Company.

The Company holds currency swaps for the principal amounts outstanding on foreign currency denominated bonds until December 2017. As at 31 March 2017, the hedge was assessed to be highly effective on a prospective basis and a net fair value gain of \$0.6 million (2016: loss of \$4.3 million) was included in the fair value reserve with respect to these contracts.

The Company also holds cross currency swap contracts to hedge expected future lease commitments in USD and foreign currency risk of expected future JPY and EUR surpluses until August 2021. As at 31 March 2017, the hedges were assessed to be effective and a net fair value gain of \$1.0 million (2016: gain of \$2.0 million) is included in the fair value reserve with respect to these contracts.

##### b) Capital expenditure exposures

The Group and the Company designate cash flow hedges to manage the exposure to USD-denominated capital expenditure commitments. As at 31 March 2017, the total nominal amount of these cash flow hedges over the next two years was USD2,592.3 million with a hedged rate range of SGD/USD 1.29 – 1.45 for the Group and USD2,260.4 million with a hedged rate range of SGD/USD 1.29 – 1.45 for the Company.

As at 31 March 2017, the Company held USD756.2 million (2016: USD512.6 million) in short-term deposits to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 12 months. A fair value loss of \$11.4 million (2016: loss of \$22.5 million) was included in the fair value reserve in respect of these contracts.

During the financial year, the Company also entered into new foreign currency forward contracts to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 12 to 24 months. As at 31 March 2017, a fair value loss of \$6.1 million (2016: loss of \$50.3 million) was included in the fair value reserve in respect of these contracts.

### 37 Financial Risk Management Objectives and Policies (in \$ million) (continued)

#### (b) Foreign currency risk (continued)

##### b) Capital expenditure exposures (continued)

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

	The Group and the Company 31 March 2017
Fixed deposits	1,056.6
Derivative assets	22.1
Derivative liabilities	(28.5)
	The Group and the Company FY2016/17
Change in fair value of hedging instrument	(17.8)
Change in fair value of hedged item	17.8
Hedge ineffectiveness recognised in profit or loss	-

For the financial year ended 31 March 2017, there was no realised foreign currency hedging gain/(loss) reclassified to profit or loss for the Group or Company as it had been capitalised in the carrying value of non-financial assets.

#### Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

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

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 37 Financial Risk Management Objectives and Policies (in \$ million) (continued)

#### (b) Foreign currency risk (continued)

Sensitivity analysis:

	The Group 31 March			
	2017		2016	
	Effect on equity <sup>R1</sup>	Effect on profit before taxation <sup>R2</sup>	Effect on equity <sup>R1</sup>	Effect on profit before taxation <sup>R2</sup>
AUD	2.3	(1.5)	2.6	(2.0)
EUR	1.4	-	1.0	(1.9)
GBP	1.7	(0.5)	1.4	(0.7)
JPY	2.4	(0.3)	0.8	(0.2)
USD	(51.8)	0.8	(31.8)	(0.7)

	The Company 31 March			
	2017		2016	
	Effect on equity <sup>R1</sup>	Effect on profit before taxation <sup>R2</sup>	Effect on equity <sup>R1</sup>	Effect on profit before taxation <sup>R2</sup>
AUD	1.8	(1.3)	2.3	(1.8)
EUR	0.9	(0.1)	0.4	(0.1)
GBP	1.4	(0.4)	1.1	(0.6)
JPY	2.3	(0.2)	0.7	(0.2)
USD	(43.3)	3.6	(25.3)	5.2

<sup>R1</sup> Sensitivity analysis on outstanding foreign currency hedging contracts and fuel hedging contracts denominated in foreign currency

<sup>R2</sup> Sensitivity analysis on significant outstanding foreign currency denominated monetary items

If the relevant foreign currency strengthens by 1% against SGD, equity and profit before taxation would change by the same amounts in the opposite direction.

#### (c) Interest rate risk

The Group's earnings are also affected by changes in interest rates due to the impact such changes have on interest income and expense from short-term deposits and other interest-bearing financial assets and liabilities. The Group enters into interest rate swap contracts and interest rate cap contracts to manage interest rate costs on its financial assets and liabilities, with the prior approval of the BEC or Boards of subsidiary companies.

