





Mission Statement

Singapore Airlines is a global company dedicated to providing air transportation services of the highest quality and to maximising returns for the benefit of its shareholders and employees.

FINANCIAL REPORT

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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 2019.

In our opinion:

- (a) the financial statements set out on pages 100 to 205 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 2019, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

1 Directors of the Company

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

Peter Seah Lim Huat	Chairman (Independent)
Goh Choon Phong	Chief Executive Officer
Gautam Banerjee	(Independent)
Simon Cheong Sae Peng	(Independent)
Dominic Ho Chiu Fai	(Independent)
Hsieh Tsun-yan	(Independent)
Lee Kim Shin	(Independent)
David John Gledhill	(Independent) (Appointed on 1 September 2018)
Goh Swee Chen	(Independent) (Appointed on 1 January 2019)

2 Arrangements to Enable Directors to Acquire Shares and Debentures

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

3 Directors' Interests in Shares, Share Options and Debentures

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

Name of Director	Direct interest		Deemed interest	
	1 April 2018 or at date of appointment	31 March 2019	1 April 2018 or at date of appointment	31 March 2019
Interest in Singapore Airlines Limited				
<u>Ordinary shares</u>				
Goh Choon Phong	889,554	981,379	–	–
Simon Cheong Sae Peng	1,870	1,870	–	–

DIRECTORS' STATEMENT

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

Name of Director	Direct interest		Deemed interest	
	1 April 2018 or at date of appointment	31 March 2019	1 April 2018 or at date of appointment	31 March 2019
<u>Conditional award of restricted shares (note 1)</u>				
Goh Choon Phong – Base Awards	42,000	60,000	–	–
– Final Awards (Pending Release)	92,585	78,300	–	–
<u>Conditional award of performance shares (note 2)</u>				
Goh Choon Phong – Base Awards	222,750	222,750	–	–
<u>Conditional award of deferred restricted shares (note 3)</u>				
Goh Choon Phong – Base Awards	47,300	57,460	–	–
<u>Conditional award of transformation restricted shares (note 4)</u>				
Goh Choon Phong – Base Awards	–	66,083	–	–
Interest in Ascendas India Trust				
<u>Units</u>				
Gautam Banerjee	120,000	120,000	–	–
Interest in Ascendas Real Estate Investment Trust				
<u>Units</u>				
Gautam Banerjee	20,000	20,000	–	–
Interest in Mapletree Commercial Trust				
<u>Units</u>				
Simon Cheong Sae Peng	–	–	1,395,268*	1,690,268 [#]
Interest in Mapletree Industrial Trust				
<u>Units</u>				
David John Gledhill	100,000	100,000	–	–
Interest in Mapletree Global Student Accommodation Private Trust				
<u>Units in Class A (USD)</u>				
Goh Choon Phong	4,823	4,823	–	–
<u>Units in Class B (GBP)</u>				
Goh Choon Phong	4,823	4,823	–	–
Interest in Singapore Technologies Engineering Limited				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	545,325	545,325	–	–
Goh Choon Phong	6,000	6,000	–	–
Interest in Singapore Telecommunications Limited				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	1,667	1,667	1,550*	1,550*
Goh Choon Phong	1,610	1,610	–	–
Hsieh Tsun-yan	–	–	47,000*	47,000*
Lee Kim Shin	190	190	–	–

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

Name of Director	Direct interest		Deemed interest	
	1 April 2018 or at date of appointment	31 March 2019	1 April 2018 or at date of appointment	31 March 2019
Interest in StarHub Limited				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	308,992	308,992	300,000*	300,000*
Interest in Telechoice International Limited				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	50,000	50,000	–	–

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

Director's deemed interests include holdings of 1,395,268 units by the Director's spouse and 295,000 units by a corporation in which the Director has a controlling interest.

Notes:

1. The actual number of Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over, in the case of awards granted before 2016, the two-year performance periods relating to the relevant awards and, in the case of awards granted from 2016 onwards, over the one-year performance periods relating to the relevant awards.
2. The actual number of Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.
3. The Awards of fully-paid ordinary shares will vest at the end of three years from the date of the grant of the award. At the end of the vesting period, an additional number of shares equivalent to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period) will vest.
4. The Awards of fully-paid ordinary shares will vest after a one-year performance period from 1 April 2018 to 31 March 2019. The actual number of Final Awards will range from 0% to 200% of the Base Awards and will vest over three years. On the final vesting date, an additional equity kicker equivalent to 20% of the Final Award will be settled with the participants.

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

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2019.

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
Simon Cheong Sae Peng
Hsieh Tsun-yan

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, there were no outstanding options to take up unissued shares in the Company. The last batch of options granted in July 2008 expired in June 2018:

Date of grant	Number of options to subscribe for unissued ordinary shares			Balance at 31 March 2019	Exercise price*	Exercisable Period
	Balance at 1 April 2018	Cancelled	Exercised			
1.7.2008	7,720,804	7,720,804	–	–	\$12.07	1.7.2009 - 30.6.2018

* The BCIRC approved a reduction of \$1.71 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 BCIRC 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 price reflected here is the exercise price after such adjustments.

No options were exercised during the financial year ended 31 March 2019.

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

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

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

The options granted by the Company did 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.

(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. At the Annual General Meeting held on 27 July 2018, shareholders approved alterations to the RSP 2014 to enable non-executive Directors of the Company and/or its subsidiaries to participate in the RSP 2014 (in addition to employees, including executive Directors of the Company and/or its subsidiaries).

4 Equity Compensation Plans of the Company (continued)

(ii) RSP/RSP 2014 and PSP/PSP 2014 (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 200% for both the RSP/RSP 2014 and 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. For the transformation awards of restricted shares granted in July 2018 under the RSP 2014, half of the Final Awards of fully paid ordinary shares will be released to the participants upon vesting. The balance will be released equally over the subsequent two years with fulfilment of service requirements. On the final vesting date, an additional equity kicker equivalent to 20% of the Final Award will be settled with the participant.

All the PSP/PSP 2014 Final Awards of fully paid ordinary shares will be released to the participants at the end of the three-year performance period. For the financial year under review, all RSP/RSP 2014 and PSP/PSP 2014 Final Awards released were satisfied by way of the transfer of treasury shares to the participants.

No awards have been granted to controlling shareholders or their associates, or parent group directors or employees, under the RSP/RSP 2014 and PSP/PSP 2014.

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

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

1. RSP Base Awards

280,232 RSP Base Awards have been granted to Mr Goh Choon Phong under the RSP, all of which have vested and the final tranche of 19,985 fully paid ordinary shares were released to him during the financial year under review. The RSP was terminated following the adoption of the RSP 2014 on 30 July 2014.

2. RSP 2014 Base Awards

Name of participant	Balance as at 1 April 2018	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2019	Aggregate Base Awards granted since commencement of RSP 2014 to end of financial year under review
Goh Choon Phong	42,000	60,000	42,000	60,000	222,000

DIRECTORS' STATEMENT

4 Equity Compensation Plans of the Company (continued)

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

3. RSP/RSP 2014 Final Awards (Pending Release) ^{R1}

Name of participant	Balance as at 1 April 2018	Final Awards granted during the financial year [#]	Final Awards released during the financial year	Balance as at 31 March 2019	Aggregate ordinary shares released to participant since commencement of RSP/RSP 2014 to end of financial year under review
Goh Choon Phong	92,585*	63,000	77,285*	78,300	339,652

4. PSP Base Awards

346,228 PSP Base Awards have been granted to Mr Goh Choon Phong under the PSP. All of the PSP Base Awards have vested and an aggregate of 124,902 fully paid ordinary shares have been released to him since the commencement of the PSP up to the end of financial year under review. The PSP was terminated following the adoption of the PSP 2014 on 30 July 2014.

5. PSP 2014 Base Awards ^{R2}

Name of participant	Balance as at 1 April 2018	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2019	Aggregate Base Awards granted since commencement of PSP 2014 to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP 2014 to end of financial year under review
Goh Choon Phong	222,750	82,500	82,500	222,750	305,250	–

6. Deferred RSP/RSP 2014 (“DSA”)

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

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

(a) Deferred RSP Awards

42,037 Deferred RSP Base Awards have been granted to Mr Goh Choon Phong under the RSP. All of the Deferred RSP Base Awards have vested and an aggregate of 45,737 fully paid ordinary shares have been released to him since the commencement of the RSP up to the end of the financial year under review. The RSP was terminated following the adoption of the RSP 2014 on 30 July 2014.

4 Equity Compensation Plans of the Company (continued)

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

6. Deferred RSP/RSP 2014 ("DSA") (continued)

(b) Deferred RSP 2014 Awards

Name of participant	Balance as at 1 April 2018	Base Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2019	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	47,300	23,330	13,170	57,460	90,200	35,840

7. Transformation RSP 2014 ("TSA")

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

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

Name of participant	Base Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2019	Aggregate Base Awards granted since commencement of TSA to end of financial year under review	Aggregate ordinary shares released to participant since commencement of TSA to end of financial year under review
Goh Choon Phong	66,083	–	66,083	66,083	–

^{R1} The actual number of RSP/RSP 2014 Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the two-year performance periods relating to the relevant awards for awards granted before 2016 and over the one-year performance periods relating to the relevant awards for awards granted from 2016 onwards.

^{R2} The actual number of PSP/PSP 2014 Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.

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

^{*} Includes the 19,985 shares referred to in 1. above.

DIRECTORS' STATEMENT

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. The last batch of share options granted under the SIAEC ESOP expired on 30 June 2018. There were no share options outstanding under the SIAEC ESOP as at the end of the financial year.

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

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

(ii) Tiger Airways Holdings Pte Ltd ("Tiger Airways")

In connection with the Company's voluntary general offer for Tiger Airways in financial year 2015/16, Tiger Airways' Remuneration Committee had approved the encashment and payment of outstanding share awards under the Tiger Airways Restricted Share Plan and Tiger Airways Performance Share Plan to all participants on a deferred payment basis, subject to fulfilment of certain terms and conditions. All outstanding share awards under Tiger Airways' share plans had been fully encashed on 1 July 2018.

6 Audit Committee

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

Gautam Banerjee - Chairman
Dominic Ho Chiu Fai
Hsieh Tsun-yan
Goh Swee Chen (Appointed on 1 January 2019)

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

- (i) quarterly and annual financial statements of the Group and the Company prior to their submissions to the Board of Directors for adoption;
- (ii) audit scopes, plans and reports (including Key Audit Matters) of the external and internal auditors;
- (iii) adequacy and effectiveness of material controls, including financial, operational, compliance, information technology controls and risk management framework;
- (iv) adequacy and effectiveness of the internal audit function, and the effectiveness, independence and objectivity of the external auditors;
- (v) interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual);
- (vi) whistle-blowing programme instituted by the Company; and
- (vii) any material loss of funds, significant computer security incidents and legal cases.

6 Audit Committee (continued)

The Audit Committee has held four meetings since the last Directors' Statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system. The Audit Committee also reviewed management's internal control adequacy representations that is based on the Control Self-Assessment (CSA) System developed. In the review of the audited financial statements of the Group and the Company, the Audit Committee had discussed with management and the external auditors the accounting principles that were applied and their judgement on the items that might affect the financial statements. Based on the review and discussions with management and the external auditors, the Audit Committee is of the view that the financial statements are fairly presented in conformity with generally accepted accounting principles in all material aspects.

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

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

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

7 Auditors

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

On behalf of the Board,

PETER SEAH LIM HUAT
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 16th day of May 2019

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 2019, 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 100 to 205.

In our opinion, the accompanying consolidated financial statements of the Group and the statements of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act), Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 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.

Accuracy of passenger revenue

Refer to note 2(s) 'Revenue' and note 3(c) 'Passenger revenue recognition' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
Passenger revenue is not recorded immediately on sale of flight tickets but is deferred to be recorded at a later time as revenue in the profit and loss account when a passenger is flown. Such deferred revenue is presented on the statement of financial position as sales in advance of carriage and is measured based on the sales price to the customer, net of discounts and rebates. Flight tickets sold often involve multiple flight sectors and partner airlines. The amount of revenue to be recognised for each flight as it is flown relies on complex internal IT systems that handle large volumes of transaction data and includes the exchange of information with industry systems and partner airlines. As a result of the complexity in determining on flight date the revenue to be recognised for flown flights, this is a key focus area in our audit.	To check the accuracy of the revenue recorded by the passenger revenue systems, we tested the relevant computer system controls, these being the user access, programme change controls and application controls over internal passenger revenue systems. Our tests of these controls were designed to determine whether these key computer systems controls operated as they are designed, and are protected from tampering of data or software logic that would result in inaccurate accounting information relating to passenger revenue. Computer system controls were tested selectively; these included those relating to the completeness of transfers of data between systems, ticket validation to identify data errors and the assignment of ticket prices to each flight. Key manual controls were also tested to assess the appropriateness of the treatment applied to exceptions and reconciliations of the Group's records with the outputs from shared industry systems and partner airlines. We obtained direct assistance from the Group's internal auditors to test the effectiveness of relevant controls in the passenger revenue accounting process at various overseas stations. Procedures we performed included planning the work to be performed by the Group's internal auditors, identifying the controls to be tested, and reviewing the work of the Group's internal auditors.

Findings

No significant exceptions were noted in the testing of the IT and manual controls, including those residing at the tested overseas stations.

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(s) 'Revenue' and note 3(d) 'Frequent flyer programme' for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
Cash is received by the Company from KrisFlyer programme partners in return for the issuance of miles in its KrisFlyer frequent flyer programme. In addition, a portion of unearned revenue is separately identified from the value of the ticket sales for flights on which KrisFlyer members qualify to earn KrisFlyer miles ("miles"). Cash received from KrisFlyer programme partners for the issuance of miles and the portion of unearned revenue attributable to miles earned on qualifying flights are recognised on the statement of financial position as deferred revenue, after taking into account the expected utilisation of the miles. Revenue is subsequently recognised when KrisFlyer members fly or utilise other redemption options for goods or services. Significant judgement is required in the following aspects: • The number of miles that will expire without use – The Company relies on historical expiry patterns in determining these estimates; and • The determination of the fair value of frequent flyer miles – The Company relies on historical redemption patterns in determining these estimates. Predicting the impact of KrisFlyer scheme revisions that are anticipated to change the number of miles that will expire over time is judgemental. The estimation of the fair value of miles awarded in the KrisFlyer frequent flyer programme is complex and requires judgement to be applied. These are key focus areas of our audit.	We challenged the assumptions used to estimate the number of miles that will expire without use, including analysing historical expiry patterns. In addition, we considered actual changes as well as announced changes to the KrisFlyer frequent flyer programme that may affect future redemptions. We checked the accuracy of the historical analysis used by testing relevant computer system controls. We evaluated the assumptions applied in the mathematical models used to determine the fair value of expected miles to be awarded. This included undertaking a comparison to historical redemption patterns and applying data analytical routines to analyse the impact of alternate methodologies, testing the calculations for mile values against observable inputs such as the Company's published market air fares. We also tested the controls implemented over the models.

Findings

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

Accounting for 'Low Cost Airlines' (LCC) cash generating unit (CGU)

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

The key audit matter	How the matter was addressed in our audit
The accounting for LCC CGU which predominantly comprises of aircraft related assets and goodwill has a material impact on the Group due to the cumulative value and long-lived nature of these assets. In addition, as the LCC CGU contains material goodwill balances, annual impairment testing is required. Significant judgement is required in assessing the carrying value of all assets in the LCC CGU compared to the amounts expected to be recoverable from the LCC CGU to determine if the LCC CGU is impaired. This requires estimates to be made for the LCC CGU including future revenues, operating costs, growth rates, capital expenditure, foreign exchange rates and the discount rates applicable to these cash flows. The assessment of these judgements is a key focus area of our audit.	To assess the estimates and judgements made, we challenged the forecasts of the LCC CGU's future revenues, operating costs, growth rates, capital expenditure, foreign exchange rates and discount rates based on our knowledge of the business, historical forecasting accuracy and the aviation industry. We assessed the arithmetical accuracy of the discounted cash flow models by re-performing the mathematical calculations.

Findings

Cash flow forecasting was found to be in accordance with LCC CGU Board approved plans. The industry forecast for passenger growth for low cost carriers in Asia, the market that the LCC CGU predominantly operates in, is robust. However, the market place is competitive 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.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Impact of adopting International Financial Reporting Standard 16 Leases in FY2019/20

Refer to note 2(c) 'International Financial Reporting Standard 16 Leases' for the relevant disclosures.

The key audit matter	How the matter was addressed in our audit
The Group must adopt IFRS 16 <i>Leases</i> from 1 April 2019 and is required to disclose the expected impact of adopting IFRS 16 in the FY2018/19 Financial Statements. IFRS 16 introduces a new lease accounting model, where lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on its balance sheet. The Group plans to apply IFRS 16 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of general reserve at 1 April 2019, with no restatement of comparative information. As a result, as at 1 April 2019, the Group expects an increase in ROU assets of \$1.7 billion, an increase in lease liabilities of \$2.2 billion, and a decrease in retained earnings of \$0.4 billion, net of the deferred tax of impact of \$0.1 billion. Significant judgement is required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include assessment of lease term, the componentisation of the ROU asset where appropriate, the accounting for return obligations for aircraft and the determination of appropriate discount rates. The adjustments arising from applying IFRS 16 are material to the Group, and this disclosure of impact is a key focus area in our audit.	Through our discussions with the Group and reading of internally prepared memorandum, we understood the Group's process in identifying lease contracts, or contracts which contained leases. We read a sample of contracts to assess whether leases have been appropriately identified. We obtained the Group's quantification of ROU assets and lease liabilities. For a sample of leases, we agreed the inputs used in the quantification to the lease agreements, challenged the calculations of the discount rate applied, and performed computation checks. We assessed the Group's accounting for aircraft ROU asset components and aircraft lease return provisions. We attended a number of International Air Transport Association (IATA) industry meetings for airlines and reviewed IATA's published papers associated with the impact of IFRS 16 on airlines to assist us in benchmarking the Group's approach to adopting IFRS 16. We considered the appropriateness of the associated disclosures in the FY2018/19 Financial Statements.

Findings

The Group has undertaken a comprehensive process to identify leases, review lease terms and quantify the anticipated financial impact on adoption of IFRS 16. We found the Group's treatment of aircraft leases to be appropriate and within the range of acceptable alternatives proposed as industry practice. We found no significant exceptions in the quantification of the impact of adoption.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report except for the *SIA Group Portfolio, Our Strategy for the Future, Chairman's Letter, The Year in Review, Environment, Community Engagement, Subsidiaries, Use of Proceeds from Issue of Retail Bonds and Information on Shareholdings* ('the Reports') which are expected to be made available to us after that date.

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Malcolm Ramsay.

KPMG LLP

Public Accountants and
Chartered Accountants

Dated this 16th day of May 2019
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Financial Year Ended 31 March 2019 (in \$ million)

		The Group	
	Notes	FY2018/19	FY2017/18
REVENUE	4	16,323.2	15,806.1
EXPENDITURE			
Staff costs	5	2,816.9	2,709.0
Fuel costs		4,587.1	3,899.3
Depreciation	20	1,327.9	1,148.1
Impairment of property, plant and equipment	20	–	30.2
Amortisation of intangible assets	21	61.9	44.4
Aircraft maintenance and overhaul costs		899.2	918.6
Commission and incentives		472.5	437.5
Landing, parking and overflying charges		884.0	853.4
Handling charges		1,315.0	1,299.0
Rentals on leased aircraft		679.7	804.9
Inflight meals		550.4	532.6
Advertising and sales costs		331.8	291.4
Company accommodation and utilities		93.5	92.0
Other passenger costs		188.0	172.2
Crew expenses		168.1	160.4
Other operating expenses		880.1	864.3
		15,256.1	14,257.3
OPERATING PROFIT	6	1,067.1	1,548.8
Finance charges	7	(116.1)	(89.8)
Interest income	8	41.9	60.9
(Loss)/Surplus on disposal of aircraft, spares and spare engines		(5.8)	16.1
Dividends from long-term investments		3.1	6.2
Other non-operating items	9	(47.4)	19.3
Share of profits of joint venture companies		23.2	41.0
Share of losses of associated companies		(97.4)	(9.3)
PROFIT BEFORE TAXATION		868.6	1,593.2
TAXATION	10	(147.0)	(247.7)
PROFIT FOR THE FINANCIAL YEAR		721.6	1,345.5
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		682.7	1,301.6
NON-CONTROLLING INTERESTS		38.9	43.9
		721.6	1,345.5
BASIC EARNINGS PER SHARE (CENTS)	11	57.7	110.1
DILUTED EARNINGS PER SHARE (CENTS)	11	57.4	109.7

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 2019 (in \$ million)

	The Group	
	FY2018/19	FY2017/18
PROFIT FOR THE FINANCIAL YEAR	721.6	1,345.5
OTHER COMPREHENSIVE INCOME:		
<u>Items that are or may be reclassified subsequently to profit or loss:</u>		
Currency translation differences	20.3	(62.5)
Net fair value changes on cash flow hedges	158.2	533.5
Share of other comprehensive income of associated and joint venture companies	12.0	27.1
Realisation of foreign currency translation reserves on disposal of a subsidiary company	(0.1)	(0.2)
<u>Items that will not be reclassified subsequently to profit or loss:</u>		
Actuarial (loss)/gain on revaluation of defined benefit plans	(5.5)	10.2
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX	184.9	508.1
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	906.5	1,853.6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE COMPANY	863.4	1,819.2
NON-CONTROLLING INTERESTS	43.1	34.4
	906.5	1,853.6

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

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2019 (in \$ million)