### 37 Financial Risk Management Objectives and Policies (in \$ million) (continued)

#### (c) Interest rate risk (continued)

##### Cash flow hedges

In FY2013/14, the Company entered into interest rate swap contracts to protect a portion of the future operating lease rent payments from exposure to fluctuations in interest rates. These contracts were settled in FY2014/15. The balance in the fair value reserve 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 \$0.3 million (2016: loss before tax of \$0.7 million), with a related deferred tax credit of \$0.1 million (2016: deferred tax credit of \$0.1 million), was included in the fair value reserve in respect of these contracts.

##### Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the end of the reporting period.

Under these assumptions, an increase or decrease in market interest rates of 10 basis points for all currencies in which the Group has derivative financial instruments and variable rate assets and liabilities at 31 March 2017 will have the effects as set out in the table below.

##### Sensitivity analysis:

	The Group 31 March			
	2017		2016	
	Effect on equity <sup>R1</sup>	Effect on profit before taxation <sup>R2</sup>	Effect on equity <sup>R1</sup>	Effect on profit before taxation <sup>R2</sup>
Increase in 10 basis points in market interest rates	-	3.3	-	3.9
Decrease in 10 basis points in market interest rates	-	(3.3)	-	(3.9)

	The Company 31 March			
	2017		2016	
	Effect on equity <sup>R1</sup>	Effect on profit before taxation <sup>R2</sup>	Effect on equity <sup>R1</sup>	Effect on profit before taxation <sup>R2</sup>
Increase in 10 basis points in market interest rates	-	1.6	-	2.4
Decrease in 10 basis points in market interest rates	-	(1.6)	-	(2.4)

<sup>R1</sup> Sensitivity analysis on derivative financial instruments.

<sup>R2</sup> Sensitivity analysis on variable rate assets and liabilities.



## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 37 Financial Risk Management Objectives and Policies (in \$ million) (continued)

#### (d) Market rate risk

At 31 March 2017, the Group and the Company own investments of \$945.6 million (2016: \$1,441.2 million) and \$865.2 million (2016: \$1,356.3 million) respectively, out of which \$337.0 million (2016: \$532.4 million) and \$256.6 million (2016: \$466.2 million) are subject to market risk, being the potential loss resulting from a decrease in market prices.

#### Market price sensitivity analysis

If prices for these investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity are set out in the table below.

#### Sensitivity analysis on investments:

	The Group 31 March			
	2017		2016	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	-	3.4	5.3	-
Decrease in 1% of quoted prices	-	(3.4)	(5.3)	-

	The Company 31 March			
	2017		2016	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	-	2.6	4.7	-
Decrease in 1% of quoted prices	-	(2.6)	(4.7)	-

### 37 Financial Risk Management Objectives and Policies (in \$ million) (continued)

#### (e) Liquidity risk

At 31 March 2017, the Group has at its disposal, cash and short-term deposits amounting to \$3,380.5 million (2016: \$3,972.4 million). In addition, the Group has available short-term credit facilities of about \$475.0 million (2016: \$375.0 million). The Group also has a Medium Term Note Programme under which it may issue notes up to \$2,000.0 million (2016: \$2,000.0 million) and as of 31 March 2017, \$570.0 million (2016: \$1,000.0 million) remained unutilised. Under this Programme, notes issued by the Company may have varying maturities as contracted with the relevant financial institutions.

The Group's holdings of cash and short-term deposits, together with committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all firm aircraft deliveries due in the next financial year. It is expected that any shortfall would be met by bank borrowings or public market funding. Due to the necessity to plan aircraft orders well in advance of delivery, it is not economical for the Group to have committed funding in place at present for all outstanding orders, many of which relate to aircraft which will not be delivered for several years. The Group's policies in this regard are in line with the funding policies of other major airlines.