		The Group			The Company		
	Notes	31 March 2019	2018	1 April 2017	31 March 2019	2018	1 April 2017
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY							
Share capital	13	1,856.1	1,856.1	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	14	(171.5)	(183.5)	(194.7)	(171.5)	(183.5)	(194.7)
Other reserves	15	11,602.2	11,187.7	9,622.7	10,088.8	10,558.6	9,288.3
		13,286.8	12,860.3	11,284.1	11,773.4	12,231.2	10,949.7
NON-CONTROLLING INTERESTS		396.4	368.1	387.2	–	–	–
TOTAL EQUITY		13,683.2	13,228.4	11,671.3	11,773.4	12,231.2	10,949.7
DEFERRED ACCOUNT	16	83.9	123.3	234.5	75.1	109.2	214.9
DEFERRED TAXATION	17	2,040.3	1,840.6	1,524.9	1,750.2	1,489.5	1,218.2
LONG-TERM LIABILITIES	18	6,512.4	3,199.8	1,794.7	6,058.6	3,114.4	1,689.4
PROVISIONS	19	702.5	821.5	910.3	429.8	576.7	648.0
DEFINED BENEFIT PLANS		104.5	113.2	131.2	103.9	104.8	122.3
		23,126.8	19,326.8	16,266.9	20,191.0	17,625.8	14,842.5
Represented by:							
PROPERTY, PLANT AND EQUIPMENT	20	22,176.3	18,169.2	14,286.4	17,311.5	13,682.3	10,498.4
INTANGIBLE ASSETS	21	451.3	435.3	423.5	194.1	179.8	169.5
SUBSIDIARY COMPANIES	22	–	–	–	3,591.2	4,840.8	4,610.1
ASSOCIATED COMPANIES	23	1,104.5	1,048.8	1,056.9	555.2	551.5	489.8
JOINT VENTURE COMPANIES	24	171.7	150.6	160.2	30.6	–	–
LONG-TERM INVESTMENTS	25	343.9	346.0	405.7	333.5	335.6	395.3
OTHER LONG-TERM ASSETS	26	713.7	722.7	479.3	543.7	624.6	397.9
DEFERRED ACCOUNT	16	44.1	52.9	61.1	37.0	43.5	49.1
CURRENT ASSETS							
Deferred account	16	8.9	9.9	11.8	6.6	7.3	9.1
Derivative assets	38	371.4	351.4	85.0	371.4	351.2	82.1
Inventories	27	229.9	179.3	178.4	157.6	108.0	106.1
Trade debtors	28	1,527.2	1,400.9	1,143.3	1,138.8	836.7	694.7
Amounts owing by subsidiary companies	28	–	–	–	3.7	140.1	203.8
Deposits and other debtors	29	93.8	87.8	127.4	63.7	40.7	55.8
Prepayments		164.9	184.6	211.0	98.2	125.1	169.9
Other short-term assets		42.8	27.0	21.4	42.8	27.0	21.4
Investments	30	116.8	157.8	539.9	68.5	88.7	469.9
Cash and bank balances	31	2,944.0	2,568.3	3,380.5	2,716.0	2,144.6	2,733.2
		5,499.7	4,967.0	5,698.7	4,667.3	3,869.4	4,546.0

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

		The Group			The Company		
	Notes	31 March 2019	2018	1 April 2017	31 March 2019	2018	1 April 2017
Less: CURRENT LIABILITIES							
Borrowings	18	231.1	20.6	42.0	159.8	–	–
Current tax payable		87.3	134.1	80.3	55.0	42.4	30.3
Trade and other creditors	32	3,163.6	2,817.0	3,295.9	2,304.2	1,858.9	2,251.9
Amounts owing to subsidiary companies	32	–	–	–	971.8	1,290.4	1,354.5
Sales in advance of carriage	33	2,715.4	2,442.1	1,650.8	2,479.8	2,205.9	1,474.3
Deferred revenue	33	610.9	556.1	707.8	610.9	556.1	707.8
Deferred account	16	44.9	64.8	86.0	37.9	60.3	76.3
Derivative liabilities	38	89.5	161.9	119.7	88.1	161.9	119.7
Provisions	19	435.7	369.1	322.4	365.6	325.8	298.8
		7,378.4	6,565.7	6,304.9	7,073.1	6,501.7	6,313.6
NET CURRENT LIABILITIES		(1,878.7)	(1,598.7)	(606.2)	(2,405.8)	(2,632.3)	(1,767.6)
		23,126.8	19,326.8	16,266.9	20,191.0	17,625.8	14,842.5

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 2019 (in \$ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2018		1,856.1	(183.5)	(139.4)
<u>Comprehensive income</u>				
Currency translation differences	15(b)	–	–	–
Net fair value changes on financial assets measured at fair value through other comprehensive income ("FVOCI")	15(d)	–	–	–
Net fair value changes on cash flow hedges	15(d)	–	–	–
Share of other comprehensive income of associated and joint venture companies		–	–	20.8
Realisation of foreign currency translation reserve on disposal of a subsidiary company		–	–	–
Actuarial loss on revaluation of defined benefit plans		–	–	–
Other comprehensive income for the financial year, net of tax		–	–	20.8
Profit for the financial year		–	–	–
Total comprehensive income for the financial year		–	–	20.8
<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		–	–	(3.2)
Changes in ownership interest without loss of control		–	–	–
Share-based compensation expense	5	–	–	–
Share options and awards lapsed		–	–	–
Treasury shares reissued pursuant to equity compensation plans	14	–	12.0	(0.9)
Issuance of share capital by subsidiary companies		–	–	–
Dividends	12	–	–	–
Total contributions by and distributions to owners		–	12.0	(4.1)
<u>Changes in ownership interests in a subsidiary company</u>				
Acquisition of non-controlling interests without a change in control		–	–	(1.6)
Total changes in ownership interests in a subsidiary company		–	–	(1.6)
Total transactions with owners		–	12.0	(5.7)
Balance at 31 March 2019		1,856.1	(171.5)	(124.3)

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

Attributable to owners of the Company

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2019 (in \$ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2017		1,856.1	(194.7)	(147.6)
Effects of changes in accounting standards		–	–	–
As restated		1,856.1	(194.7)	(147.6)
<u>Comprehensive income</u>				
Currency translation differences	15(b)	–	–	–
Net fair value changes on cash flow hedges	15(d)	–	–	–
Share of other comprehensive income of associated and joint venture companies		–	–	11.9
Realisation of reserves on disposal of an associated company		–	–	–
Actuarial gain on revaluation of defined benefit plans		–	–	–
Other comprehensive income for the financial year, net of tax		–	–	11.9
Profit for the financial year		–	–	–
Total comprehensive income for the financial year		–	–	11.9
<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		–	–	(4.7)
Changes in ownership interest without loss of control		–	–	–
Share-based compensation expense	5	–	–	–
Share options lapsed		–	–	–
Treasury shares reissued pursuant to equity compensation plans	14	–	11.2	1.0
Dividends	12	–	–	–
Total transactions with owners		–	11.2	(3.7)
Balance at 31 March 2018		1,856.1	(183.5)	(139.4)

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

Attributable to owners of the Company

Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non- controlling interests	Total equity
(123.7)	88.5	(234.4)	11,838.8	13,083.0	387.2	13,470.2
123.7	–	–	(1,922.6)	(1,798.9)	–	(1,798.9)
–	88.5	(234.4)	9,916.2	11,284.1	387.2	11,671.3
(52.6)	–	–	–	(52.6)	(9.9)	(62.5)
–	–	533.1	–	533.1	0.4	533.5
0.4	–	14.8	–	27.1	–	27.1
(0.2)	–	–	–	(0.2)	–	(0.2)
–	–	–	10.2	10.2	–	10.2
(52.4)	–	547.9	10.2	517.6	(9.5)	508.1
–	–	–	1,301.6	1,301.6	43.9	1,345.5
(52.4)	–	547.9	1,311.8	1,819.2	34.4	1,853.6
–	–	–	–	(4.7)	–	(4.7)
–	(1.1)	–	(2.0)	(3.1)	(3.4)	(6.5)
–	13.1	–	–	13.1	–	13.1
–	(8.8)	–	8.8	–	–	–
–	(12.2)	–	–	–	–	–
–	–	–	(248.3)	(248.3)	(50.1)	(298.4)
–	(9.0)	–	(241.5)	(243.0)	(53.5)	(296.5)
(52.4)	79.5	313.5	10,986.5	12,860.3	368.1	13,228.4

STATEMENTS OF CHANGES IN EQUITY

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

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

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2017		1,856.1	(194.7)	25.7	76.7	(189.6)	10,939.4	12,513.6
Effects of changes in accounting standards		–	–	–	–	–	(1,563.9)	(1,563.9)
As restated		1,856.1	(194.7)	25.7	76.7	(189.6)	9,375.5	10,949.7
<u>Comprehensive income</u>								
Net fair value changes on cash flow hedges	15(d)	–	–	–	–	396.3	–	396.3
Actuarial gain on revaluation of defined benefit plans		–	–	–	–	–	9.9	9.9
Other comprehensive income for the financial year, net of tax		–	–	–	–	396.3	9.9	406.2
Profit for the financial year		–	–	–	–	–	1,112.4	1,112.4
Total comprehensive income for the financial year		–	–	–	–	396.3	1,122.3	1,518.6
<u>Transactions with owners, recorded directly in equity</u>								
<u>Contributions by and distributions to owners</u>								
Share-based compensation expense		–	–	–	11.2	–	–	11.2
Share options and awards lapsed		–	–	–	(1.1)	–	1.1	–
Treasury shares reissued pursuant to equity compensation plans	14	–	11.2	1.0	(12.2)	–	–	–
Dividends	12	–	–	–	–	–	(248.3)	(248.3)
Total transactions with owners		–	11.2	1.0	(2.1)	–	(247.2)	(237.1)
Balance at 31 March 2018		1,856.1	(183.5)	26.7	74.6	206.7	10,250.6	12,231.2

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 2019 (in \$ million)

		The Group	
	Notes	FY2018/19	FY2017/18
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		868.6	1,593.2
Adjustments for:			
Depreciation	20	1,327.9	1,148.1
Impairment of property, plant and equipment	20	–	30.2
Amortisation of intangible assets	21	61.9	44.4
Impairment of trade debtors	6	5.7	1.0
Writedown of inventories	6	5.4	7.4
Income from short-term investments	6	(1.1)	(1.8)
Provisions	19	302.2	282.9
Share-based compensation expense	5	21.0	13.1
Exchange differences		(2.4)	25.9
Amortisation of deferred loss/(gain) on sale and operating leaseback transactions	6	4.3	(3.9)
Finance charges	7	116.1	89.8
Interest income	8	(41.9)	(60.9)
Loss/(Surplus) on disposal of aircraft, spares and spare engines		5.8	(16.1)
Dividends from long-term investments		(3.1)	(6.2)
Net loss/(gain) on financial assets mandatorily measured at fair value through profit or loss (“FVTPL”)		(0.7)	(6.3)
Other non-operating items	9	47.4	(19.3)
Share of profits of joint venture companies		(23.2)	(41.0)
Share of losses of associated companies		97.4	9.3
Operating cash flow before working capital changes		2,791.3	3,089.8
Decrease in trade and other creditors		(28.1)	(756.1)
Increase in sales in advance of carriage		273.3	791.3
Increase in trade debtors		(206.1)	(283.8)
(Increase)/Decrease in deposits and other debtors		(10.9)	38.0
Decrease in prepayments		19.7	26.4
Increase in inventories		(66.6)	(8.3)
Increase/(Decrease) in deferred revenue		54.8	(151.7)
Cash generated from operations		2,827.4	2,745.6
Payment of fines and settlements		–	(139.0)
Income taxes (paid)/refunded		(26.3)	4.3
NET CASH PROVIDED BY OPERATING ACTIVITIES		2,801.1	2,610.9

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

		The Group	
	Notes	FY2018/19	FY2017/18
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	34	(5,562.3)	(5,209.5)
Purchase of intangible assets	34	(105.4)	(59.8)
Proceeds from disposal of aircraft and other property, plant and equipment		180.2	108.3
Purchase of long-term investments		(5.0)	–
Proceeds from disposal of long-term investments		157.6	31.4
Purchase of short-term investments		(798.8)	(688.1)
Proceeds from disposal of short-term investments		850.6	1,126.6
Dividends received from associated and joint venture companies		108.2	104.6
Dividends received from investments		5.2	9.0
Interest received from investments and deposits		47.8	65.6
Proceeds from disposal of a subsidiary company, net of cash disposed		1.6	–
Investments in associated companies		(205.6)	(93.8)
Investments in joint venture companies		(40.5)	–
Proceeds from disposal of associated companies		4.0	21.1
Proceeds from capital reduction of an associated company		–	3.3
NET CASH USED IN INVESTING ACTIVITIES		(5,362.4)	(4,581.3)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	12	(449.8)	(248.3)
Dividends paid by subsidiary companies to non-controlling interests	12	(34.4)	(50.1)
Issuance of share capital by subsidiary companies		19.5	–
Interest paid		(124.5)	(75.7)
Proceeds from issuance of bonds		1,350.0	1,600.0
Proceeds from borrowings		2,280.4	5.0
Repayment of borrowings		(93.7)	(20.3)
Payment of transaction costs related to borrowings		(11.1)	–
Acquisition of non-controlling interests without a change in control		(4.7)	–
Repayment of long-term lease liabilities		–	(23.7)
Proceeds from exercise of share options		–	1.0
NET CASH PROVIDED BY FINANCING ACTIVITIES		2,931.7	1,187.9
NET CASH INFLOW/(OUTFLOW)		370.4	(782.5)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		2,568.3	3,380.5
Effect of exchange rate changes		5.3	(29.7)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		2,944.0	2,568.3
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Fixed deposits	31	1,623.0	1,809.1
Cash and bank balances	31	1,321.0	759.2
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		2,944.0	2,568.3

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 2019

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 2019 comprise the Company and its subsidiary companies (together referred to as “the Group” and individually as “Group entities”) and the Group’s interest in equity-accounted investees.

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

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 16 May 2019.

2 Summary of Significant Accounting Policies

The accounting policies applied by the Group and the Company are consistent to all periods presented in the financial statements and in preparing the opening statements of financial position at 1 April 2017 for the purposes of transition to Singapore Financial Reporting Standards (International) (“SFRS(I)”) and International Financial Reporting Standards (“IFRS”), unless otherwise stated.

(a) Basis of preparation

As required by the listing rules of SGX, the Group applied SFRS(I) with effect from 1 April 2018.

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 SFRS(I) and IFRS. These are the first financial statements of the Group and the Company prepared in accordance with SFRS(I) and IFRS.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (“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) Adoption of SFRS(I) and IFRS

In adopting the new framework, the Group applied the specific transition requirements in IFRS 1 First-time Adoption of IFRS in the preparation of the opening IFRS statement of financial position at 1 April 2017 (the Group’s date of transition).

In addition to the adoption of the new framework, the Group also concurrently applied the following new IFRSs, amendments to and interpretation of IFRS which are effective from the same date.

- IFRS 15 Revenue from Contracts with Customers and Amendments to IFRS 15: Clarifications to IFRS 15;
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions;
- Amendments to IFRS 1: Deletion of short-term exemptions for first-time adopters;
- Amendments to International Accounting Standards (“IAS”) 28: Measuring an Associate or Joint Venture at Fair Value; and
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

2 Summary of Significant Accounting Policies (continued)

(b) Adoption of SFRS(I) and IFRS (continued)

The application of the above standards and interpretations do not have a significant impact on the financial statements, other than below.

(i) IFRS 1

IFRS 1 generally requires that the Group applies IFRS that are effective as at 31 March 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in IFRS 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in IFRS 1 did not have any significant impact on the financial statements.

a) Fair value as deemed cost exemption for property, plant and equipment

The Group and Company have elected to regard the fair values of certain aircraft and aircraft spares as their deemed cost at the date of transition to IFRS 1 on 1 April 2017.

b) Foreign currency translation reserve

The Group has elected to reset the foreign currency translation reserve for all foreign operations to zero as at the date of transition to IFRS 1 on 1 April 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose.

c) Fair value as deemed cost exemption for investments in associated companies

The Company has elected to regard the fair value of its investment in Virgin Australia Holdings Limited, an associated company, as its deemed cost in its separate financial statements at the date of transition to IFRS 1 on 1 April 2017.

(ii) IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group and Company adopted IFRS 15 in its 31 March 2019 financial statements, using the retrospective approach.

For FY2017/18, the Group will not disclose the amount of the transaction price allocated to the remaining performance obligations as at 31 March 2018 as well as an explanation of when the Group expects to recognise that amount of revenue, as allowed under IFRS 1.

The impact upon adoption of IFRS 15 are described below.

a) Passenger revenue - ancillary revenue

Revenue associated with ancillary services that is currently recognised at transaction date has been deferred to flight date. This is in line with recognition of revenue associated with the carriage of passengers.

b) Cargo interline revenue

Cargo interline revenue has been presented at gross rather than net of related costs as the Group is considered to be principal rather than agent in these transactions.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(b) Adoption of SFRS(I) and IFRS (continued)

(iii) Summary of financial impact

The line items on the Group's and Company's financial statements that were adjusted with significant impact arising from the application of IFRS 1 and IFRS 15 as described above are summarised below. There were no material adjustments to the Group's statement of cash flows arising on transition, other than the impact on depreciation and its corresponding impact on profit before taxation as noted below.

		31 March 2018		
	FRS framework	Increase/(Decrease)		IFRS framework
		IFRS 1	IFRS 15	
<u>The Group</u>				
Foreign currency translation reserve	(175.4)	123.0	–	(52.4)
General reserve	12,500.4	(1,496.3)	(17.6)	10,986.5
Deferred taxation	2,122.7	(282.1)	–	1,840.6
Sales in advance of carriage	2,425.6	–	16.5	2,442.1
Property, plant and equipment				
Aircraft, spares and spare engines	13,205.5	(1,655.4)	–	11,550.1
Others	6,619.1	–	–	6,619.1
Trade debtors	1,402.2	–	(1.3)	1,400.9
Trade and other creditors	2,817.2	–	(0.2)	2,817.0
Depreciation	1,639.6	(491.5)	–	1,148.1
Tax expense	164.2	83.5	–	247.7
<u>The Company</u>				
General reserve	11,491.4	(1,232.4)	(8.4)	10,250.6
Deferred taxation	1,687.2	(197.7)	–	1,489.5
Sales in advance of carriage	2,197.5	–	8.4	2,205.9
Property, plant and equipment				
Aircraft, spares and spare engines	9,473.2	(1,163.1)	–	8,310.1
Others	5,372.2	–	–	5,372.2
Associated companies	818.5	(267.0)	–	551.5

The effect of the adoption of IFRS 1 and 15 as at 1 April 2017 have been presented in the restated 1 April 2017 balances disclosed in the statement of changes in equity. As a result, the property, plant and equipment balances at the Group and the Company as at 1 April 2017 has been reduced by \$2,146.9 million and \$1,552.4 million respectively; the deferred tax balances at the Group and the Company as at 1 April 2017 has been reduced by \$365.6 million and \$263.9 million respectively.

2 Summary of Significant Accounting Policies (continued)

(c) Standards issued but not yet effective

New standards and amendments to standards that are effective from the Group's financial year ending 31 March 2020 are as follows:

Description	Effective from
Amendments to IAS 23: Borrowing costs eligible for capitalisation	1 April 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 April 2019
Amendments to IAS 12: Income Tax Consequences of Payments on Financial Instruments Classified as Equity	1 April 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 April 2019
Amendments to IFRS 3 and IFRS 11: Previously Held Interest in a Joint Operation	1 April 2019
Amendments to IAS 19: Plan Amendment, Curtailment of Settlement	1 April 2019
IFRS 16 Leases	1 April 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 April 2019
IFRS 17 Insurance Contracts	1 April 2021
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Accounting Standards Council has issued the above new IFRS, amendments to and interpretations of IFRS as SFRS(I). The Group is still in the process of assessing the impact of the new IFRSs, amendments to and interpretations of IFRSs on the financial statements. The Group's preliminary assessment of IFRS 16, which is expected to have a more significant impact on the Group, is as described below.

IFRS 16 Leases

IFRS 16 replaces existing lease accounting guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e., lessors continue to classify leases as finance or operating leases. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group will adopt IFRS 16 on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of lease on transition. This means that IFRS 16 will be applied to all contracts entered into before 1 April 2019 which have been identified as leases in accordance with IAS 17 and IFRIC 4.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

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

IFRS 16 Leases (continued)

(i) As lessee

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

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

In addition, the Group plans to apply the following practical expedients:

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

(ii) As lessor

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

The Group will reassess the classification of sub-leases in which the Group is a lessor. The Group expects that it will reclassify two sub-leases as finance leases, resulting in the recognition of a finance lease receivable. No significant impact is expected for other leases in which the Group is a lessor.

(iii) Impact on consolidated profit and loss account

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

The Group expects that its foreign exchange volatility arising from revaluation of lease liabilities which are denominated in USD to increase.

2 Summary of Significant Accounting Policies (continued)

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

IFRS 16 Leases (continued)

(iv) Impact on Statements of Financial Position

The line items on the Group's and Company's Statements of Financial Position that may be adjusted with significant impact arising from the adoption of IFRS 16 as described above are summarised below.

	As reported	1 April 2019 Increase/ (Decrease)	Restated
The Group			
<u>Equity</u>			
General reserve	11,275.1	(446.5)	10,828.6
<u>Liabilities</u>			
Deferred account (non-current)	83.9	(33.1)	50.8
Deferred taxation	2,040.3	(91.4)	1,948.9
Long-term lease liabilities	–	1,750.2	1,750.2
Provisions (non-current)	702.5	80.0	782.5
Deferred account (current)	44.9	(5.8)	39.1
Trade and other creditors	3,163.6	(16.8)	3,146.8
Lease liabilities	–	441.7	441.7
Provisions (current)	435.7	2.4	438.1
<u>Assets</u>			
Property, plant and equipment	22,176.3	10.8	22,187.1
Right-of-use assets	–	1,712.0	1,712.0
Other long term assets	713.7	29.1	742.8
Deferred account (non-current)	44.1	(40.0)	4.1
Prepayments	164.9	(32.5)	132.4
Deferred account (current)	8.9	(6.6)	2.3
Other short-term assets	42.8	7.9	50.7
The Company			
<u>Equity</u>			
General reserve	10,631.0	(186.4)	10,444.6
<u>Liabilities</u>			
Deferred account (non-current)	75.1	(29.9)	45.2
Deferred taxation	1,750.2	(38.2)	1,712.0
Long-term lease liabilities	–	896.9	896.9
Provisions (non-current)	429.8	(25.8)	404.0
Deferred account (current)	37.9	(4.9)	33.0
Trade and other creditors	2,304.2	(12.3)	2,291.9
Lease liabilities	–	276.2	276.2
<u>Assets</u>			
Right-of-use assets	–	939.9	939.9
Deferred account (non-current)	37.0	(37.0)	–
Prepayments	98.2	(20.7)	77.5
Deferred account (current)	6.6	(6.6)	–

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(d) Basis of consolidation

Acquisitions from 1 April 2017

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

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

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

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

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

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

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

Acquisitions before 1 April 2017

As part of the transition to IFRS, the Group elected not to restate those business combinations that occurred before the date of transition to IFRS, i.e. 1 April 2017. Goodwill arising from acquisitions before 1 April 2017 has been carried forward from the previous FRS framework as at the date of transition.