The maturity profile of the financial liabilities of the Group and the Company is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

31 March 2017	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
<b>The Group</b>							
Notes payable	47.1	47.1	47.1	539.0	227.9	825.4	1,733.6
Loans	21.5	20.9	22.8	23.0	22.8	13.7	124.7
Finance lease commitments	24.5	-	-	-	-	-	24.5
Maintenance reserve	-	-	3.7	6.1	-	-	9.8
Purchase option payable to lessor	35.1	-	-	-	-	-	35.1
Deposit received from a lessee	-	0.1	-	-	-	9.4	9.5
Trade and other creditors	3,261.9	-	-	-	-	-	3,261.9
Derivative financial instruments:							
Currency hedging contracts	52.8	15.1	-	-	-	-	67.9
Fuel hedging contracts	66.9	17.7	56.7	88.2	66.1	-	295.6
Cross currency swap contracts	2.4	1.5	0.9	0.4	0.1	-	5.3
	3,512.2	102.4	131.2	656.7	316.9	848.5	5,567.9
<b>The Company</b>							
Notes payable	47.1	47.1	47.1	539.0	227.9	825.4	1,733.6
Maintenance reserve	-	-	3.7	6.1	-	-	9.8
Trade and other creditors	2,251.9	-	-	-	-	-	2,251.9
Amounts owing to subsidiary companies	1,354.5	-	-	-	-	-	1,354.5
Derivative financial instruments:							
Currency hedging contracts	52.8	15.1	-	-	-	-	67.9
Fuel hedging contracts	66.9	17.7	56.6	88.2	66.1	-	295.5
Cross currency swap contracts	2.4	1.5	0.9	0.4	0.1	-	5.3
	3,775.6	81.4	108.3	633.7	294.1	825.4	5,718.5

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 37 Financial Risk Management Objectives and Policies (in \$ million) (continued)

#### (e) Liquidity risk (continued)

31 March 2016	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
<b>The Group</b>							
Notes payable	33.6	33.6	33.6	33.6	525.6	542.7	1,202.7
Loans	197.5	20.6	20.6	22.5	22.7	36.4	320.3
Finance lease commitments	23.8	23.7	–	–	–	–	47.5
Maintenance reserve	–	–	–	2.3	3.1	–	5.4
Purchase option payable to lessor	50.8	33.9	–	–	–	–	84.7
Deposit received from a lessee	–	–	0.1	–	–	9.0	9.1
Trade and other creditors	2,848.2	–	–	–	–	–	2,848.2
Derivative financial instruments:							
Currency hedging contracts	96.3	32.8	–	–	–	–	129.1
Fuel hedging contracts	524.6	75.6	–	–	–	–	600.2
Cross currency swap contracts	0.5	4.8	3.0	2.0	1.0	0.2	11.5
	3,775.3	225.0	57.3	60.4	552.4	588.3	5,258.7
<b>The Company</b>							
Notes payable	33.6	33.6	33.6	33.6	525.6	542.7	1,202.7
Maintenance reserve	–	–	–	2.3	3.1	–	5.4
Trade and other creditors	2,194.9	–	–	–	–	–	2,194.9
Amounts owing to subsidiary companies	1,191.1	–	–	–	–	–	1,191.1
Derivative financial instruments:							
Currency hedging contracts	92.3	32.8	–	–	–	–	125.1
Fuel hedging contracts	500.6	75.6	–	–	–	–	576.2
Cross currency swap contracts	0.5	4.8	3.0	2.0	1.0	0.2	11.5
	4,013.0	146.8	36.6	37.9	529.7	542.9	5,306.9

#### (f) Credit risk

The Group has an independent Group Debts Review Committee to review the follow up actions on outstanding receivables monthly. On a day-to-day basis, the respective Finance divisions have the primary responsibility for measuring and managing specific risk exposures.

The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset in the statement of financial position.

There are no significant concentrations of credit risk other than from counterparties of cash and bank balances and derivative instruments, where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to broad diversification. In specific instances, the contract may require special collateral.

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.

### 37 Financial Risk Management Objectives and Policies (in \$ million) (continued)

#### (f) Credit risk (continued)

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collateral requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

The Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposures of balances that exceed 5% of the financial assets of the Group and the Company as at 31 March:

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Counterparty profiles</b>								
<u>By industry:</u>								
Travel agencies	<b>436.8</b>	434.5	<b>7.1%</b>	5.7%	<b>227.6</b>	230.8	<b>4.5%</b>	3.6%
Airlines	<b>151.5</b>	160.3	<b>2.4%</b>	2.1%	<b>21.8</b>	125.3	<b>0.4%</b>	1.9%
Financial institutions	<b>3,727.2</b>	4,900.7	<b>60.3%</b>	64.3%	<b>3,058.8</b>	4,108.3	<b>60.6%</b>	64.8%
Others	<b>1,590.9</b>	1,636.7	<b>25.7%</b>	21.5%	<b>1,339.2</b>	1,647.2	<b>26.5%</b>	26.0%
	<b>5,906.4</b>	7,132.2	<b>95.5%</b>	93.6%	<b>4,647.4</b>	6,111.6	<b>92.0%</b>	96.3%
<u>By region:</u>								
East Asia	<b>3,096.8</b>	3,977.4	<b>50.1%</b>	52.2%	<b>2,321.0</b>	3,495.0	<b>45.9%</b>	55.1%
Europe	<b>1,449.8</b>	1,887.0	<b>23.4%</b>	24.8%	<b>1,211.3</b>	1,545.5	<b>24.0%</b>	24.4%
South West Pacific	<b>1,011.1</b>	927.5	<b>16.4%</b>	12.2%	<b>961.4</b>	864.1	<b>19.0%</b>	13.6%
Americas	<b>260.0</b>	276.3	<b>4.2%</b>	3.6%	<b>104.2</b>	169.0	<b>2.1%</b>	2.7%
West Asia and Africa	<b>88.7</b>	64.0	<b>1.4%</b>	0.8%	<b>49.5</b>	38.0	<b>1.0%</b>	0.5%
	<b>5,906.4</b>	7,132.2	<b>95.5%</b>	93.6%	<b>4,647.4</b>	6,111.6	<b>92.0%</b>	96.3%
<u>By Moody's credit ratings:</u>								
Investment grade (A to Aaa)	<b>4,125.1</b>	5,464.2	<b>66.7%</b>	71.7%	<b>3,472.4</b>	4,666.7	<b>68.8%</b>	73.6%
Investment grade (Baa)	<b>19.1</b>	8.8	<b>0.3%</b>	0.1%	<b>-</b>	1.3	<b>0.0%</b>	0.0%
Non-rated	<b>1,762.2</b>	1,659.2	<b>28.5%</b>	21.8%	<b>1,175.0</b>	1,443.6	<b>23.2%</b>	22.7%
	<b>5,906.4</b>	7,132.2	<b>95.5%</b>	93.6%	<b>4,647.4</b>	6,111.6	<b>92.0%</b>	96.3%

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 38 Capital Management (in \$ million)

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

During the financial year ended 31 March 2017, 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	
	2017	2016	2017	2016
Notes payable	<b>1,430.0</b>	1,000.0	<b>1,430.0</b>	1,000.0
Finance lease commitments	<b>23.7</b>	44.4	-	-
Loans	<b>114.1</b>	303.1	-	-
Total debt	<b>1,567.8</b>	1,347.5	<b>1,430.0</b>	1,000.0
Share capital	<b>1,856.1</b>	1,856.1	<b>1,856.1</b>	1,856.1
Reserves	<b>11,226.9</b>	10,898.6	<b>10,657.5</b>	10,152.1
Total capital	<b>13,083.0</b>	12,754.7	<b>12,513.6</b>	12,008.2
Gearing ratio (times)	<b>0.12</b>	0.11	<b>0.11</b>	0.08

### 39 Related Party Transactions (in \$ million)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key Management Personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer and Executive Vice Presidents of the Company to be Key Management Personnel of the Company.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business during the financial year:

	The Group	
	FY2016/17	FY2015/16
Purchases of services from associated companies	<b>118.5</b>	121.8
Services rendered to associated companies	<b>(59.3)</b>	(92.8)
Purchases of services from joint venture companies	<b>0.9</b>	0.7
Services rendered to joint venture companies	<b>(44.6)</b>	(37.0)
Purchases of services from related parties	<b>1,188.6</b>	1,187.8
Services rendered to related parties	<b>(13.9)</b>	(15.4)
Professional fees paid to a firm of which a Director is a member	<b>1.4</b>	1.5

### 39 Related Party Transactions (in \$ million) (continued)

#### Key Management Personnel remuneration of the Group

	The Group	
	FY2016/17	FY2015/16
<u>Directors</u>		
Salary, bonuses, fee and other costs	5.3	5.3
CPF and other defined contributions	*	*
Share-based compensation expense	1.6	1.4
	<b>6.9</b>	<b>6.7</b>
<u>Key executives (excluding executive Directors)</u>		
Salary, bonuses, fee and other costs	3.1	3.0
CPF and other defined contributions	*	*
Share-based compensation expense	1.5	1.3
	<b>4.6</b>	<b>4.3</b>