(e) Subsidiary, associated and joint venture companies

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

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

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

2 Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(f) Intangible assets (continued)

(iv) Goodwill

Goodwill acquired in a business combination is included in intangible assets. For the measurement of goodwill at initial recognition, 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 | 1 – 10 years |
| • Licences | 3 years |
| • Trademarks | 10 years |

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

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

(g) Foreign currencies

Foreign currency transactions

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

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

2 Summary of Significant Accounting Policies (continued)

(g) Foreign currencies (continued)

Foreign currency transactions (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment (continued)

(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 – 12 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

(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).

2 Summary of Significant Accounting Policies (continued)

(i) Leases (continued)

(ii) Operating lease

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

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

(iii) Operating lease – as lessor

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

(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

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

Financial assets

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

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

- a) Amortised cost: A non-equity financial asset can be measured at amortised cost if it meets both of the following conditions:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

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

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

Business model assessment

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

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

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

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

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

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.

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(iii) Derecognition

Financial assets

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

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

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

Financial liabilities

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

(iv) Offsetting

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

(v) Impairment

Expected credit loss

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(v) Impairment (continued)

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).

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.

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

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

Designation of hedges (continued)

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) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) Treasury shares

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

2 Summary of Significant Accounting Policies (continued)

(r) Taxation

(i) Current income tax

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

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

(ii) Deferred tax

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

Deferred tax assets and liabilities are not recognised for:

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(s) Revenue

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.

(i) Passenger and cargo

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.

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

(ii) Repair and maintenance of aircraft

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

(iii) KrisFlyer

The Company operates a frequent flyer programme called “KrisFlyer” that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised. 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.

(iv) Contract costs

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

(v) Others

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

(t) 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.

2 Summary of Significant Accounting Policies (continued)

(u) 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 awards. When the awards are released, the share-based compensation reserve is transferred to share capital if new shares are issued, or to treasury shares if the awards are satisfied by the reissuance of treasury shares.

(ii) Defined benefit plans

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

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

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

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

(iii) Defined contribution plans

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

(iv) Short term employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(v) 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.

(w) 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.

(x) Segment reporting

(i) Business segment

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

(ii) Geographical segment

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

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

3 Significant Accounting Estimates and Critical Judgements

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

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

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

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

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.

3 Significant Accounting Estimates and Critical Judgements (continued)

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

Aircraft are depreciated on a straight-line basis at rates which are calculated to write down their cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of the fleet are made by the Group based on past experience and these are in line with the industry. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2019 was \$15,494.8 million (2018: \$11,118.6 million; 1 April 2017: \$8,704.4 million) and \$12,234.3 million (2018: \$8,076.6 million; 1 April 2017: \$6,346.4 million) respectively.

(c) Passenger revenue recognition

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

The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2019 was \$2,715.4 million (2018: \$2,442.1 million; 1 April 2017: \$1,650.8 million) and \$2,479.8 million (2018: \$2,205.9 million; 1 April 2017: \$1,474.3 million) respectively.

(d) Frequent flyer programme

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

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

In the previous financial year, the Company reviewed the actual expiry of miles against the expected breakage rate determined in financial year 2013/14, when the Pay With Miles option to the KrisFlyer programme was introduced. The impact of the revision in estimates was an increase of approximately \$178.2 million in revenue.

The carrying amount of the Group's and the Company's deferred revenue at 31 March 2019 was \$610.9 million (2018: \$556.1 million; 1 April 2017: \$707.8 million).

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

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

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate of the proportion of day-to-day maintenance compared to maintenance which extends the useful lives of the engine. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2019 was \$1,249.1 million (2018: \$1,072.0 million; 1 April 2017: \$783.3 million) and \$969.4 million (2018: \$836.2 million; 1 April 2017: \$611.9 million) respectively. The maintenance and repair costs covered by PBH agreements which were expensed off during the year amounted to \$82.6 million (FY2017/18: \$56.6 million) for the Group and \$21.4 million (FY2017/18: \$21.4 million) for the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

3 Significant Accounting Estimates and Critical Judgements (continued)

(f) Provision for lease return costs

Prior to the return of aircraft leased by the Group entities to the lessor, the Group entities are required to fulfil certain lease return conditions which may include the completion of certain maintenance activities to the airframe and engines and the reconfiguration of seats within the aircraft. The provision for lease return costs for these leased aircraft is determined based on the best estimate of the costs that will be incurred to fulfil the stipulated lease return conditions. The carrying amount of the provision for the Group and the Company at 31 March 2019 was \$1,035.1 million (2018: \$1,100.8 million; 1 April 2017: \$1,137.2 million) and \$715.1 million (2018: \$833.1 million; 1 April 2017: \$886.3 million) respectively.

4 Segment Information (in \$ million)

Following the integration of SIA Cargo, Management has determined that the Group has the following reportable segments:

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

Other services provided by the Group, such as 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 FY2018/19 or FY2017/18.

Due to a change in the operating segments, the previously reported segment results for the year ended 31 March 2018 have been restated to be comparable with the revised segmentation approach as required by IFRS 8 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.

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 2019 and 2018 and certain assets and liabilities information of the business segments as at those dates.

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

* Relates to inter-segment transactions eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

Business segments (continued)

FY2017/18	Singapore Airlines	SilkAir	Budget Aviation	SIAEC	Others	Total of segments	Elimination*	Consolidated
TOTAL REVENUE								
External revenue	12,760.6	998.9	1,533.8	480.9	31.9	15,806.1	–	15,806.1
Inter-segment revenue	46.9	21.4	47.3	614.0	84.5	814.1	(814.1)	–
	12,807.5	1,020.3	1,581.1	1,094.9	116.4	16,620.2	(814.1)	15,806.1
RESULTS								
Segment result	1,338.1	43.9	77.7	78.8	21.1	1,559.6	(10.8)	1,548.8
Finance charges	(94.8)	–	(31.8)	(0.8)	–	(127.4)	37.6	(89.8)
Interest income	89.1	2.5	1.3	4.9	0.5	98.3	(37.4)	60.9
Surplus on disposal of aircraft, spares and spare engines	15.4	–	0.7	–	–	16.1	–	16.1
Dividends from long-term investments	6.2	–	–	–	–	6.2	–	6.2
Other non-operating items	10.0	(7.2)	(0.3)	16.8	–	19.3	–	19.3
Share of profits of joint venture companies	–	–	0.7	40.3	–	41.0	–	41.0
Share of (losses)/profits of associated companies	(78.5)	–	(0.3)	69.5	–	(9.3)	–	(9.3)
Taxation	(204.4)	(9.5)	(8.5)	(21.5)	(3.8)	(247.7)	–	(247.7)
Profit for the financial year	1,081.1	29.7	39.5	188.0	17.8	1,356.1	(10.6)	1,345.5
Attributable to:								
Owners of the Company								1,301.6
Non-controlling interests								43.9
								1,345.5

* Relates to inter-segment transactions eliminated on consolidation.

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

Business segments (continued)

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

* Relates to inter-segment transactions eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

Business segments (continued)

	Singapore Airlines	SilkAir	Budget Aviation	SIAEC	Others	Total of segments	Elimination*	Consolidated
OTHER INFORMATION AS AT 31 MARCH 2018								
Segment assets	18,835.0	1,497.4	3,570.1	1,259.5	188.4	25,350.4	(1,003.3)	24,347.1
Investments in associated and joint venture companies	656.3	–	(1.3)	544.4	–	1,199.4	–	1,199.4
Long-term investments	335.6	0.6	–	–	9.8	346.0	–	346.0
Total assets	19,826.9	1,498.0	3,568.8	1,803.9	198.2	26,895.8	(1,003.3)	25,892.5
Segment liabilities	6,100.1	275.0	601.3	221.9	58.1	7,256.4	(1,091.2)	6,165.2
Long-term liabilities	84.3	–	8.8	–	–	93.1	–	93.1
Provisions	902.5	67.6	219.8	0.7	–	1,190.6	–	1,190.6
Defined benefit plans	112.7	0.5	–	–	–	113.2	–	113.2
Borrowings	3,030.1	–	75.3	21.9	–	3,127.3	–	3,127.3
Tax liabilities	1,621.7	119.3	184.4	44.4	4.9	1,974.7	–	1,974.7
Total liabilities	11,851.4	462.4	1,089.6	288.9	63.0	13,755.3	(1,091.2)	12,664.1
Capital expenditure	4,320.2	287.1	570.4	31.6	0.2	5,209.5	–	5,209.5
Purchase of intangible assets	43.6	2.2	2.3	11.5	0.2	59.8	–	59.8
Depreciation	909.8	64.1	124.7	48.5	1.0	1,148.1	–	1,148.1
Impairment of property, plant and equipment	26.7	7.9	–	3.5	–	38.1	–	38.1
Amortisation of intangible assets	33.0	2.5	3.0	5.4	0.5	44.4	–	44.4
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	10.4	2.3	1.8	8.6	0.6	23.7	–	23.7

* Relates to inter-segment transactions eliminated on consolidation.

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

Geographical segments

The following table presents revenue information on airline operations by geographical areas for the financial years ended 31 March 2019 and 2018.

	By area of original sale	
	FY2018/19	FY2017/18
East Asia	8,966.2	8,510.7
Europe	2,283.0	2,097.2
South West Pacific	2,091.8	2,051.6
Americas	889.0	780.8
West Asia and Africa	1,028.8	994.9
Systemwide	15,258.8	14,435.2
Non-scheduled services and incidental revenue	696.4	973.7
	15,955.2	15,408.9

No single customer contributed to more than 10% of the Group's revenue during the financial years ended 31 March 2019 and 2018.

5 Staff Costs (in \$ million)

	The Group	
	FY2018/19	FY2017/18
Salary, bonuses and other costs	2,583.4	2,494.3
CPF, other defined contributions and defined benefit expense	212.5	201.6
Share-based compensation expense	21.0	13.1
	2,816.9	2,709.0

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expense for the Group was \$9.3 million for FY2018/19 (FY2017/18: \$11.0 million). As this is not material to the total staff costs of the Group for FY2018/19 and FY2017/18, additional disclosures of the defined benefit plans are not shown.

Share-based compensation arrangements

As at 31 March 2019, the Group has the following share-based compensation 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

Share-based compensation arrangements (continued)

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

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

Plans	Vesting Conditions	Contractual Life
Senior Executive Share Option Scheme	25% per annum of total ordinary shares subject to the options.	No longer than 10 years from grant date
Employee Share Option Scheme	Two years service from grant date.	No longer than 10 years from grant date

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:

	FY2018/19		FY2017/18	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	7,720,804	\$12.07	16,723,550	\$13.83
Cancelled	(7,720,804)	\$12.07	(9,002,746)	\$15.35
Balance at 31 March	–	–	7,720,804	\$12.07
Exercisable at 31 March	–	–	7,720,804	\$12.07

All outstanding options lapsed during the year. In the prior year, the weighted average remaining contractual life and exercise price of outstanding options were 0.25 years and \$12.07 respectively.

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

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

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

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

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

Share-based compensation arrangements (continued)

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

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

Plans	Vesting Conditions	Performance conditions [^]	Payout
RSP/RSP 2014	<u>Awards granted prior to FY2016/17</u> - Based on meeting stated performance conditions over a two-year performance period, 50% of award vests. <u>Awards granted in and after FY2016/17</u> - Based on meeting stated performance conditions over a one-year performance period, one-third of award vests. - Balance vests equally over the subsequent two years with fulfilment of service requirements.	At both Company and Group level - EBITDAR[#] Margin - Value Added per \$ Employment Cost	0% - 150%*
PSP/PSP 2014	Based on meeting stated performance conditions over a three-year performance period.	- Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") - Relative TSR against selected airline peer index companies	0% - 200%*
Deferred share award ("DSA")	- Awards cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition and provided that individual performance remains satisfactory. - Additional dividend kicker upon final vesting.	None	100%
Transformation share award ("TSA")	- Based on meeting performance conditions over a one-year performance period, 50% of award vests. - Balance vests equally over the subsequent two years with fulfilment of service requirements. - Additional 20% equity kicker of final award upon final vesting.	Assessment of the success of transformation by Board Compensation and Industrial Relations Committee	0% - 200%*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

Share-based compensation arrangements (continued)

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

Movement of share awards during the financial year

Date of grant	Number of Share Awards			Balance at 31 March 2019
	Balance at 1 April 2018/ date of grant	Adjustment	Vested	
<u>RSP/RSP 2014</u>				
03.07.2014	184,773	–	(184,773)	–
03.07.2015	363,650	–	(190,317)	173,333
18.07.2016	513,539	–	(267,308)	246,231
19.07.2017	783,506	376,814 [#]	(408,694)	751,626
19.07.2018	899,265	–	–	899,265
	2,744,733	376,814	(1,051,092)	2,070,455
<u>PSP/PSP 2014</u>				
03.07.2015	239,700	(239,700) [#]	–	–
18.07.2016	240,900	–	–	240,900
19.07.2017	217,426	–	–	217,426
19.07.2018	285,996	–	–	285,996
	984,022	(239,700)	–	744,322
<u>DSA</u>				
10.09.2015	74,790	6,410 [*]	(81,200)	–
01.09.2016	65,740	–	–	65,740
06.09.2017	94,070	–	–	94,070
11.09.2018	119,090	–	–	119,090
	353,690	6,410	(81,200)	278,900
<u>TSA</u>				
19.07.2018	374,469	–	–	374,469

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

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

Since the commencement of the RSP 2014 and PSP 2014 plans in July 2014, 4,982,526 awards have been granted.

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

Share-based compensation arrangements (continued)

(c) Measurement of fair values

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

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

	FY2017/18		
	RSP 2014	PSP 2014	DSA
Valuation Method	Monte Carlo Simulation		
Expected dividend paid yield (%)	Management's forecast in line with dividend policy		
Expected volatility (%)	11.65 - 15.77	15.77	15.82
Risk-free interest rate (%)	1.11 - 1.32	1.32	1.37
Expected term (years)	0.95 - 2.95	3.00	3.00
Share price at date of grant (\$)	10.29	10.29	10.23
Estimated fair value (\$)	9.65 - 10.08	8.23	9.56

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 2019

6 Operating Profit (in \$ million)

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

	The Group	
	FY2018/19	FY2017/18
Compensation for changes in aircraft delivery slots	(5.0)	(101.5)
Interest income from short-term investments	(1.0)	(1.0)
Dividend income from short-term investments	(0.1)	(0.8)
Income from operating lease of aircraft	(61.0)	(57.2)
Amortisation of deferred loss/(gain) on sale and operating leaseback transactions	4.3	(3.9)
(Gain)/Loss on disposal of short-term investments	(1.2)	0.2
Remuneration for auditors of the Company		
Audit fees	1.7	1.6
Non-audit fees	1.1	0.3
Bad debts written off	0.1	0.8
Impairment of trade debtors	5.7	1.0
Writedown of inventories	5.4	7.4
Exchange loss, net	77.6	31.6
Currency hedging (gain)/loss	(26.6)	62.1
Fuel hedging gain recognised in "Fuel costs"	(413.3)	(99.2)
Net gain on financial assets mandatorily measured at FVTPL	(0.7)	(6.3)

7 Finance Charges (in \$ million)

	The Group	
	FY2018/19	FY2017/18
Notes payable	105.0	83.9
Bank loans	30.8	3.5
Finance lease commitments	–	0.2
Amortisation of transaction costs related to borrowings	0.6	0.1
Commitment fees	2.1	2.1
Interest paid and capitalised on qualifying assets	(22.4)	–
	116.1	89.8

Borrowing costs on qualifying assets are capitalised using an average interest rate of 3.0%.

8 Interest Income (in \$ million)

	The Group	
	FY2018/19	FY2017/18
Interest income from fixed deposits and investments	41.9	60.9

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

	The Group	
	FY2018/19	FY2017/18
Impairment of aircraft	–	(7.9)
Impairment of long term investments	–	(0.1)
Surplus on disposal of other property, plant and equipment	7.9	8.5
Surplus on disposal of a subsidiary company	0.3	–
(Loss)/Surplus on disposal of an associated company	(0.1)	15.0
Net gain on financial assets mandatorily measured at FVTPL	7.3	4.7
Writeback of provision for expected credit losses on investments and guarantees	–	1.1
(Loss)/Surplus on dilution of interest in an associated company	(0.6)	0.9
Refleeting and restructuring costs	(59.8)	(3.1)
Competition-related settlements	(6.8)	–
(Provision)/Writeback for onerous aircraft leases	(9.3)	0.2
Writeback of provision for return cost in relation to a formerly owned associated company	20.7	–
Provision for early lease termination	(7.0)	–
	(47.4)	19.3

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 2019 and 2018 are:

	The Group	
	FY2018/19	FY2017/18
<u>Current taxation</u>		
Provision for the year	28.0	75.4
Over provision in respect of prior years	(11.2)	(26.4)
	16.8	49.0
<u>Deferred taxation</u>		
Movement in temporary differences	155.2	186.1
(Over)/Under provision in respect of prior years	(25.0)	12.6
	130.2	198.7
	147.0	247.7

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

10 Taxation (in \$ million) (continued)

Deferred taxation related to other comprehensive income:

	The Group	
	FY2018/19	FY2017/18
Financial assets measured at FVOCI	–	(0.9)
Cash flow hedges	23.0	109.7
Actuarial (loss)/gain on revaluation of defined benefit plans	(0.9)	2.1
	22.1	110.9

The Group has tax losses and deductible temporary differences (of which no deferred tax asset has been recognised) of approximately \$66.0 million (2018: \$58.7 million) and \$2.0 million (2018: \$0.7 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	
	FY2018/19	FY2017/18
Profit before taxation	868.6	1,593.2
Less: Share of losses/(profits) of associated and joint venture companies	74.2	(31.7)
	942.8	1,561.5
Taxation at statutory corporate tax rate of 17.0%	160.3	265.5
<u>Adjustments</u>		
Income not subject to tax	(15.5)	(37.7)
Expenses not deductible for tax purposes	30.0	22.7
Higher effective tax rates of other countries	8.0	8.6
Over provision in respect of prior years, net	(36.2)	(13.8)
Income subject to concessionary tax rate	–	(1.8)
Tax benefits not recognised	2.8	3.9
Previously unrecognised tax benefits	(1.9)	–
Others	(0.5)	0.3
Taxation	147.0	247.7

11 Earnings Per Share

	The Group			
	FY2018/19		FY2017/18	
	Basic	Diluted	Basic	Diluted
Profit attributable to owners of the Company (in \$ million)	682.7	682.7	1,301.6	1,301.6
Adjustment for dilutive potential ordinary shares of subsidiary companies (in \$ million)	–	(0.3)	–	(0.3)
Adjusted net profit attributable to owners of the Company (in \$ million)	682.7	682.4	1,301.6	1,301.3
Weighted average number of ordinary shares in issue (in million)	1,183.3	1,183.3	1,182.2	1,182.2
Adjustment for dilutive potential ordinary shares (in million)	–	5.2	–	3.9
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	1,183.3	1,188.5	1,182.2	1,186.1
Earnings per share (cents)	57.7	57.4	110.1	109.7

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

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

There were no employee share options outstanding at the end of the financial year. In the prior year, 7.9 million of the share options granted to employees under employee share option plans have not been included in the calculation of diluted earnings per share because they were anti-dilutive for the 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

12 Dividends Paid and Proposed (in \$ million)

	The Group and the Company	
	FY2018/19	FY2017/18
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 30.0 cents per share in respect of FY2017/18 (FY2017/18: 11.0 cents per share in respect of FY2016/17)	355.1	130.1
Interim dividend of 8.0 cents per share in respect of FY2018/19 (FY2017/18: 10.0 cents per share in respect of FY2017/18)	94.7	118.2
	449.8	248.3

The Directors propose that a final tax exempt (one-tier) dividend of 22.0 cents per share amounting to \$260.4 million be paid for the financial year ended 31 March 2019.

During the financial year, total dividends of \$34.4 million (FY2017/18: \$50.1 million) were paid to non-controlling interests.

13 Share Capital (in \$ million)

	The Group and the Company			
	Number of shares		Amount	
	2019	2018	2019	2018
Issued and fully paid share capital				
Ordinary shares				
Balance at 1 April and 31 March	1,199,851,018	1,199,851,018	1,856.1	1,856.1
Special share				
Balance at 1 April and 31 March	1	1	#	#

The value is \$0.50

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

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

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

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

During the financial year, the Company did not issue any shares (FY2017/18: 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	
	2019	2018
Balance at 1 April	(183.5)	(194.7)
Treasury shares reissued pursuant to equity compensation plans:		
- Transferred from share-based compensation reserve	12.0	11.2
Balance at 31 March	(171.5)	(183.5)

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

During the financial year, the Company did not purchase any treasury shares (FY2017/18: nil).

The Company reissued 1,132,292 (FY2017/18: 1,058,825) treasury shares pursuant to share-based incentive plans. The number of treasury shares as at 31 March 2019 was 16,185,885 (2018: 17,318,177).

15 Other Reserves (in \$ million)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Capital reserve	(124.3)	(139.4)	(147.6)	(929.8)	26.7	25.7
Foreign currency translation reserve	(33.2)	(52.4)	–	–	–	–
Share-based compensation reserve	24.9	79.5	88.5	21.2	74.6	76.7
Fair value reserve	459.7	313.5	(234.4)	366.4	206.7	(189.6)
General reserve	11,275.1	10,986.5	9,916.2	10,631.0	10,250.6	9,375.5
	11,602.2	11,187.7	9,622.7	10,088.8	10,558.6	9,288.3

(a) Capital reserve

Capital reserve for the Group mainly arose from the loss on the acquisition of non-controlling interests in a subsidiary company, revaluation of land and buildings owned by Ritz-Carlton Millenia Properties Private Limited, an associated company, 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.

Capital reserve for the Company mainly arose from the re-integration of SIA Cargo and the gains or losses on the reissuance of treasury shares.