\* Amount less than \$0.1 million

Share options granted to and exercised by a Director and key executives of the Company are as follows:

Name of participant	Aggregate options granted since commencement of scheme up to end of financial year under review	Aggregate options exercised since commencement of scheme up to end of financial year under review	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	444,075	444,075	–
Mak Swee Wah	362,750	362,750	–
Ng Chin Hwee	214,025	214,025	–

Conditional awards granted to a Director and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

#### RSP/RSP 2014 Base Awards

Name of Participant	Balance as at 1 April 2016	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2017	Aggregate Base Awards granted since commencement of RSP/RSP 2014 to end of financial year under review
Goh Choon Phong	121,488	60,000	61,488	120,000	400,232
Mak Swee Wah	60,744	30,000	30,744	60,000	235,674
Ng Chin Hwee	60,744	30,000	30,744	60,000	219,756

## Notes to the Financial Statements

For The Financial Year Ended 31 March 2017

### 39 Related Party Transactions (in \$ million) (continued)

RSP/RSP 2014 Final Awards (Pending Release)<sup>R1</sup>

Name of Participant	Balance as at 1 April 2016	Final Awards granted during the financial year <sup>#</sup>	Final Awards released during the financial year	Balance as at 31 March 2017	Aggregate ordinary shares released to participant since commencement of RSP/RSP 2014 to end of financial year under review*
Goh Choon Phong	29,118	79,940	58,941	50,117	179,435
Mak Swee Wah	14,561	39,970	29,471	25,060	123,168
Ng Chin Hwee	14,561	39,970	29,471	25,060	104,237

Deferred RSP/RSP 2014 Awards

Name of Participant	Balance as at 1 April 2016	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2017	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Goh Choon Phong	74,777	12,860	42,037	45,600	45,737
Mak Swee Wah	33,278	7,410	16,878	23,810	18,368
Ng Chin Hwee	35,728	7,410	16,878	26,260	18,368

PSP/PSP 2014 Base Awards<sup>R2</sup>

Name of Participant	Balance as at 1 April 2016	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2017	Aggregate Base Awards granted since commencement of PSP/PSP 2014 to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP/PSP 2014 to end of financial year under review*
Goh Choon Phong	251,592	82,500	84,546	249,546	511,228	103,762
Mak Swee Wah	100,636	33,000	33,818	99,818	249,178	88,793
Ng Chin Hwee	100,636	33,000	33,818	99,818	234,472	72,580

<sup>R1</sup> 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.

<sup>R2</sup> 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.

<sup>#</sup> Final Awards granted during the financial year is determined by applying the achievement factor to the Base Awards that have vested during the financial year.

\* During the financial year, 117,883, 82,473 and 76,100 treasury shares were issued to a Director and key executives of the Company pursuant to the RSP, DSA and PSP respectively.

#### 40 Comparative Information

Certain comparative figures have been reclassified to conform with current year's presentation. The significant reclassifications are set out below:

	FY2015/16	
	As previously reported	As restated
<u>Consolidated Profit and Loss Account</u>		
Revenue	15,228.5	15,238.7
Staff costs	2,461.0	2,451.8
Aircraft maintenance and overhaul costs	790.0	804.9
Commission and incentives	365.3	365.0
Handling charges	1,144.9	1,138.9
Advertising and sales costs	289.0	289.8
Other operating expenses	586.7	596.7

	The Group		The Company	
	31 March 2016			
	As previously reported	As restated	As previously reported	As restated
<u>Statements of Financial Position</u>				
Deferred account:				
- Current assets	-	17.7	-	15.0
- Non-current assets	6.0	65.2	-	50.5
- Current liabilities	-	47.2	-	40.6
- Non-current liabilities	225.3	255.0	197.5	222.4

#### 41 Subsequent Event

The Company announced on 3 April 2017 that it had increased the size of its Multicurrency Medium Term Note Programme (the "MTN Programme"). The aggregate principal amount of notes which may be issued increased from \$2 billion to \$5 billion. \$700 million notes under the MTN Programme were issued on 11 April 2017. The \$700 million notes bear fixed interest of 3.035% per annum and are repayable on 11 April 2025.





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MCI (P) 130/05/2017

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