(b) Foreign currency translation reserve

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

(c) Share-based compensation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

(d) Fair value reserve

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

Breakdown of the fair value reserves is as follows:

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Derivative financial instruments designated as hedging instruments	459.7	313.5	(234.4)	366.4	206.7	(189.6)

Fair value changes of financial assets measured at FVOCI:

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Gain on fair value changes	-	-	8.0	-	-	5.0
Recognised in the profit and loss account on disposal of financial assets measured at FVOCI	-	-	(108.3)	-	-	-
	-	-	(100.3)	-	-	5.0

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

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Gain on fair value changes	480.2	489.2	29.2	404.0	355.5	24.3
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	44.0	74.7	(2.8)	36.4	65.7	(2.8)
Recognised in the profit and loss account on occurrence of:						
Fuel hedging contracts recognised in "Fuel costs"	(343.1)	(82.4)	312.3	(275.2)	(60.1)	246.5
Foreign currency contracts recognised in "Other operating expenses"	(22.1)	51.4	30.5	(23.5)	35.0	28.8
Cross currency swap contracts recognised in "Lease rentals"	-	0.2	(0.1)	-	0.2	(0.1)
Interest rate swap contracts recognised in "Lease rentals"	-	-	0.3	-	-	0.3
	159.0	533.1	369.4	141.7	396.3	297.0

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

(e) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Movements in the Group's and the Company's general reserves are set out in the Statements of Changes in Equity respectively.

16 Deferred Account (in \$ million)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Deferred (loss)/gain on sale and leaseback transactions						
- operating leases	(7.7)	(16.0)	(4.1)	(8.8)	(9.1)	(7.3)
- finance leases	-	-	0.4	-	-	-
	(7.7)	(16.0)	(3.7)	(8.8)	(9.1)	(7.3)
Deferred credit	83.5	141.3	251.3	78.2	127.8	240.3
	75.8	125.3	247.6	69.4	118.7	233.0
Presented as:						
- Current assets	(8.9)	(9.9)	(11.8)	(6.6)	(7.3)	(9.1)
- Non-current assets	(44.1)	(52.9)	(61.1)	(37.0)	(43.5)	(49.1)
- Current liabilities	44.9	64.8	86.0	37.9	60.3	76.3
- Non-current liabilities	83.9	123.3	234.5	75.1	109.2	214.9
	75.8	125.3	247.6	69.4	118.7	233.0

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

17 Deferred Taxation (in \$ million)

	The Group				The Company			
	Statement of financial position		Profit and loss		Statement of financial position			
	31 March	1 April			31 March	1 April		
	2019	2018	2017	FY2018/19	FY2017/18	2019	2018	2017
The deferred taxation arises as a result of:								
Deferred tax liabilities								
Differences in depreciation	2,003.3	1,820.8	1,593.3	142.6	227.5	1,686.9	1,459.5	1,283.6
Revaluation to fair value								
- fuel hedging contracts	117.0	108.6	10.8	-	-	97.2	82.4	8.9
- currency hedging contracts	1.7	2.7	7.2	-	-	1.3	2.5	6.5
- cross currency swap contracts	25.5	18.4	1.2	-	-	25.4	18.3	1.2
- financial assets measured at FVOCI	-	-	0.9	-	-	-	-	-
Other temporary differences	20.4	19.0	46.2	1.4	(28.5)	16.8	13.4	13.8
Gross deferred tax liabilities	2,167.9	1,969.5	1,659.6	144.0	199.0	1,827.6	1,576.1	1,314.0
Deferred tax assets								
Unabsorbed capital allowances and tax losses	(2.1)	(1.5)	(10.5)	(0.6)	9.0	-	-	-
Revaluation to fair value								
- fuel hedging contracts	(24.2)	(8.8)	(55.5)	-	-	(23.2)	(8.7)	(42.9)
- currency hedging contracts	(0.9)	(33.8)	(10.2)	-	-	(0.8)	(31.7)	(9.3)
- cross currency swap contracts	(26.8)	(20.2)	(1.0)	-	-	(25.8)	(20.2)	(1.0)
- interest rate cap contracts	(2.4)	-	(0.1)	-	-	(2.1)	-	(0.1)
Other temporary differences	(71.2)	(64.6)	(57.4)	(13.2)	(9.3)	(25.5)	(26.0)	(42.5)
Gross deferred tax assets	(127.6)	(128.9)	(134.7)	(13.8)	(0.3)	(77.4)	(86.6)	(95.8)
Net deferred tax liabilities	2,040.3	1,840.6	1,524.9			1,750.2	1,489.5	1,218.2
Deferred tax charged to profit and loss				130.2	198.7			
Deferred tax charged to equity	22.1	110.9	70.0			28.3	81.4	58.2

At the end of the reporting period, deferred tax liability of \$0.7 million (2018: \$0.7 million; 1 April 2017: \$0.7 million) has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiary companies.

For the other subsidiary companies of the Group, no deferred tax liability has been recognised as the Group has determined that undistributed earnings of these subsidiary companies will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to \$11.2 million (2018: \$9.9 million; 1 April 2017: \$8.5 million). The deferred tax liability is estimated to be \$3.3 million (2018: \$3.0 million; 1 April 2017: \$2.6 million).

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

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
<u>Current Liabilities - Borrowings</u>						
Loans	231.1	20.6	18.3	159.8	–	–
Finance lease commitments	–	–	23.7	–	–	–
	231.1	20.6	42.0	159.8	–	–
<u>Non-current Liabilities - Borrowings</u>						
Notes payable	4,377.0	3,030.1	1,430.0	4,377.0	3,030.1	1,430.0
Loans	2,046.3	76.6	95.8	1,596.6	–	–
	6,423.3	3,106.7	1,525.8	5,973.6	3,030.1	1,430.0
<u>Other Long-Term Liabilities</u>						
Maintenance reserve	19.9	15.4	9.8	19.9	15.4	9.8
Deposit received from a lessee	–	8.8	9.5	–	–	–
Derivative liabilities (Note 38)	69.2	68.9	249.6	65.1	68.9	249.6
	89.1	93.1	268.9	85.0	84.3	259.4
Long-Term Liabilities	6,512.4	3,199.8	1,794.7	6,058.6	3,114.4	1,689.4

Notes payable

Notes payable at 31 March 2019 comprised unsecured notes issued by the Company. The details are set out below.

Series	Year of issuance	Principal amount	Fixed interest rate per annum	Date repayable
<u>SGD5,000,000,000 Multicurrency Medium Term Note Programme</u>				
001	2010	500.0	3.22%	9 July 2020
002	2014	200.0	3.145%	8 April 2021
003	2014	300.0	3.75%	8 April 2024
004	2016	630.0*	3.13%	17 November 2026
005	2017	700.0	3.035%	11 April 2025
006	2017	700.0	3.13%	23 August 2027
007	2018	600.0	3.16%	25 October 2023
<u>SGD2,000,000,000 Medium Term Bond Programme</u>				
001	2019	750.0	3.03%	28 March 2024

* Comprised \$430 million in aggregate principal amount issued on 17 November 2016 and \$200 million in aggregate principal amount issued on 17 October 2017 that was consolidated into Series 004.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

Loans

	Currency	Nominal interest rate	Year of maturity	31 March 2019	31 March 2018	1 April 2017
<u>Fixed rate (Post interest rate swaps)</u>						
Secured bank loan	SGD	2.62%	2029	897.8	–	–
Secured bank loan	SGD	2.86%	2028	858.6	–	–
Secured bank loan	SGD	2.92%	2028	441.0	–	–
<u>Fixed rate</u>						
Secured bank loan	SGD	2.92% – 4.11%	2024	59.4	74.0	88.2
Unsecured bank loan	SGD	2.16%	2020	1.3	–	–
Unsecured bank loan	SGD	2.16%	2019	–	1.3	–
Revolving credit facility	USD	4.00% – 4.06%	2020	1.4	–	–
Revolving credit facility	USD	2.75% – 3.15%	2019	–	1.4	–
Revolving credit facility	USD	2.50% – 2.75%	2018	–	–	0.6
<u>Floating rate</u>						
Unsecured bank loan	USD	4.26%	2022	17.9	–	–
Unsecured bank loan	USD	3.17%	2022	–	20.5	–
Unsecured bank loan	USD	2.09%	2022	–	–	25.3
				2,277.4	97.2	114.1

Finance lease commitments

In FY2017/18, SIA Cargo purchased one B747-400 freighter through the exercise of a purchase option in a finance lease. The finance lease bore a fixed interest of 5.81% per annum and matured in FY2017/18.

19 Provisions (in \$ million)

Included are provisions for return costs for leased aircraft, onerous leases, lease end liability, warranty claims and upgrade costs. It is expected that the return costs will be incurred by the end of the lease terms.

An analysis of the provisions is as follows:

The Group

	Return costs for leased aircraft	Onerous leases	Others	Total
Balance at 1 April 2017	1,137.2	31.2	64.3	1,232.7
Provision during the year	270.5	0.5	23.9	294.9
Provision written back during the year	(11.5)	(0.7)	–	(12.2)
Provision utilised during the year	(295.4)	(14.5)	(14.9)	(324.8)
Balance at 31 March 2018	1,100.8	16.5	73.3	1,190.6
Current	348.4	6.8	13.9	369.1
Non-current	752.4	9.7	59.4	821.5
	1,100.8	16.5	73.3	1,190.6
Balance at 1 April 2018	1,100.8	16.5	73.3	1,190.6
Provision during the year	279.6	9.3	29.6	318.5
Provision written back during the year	(20.7)	–	–	(20.7)
Provision utilised during the year	(324.6)	(8.2)	(17.4)	(350.2)
Balance at 31 March 2019	1,035.1	17.6	85.5	1,138.2
Current	393.8	7.9	34.0	435.7
Non-current	641.3	9.7	51.5	702.5
	1,035.1	17.6	85.5	1,138.2

The Company

	Return costs for leased aircraft	Others	Total
Balance at 1 April 2017	886.3	60.5	946.8
Provision during the year	222.5	23.5	246.0
Provision written back during the year	(0.2)	–	(0.2)
Provision utilised during the year	(275.5)	(14.6)	(290.1)
Balance at 31 March 2018	833.1	69.4	902.5
Current	313.6	12.2	325.8
Non-current	519.5	57.2	576.7
	833.1	69.4	902.5
Balance at 1 April 2018	833.1	69.4	902.5
Provision during the year	154.0	27.8	181.8
Provision utilised during the year	(272.0)	(16.9)	(288.9)
Balance at 31 March 2019	715.1	80.3	795.4
Current	334.5	31.1	365.6
Non-current	380.6	49.2	429.8
	715.1	80.3	795.4

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2017	11,279.4	529.3	234.5
Additions	97.1	94.1	20.7
Transfers	3,497.6	0.5	34.1
Disposals	(963.1)	(38.1)	(0.5)
Exchange differences	–	(0.3)	–
At 31 March 2018	13,911.0	585.5	288.8
Additions	145.9	32.4	40.9
Transfers	5,630.0	0.4	(8.8)
Disposal of a subsidiary company	–	–	–
Disposals	(1,008.4)	(35.3)	(5.4)
Write-off	–	–	–
Exchange differences	–	0.2	–
At 31 March 2019	18,678.5	583.2	315.5
Accumulated depreciation and impairment losses			
At 1 April 2017	2,575.0	312.8	99.9
Depreciation	994.5	24.0	22.4
Impairment losses	34.3	3.8	–
Transfers	–	–	–
Disposals	(811.4)	(19.3)	(0.5)
Exchange differences	–	(0.3)	–
At 31 March 2018	2,792.4	321.0	121.8
Depreciation	1,194.7	24.9	14.5
Impairment losses	–	2.3	–
Transfers	9.2	–	(9.2)
Disposal of a subsidiary company	–	–	–
Disposals	(812.6)	(7.3)	(1.5)
Exchange differences	–	0.1	–
At 31 March 2019	3,183.7	341.0	125.6
Net book value			
At 1 April 2017	8,704.4	216.5	134.6
At 31 March 2018	11,118.6	264.5	167.0
At 31 March 2019	15,494.8	242.2	189.9

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	147.4	632.7	758.5	296.9	4,751.6	18,646.0
–	–	0.8	68.5	21.6	4,943.2	5,246.0
–	–	0.3	–	8.4	(3,540.9)	–
–	(11.5)	(0.1)	(37.6)	(13.0)	–	(1,063.9)
–	–	(2.6)	(3.4)	(0.4)	(0.1)	(6.8)
15.7	135.9	631.1	786.0	313.5	6,153.8	22,821.3
–	–	0.4	23.6	11.2	5,350.3	5,604.7
–	–	0.1	8.9	9.9	(5,640.5)	–
–	–	–	(2.0)	(0.4)	–	(2.4)
–	(0.5)	–	(121.1)	(9.9)	–	(1,180.6)
–	–	–	–	–	(35.3)	(35.3)
–	–	1.4	1.4	0.2	–	3.2
15.7	135.4	633.0	696.8	324.5	5,828.3	27,210.9
–	129.6	465.5	521.1	255.7	–	4,359.6
–	3.1	12.1	71.4	20.6	–	1,148.1
–	–	–	–	–	–	38.1
–	–	–	–	–	–	–
–	(10.6)	(0.1)	(36.5)	(12.5)	–	(890.9)
–	–	(0.4)	(1.9)	(0.2)	–	(2.8)
–	122.1	477.1	554.1	263.6	–	4,652.1
–	2.9	12.0	57.3	21.6	–	1,327.9
–	–	–	–	–	–	2.3
–	–	–	–	–	–	–
–	–	–	(1.2)	(0.3)	–	(1.5)
–	(0.5)	–	(115.7)	(9.8)	–	(947.4)
–	–	0.3	0.7	0.1	–	1.2
–	124.5	489.4	495.2	275.2	–	5,034.6
15.7	17.8	167.2	237.4	41.2	4,751.6	14,286.4
15.7	13.8	154.0	231.9	49.9	6,153.8	18,169.2
15.7	10.9	143.6	201.6	49.3	5,828.3	22,176.3

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2017	8,233.2	326.9	74.6
Additions	94.9	86.9	20.7
Transfers	2,606.6	–	–
Disposals	(910.1)	(29.3)	–
At 31 March 2018	10,024.6	384.5	95.3
Effects of integration of SIA Cargo	198.2	19.9	6.0
Additions	140.5	29.0	41.0
Transfers	4,972.1	–	(18.2)
Disposals	(891.3)	(29.2)	(5.4)
At 31 March 2019	14,444.1	404.2	118.7
Accumulated depreciation and impairment losses			
At 1 April 2017	1,886.8	220.9	22.8
Depreciation	794.3	9.2	7.4
Impairment losses	26.4	0.2	–
Disposals	(759.5)	(14.2)	–
At 31 March 2018	1,948.0	216.1	30.2
Depreciation	978.8	12.2	7.2
Transfers	9.2	–	(9.2)
Disposals	(726.2)	(4.7)	(1.5)
At 31 March 2019	2,209.8	223.6	26.7
Net book value			
At 1 April 2017	6,346.4	106.0	51.8
At 31 March 2018	8,076.6	168.4	65.1
At 31 March 2019	12,234.3	180.6	92.0

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	424.6	221.5	3,766.2	13,542.4
–	–	–	43.4	18.9	3,988.8	4,253.6
–	–	–	–	–	(2,606.6)	–
–	(11.5)	–	(23.8)	(10.8)	–	(985.5)
15.7	135.9	332.3	444.2	229.6	5,148.4	16,810.5
–	–	–	11.9	0.4	–	236.4
–	–	–	5.8	7.8	4,478.2	4,702.3
–	–	–	7.7	5.5	(4,967.1)	–
–	(0.5)	–	(111.0)	(5.2)	(59.6)	(1,102.2)
15.7	135.4	332.3	358.6	238.1	4,599.9	20,647.0
–	129.6	316.2	265.1	202.6	–	3,044.0
–	3.1	1.8	48.6	10.9	–	875.3
–	–	–	–	–	–	26.6
–	(10.6)	–	(22.8)	(10.6)	–	(817.7)
–	122.1	318.0	290.9	202.9	–	3,128.2
–	2.9	1.8	36.2	12.0	–	1,051.1
–	–	–	–	–	–	–
–	(0.5)	–	(105.8)	(5.1)	–	(843.8)
–	124.5	319.8	221.3	209.8	–	3,335.5
15.7	17.8	16.1	159.5	18.9	3,766.2	10,498.4
15.7	13.8	14.3	153.3	26.7	5,148.4	13,682.3
15.7	10.9	12.5	137.3	28.3	4,599.9	17,311.5

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

Assets held under finance leases

	The Group	
	31 March 2019	1 April 2017
Net book value of property, plant and equipment acquired under finance leases:		
- aircraft	-	124.7
- plant and equipment	-	0.1
	-	124.8

Assets held as security

The Company's aircraft with carrying amount of \$1,545.5 million are pledged as security to the banks.

Tiger Airways Holdings Pte Ltd's ("TAH") aircraft with carrying amount of \$106.1 million (2018: \$120.2 million; 1 April 2017: \$133.6 million) are mortgaged to the banks under European Export Credit Agency financing.

Scoot Tigerair Pte. Ltd.'s aircraft with carrying amount of \$467.8 million are pledged as security to the banks.

SilkAir (Singapore) Private Limited's ("SilkAir") spare engines with carrying amounts of \$12.0 million (2018: \$13.2 million; 1 April 2017: \$25.9 million) are pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to SilkAir.

Impairment of aircraft

In FY2017/18, an impairment loss of \$7.9 million was recognised on one Airbus 320 aircraft that was removed from the operating fleet. The recoverable amount was based on the estimated disposal value. This amount was recognised as a non-operating item (note 9). The estimated disposal value was classified as Level 1 under the fair value hierarchy.

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

Impairment of aircraft spares

In FY2018/19, the carrying amounts of the aircraft spares exceeded the recoverable amounts and the Group recognised an impairment loss of \$2.3 million (FY2017/18: \$3.8 million) on its aircraft spares. This amount was part of the refueling and restructuring costs classified as a non-operating item (note 9). The amount in FY2017/18 was part of the Group's operating expenses.

21 Intangible Assets (in \$ million)

The Group

	Goodwill	Brand	Trademarks	Computer software and others	Deferred engine development cost	Advance and progress payments	Total
Cost							
At 1 April 2017	170.4	75.9	25.0	598.5	58.8	13.7	942.3
Additions	–	–	–	11.0	7.0	42.0	60.0
Disposals	–	–	–	(32.2)	–	–	(32.2)
Transfers	–	–	–	29.0	–	(29.0)	–
Exchange differences	–	–	–	(0.1)	(4.0)	–	(4.1)
At 31 March 2018	170.4	75.9	25.0	606.2	61.8	26.7	966.0
Additions	14.0	–	–	41.4	10.3	47.3	113.0
Disposals	–	–	–	(2.2)	(34.2)	–	(36.4)
Transfers	–	–	–	48.4	–	(48.4)	–
Disposal of a subsidiary company	–	–	–	(4.3)	–	–	(4.3)
Write-off	–	–	–	(6.9)	–	–	(6.9)
Exchange differences	–	–	–	–	2.5	–	2.5
At 31 March 2019	184.4	75.9	25.0	682.6	40.4	25.6	1,033.9
Accumulated amortisation and impairment losses							
At 1 April 2017	–	75.9	25.0	417.5	0.4	–	518.8
Amortisation	–	–	–	41.1	3.3	–	44.4
Disposals	–	–	–	(32.1)	–	–	(32.1)
Exchange differences	–	–	–	–	(0.4)	–	(0.4)
At 31 March 2018	–	75.9	25.0	426.5	3.3	–	530.7
Amortisation	–	–	–	60.0	1.9	–	61.9
Disposals	–	–	–	(2.1)	–	–	(2.1)
Disposal of a subsidiary company	–	–	–	(4.3)	–	–	(4.3)
Write-off	–	–	–	(3.8)	–	–	(3.8)
Exchange differences	–	–	–	–	0.2	–	0.2
At 31 March 2019	–	75.9	25.0	476.3	5.4	–	582.6
Net book value							
At 1 April 2017	170.4	–	–	181.0	58.4	13.7	423.5
At 31 March 2018	170.4	–	–	179.7	58.5	26.7	435.3
At 31 March 2019	184.4	–	–	206.3	35.0	25.6	451.3

Goodwill

The addition to goodwill is due to the changes in ownership interests in KrisShop Pte Ltd (“KrisShop”), formerly known as Singapore Airport Duty-Free Emporium (Private) Limited. Further details are disclosed in note 22(f).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

The Company

	Computer software and others	Advance and progress payments	Total
Cost			
At 1 April 2017	495.5	8.3	503.8
Additions	10.4	32.4	42.8
Disposals	(23.2)	–	(23.2)
Transfers	21.6	(21.6)	–
At 31 March 2018	504.3	19.1	523.4
Effects of integration of SIA Cargo	1.6	0.2	1.8
Additions	32.3	31.4	63.7
Disposals	(0.2)	–	(0.2)
Transfers	39.6	(39.6)	–
At 31 March 2019	577.6	11.1	588.7
Accumulated amortisation			
At 1 April 2017	334.3	–	334.3
Amortisation	32.4	–	32.4
Disposals	(23.1)	–	(23.1)
At 31 March 2018	343.6	–	343.6
Amortisation	51.2	–	51.2
Disposals	(0.2)	–	(0.2)
At 31 March 2019	394.6	–	394.6
Net book value			
At 1 April 2017	161.2	8.3	169.5
At 31 March 2018	160.7	19.1	179.8
At 31 March 2019	183.0	11.1	194.1

Impairment testing of goodwill, brand and trademarks

The goodwill acquired through the acquisition of TAH has an indefinite useful life and is included in the “Low-cost Airlines” CGU. The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a three-year period (2018: four-year period). The post-tax discount rate applied to cash flow projections is 7.0% (2018: 7.0%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the three-year period (2018: four-year period) is 4.5% (2018: 4.5%).

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

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

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

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

22 Subsidiary Companies (in \$ million)

	The Company		
	31 March 2019	31 March 2018	1 April 2017
Investment in subsidiary companies	3,409.6	3,380.9	3,380.9
Accumulated impairment losses	(52.7)	(52.7)	(52.7)
Effects of integration of SIA Cargo	(1,405.0)	–	–
	1,951.9	3,328.2	3,328.2
Long-term loans to subsidiary companies	1,649.5	1,517.5	1,289.5
Accumulated impairment loss	(10.2)	(4.9)	(7.6)
	3,591.2	4,840.8	4,610.1

During the financial year:

- On 1 April 2018, SIA Cargo was successfully re-integrated to the Company. All assets and liabilities, other than cash balances, of SIA Cargo were transferred to the Company at their book values. The impact to the Company is a decrease of net assets of \$940.4 million. There is no impact to the consolidated net assets of the Group.
- The names of Roar Aviation II Pte. Ltd. and Roar Aviation III Pte. Ltd. were struck off the register on 5 November 2018.
- On 23 November 2018, the Company, through its subsidiary company, KrisShop, entered into a business transfer agreement with DFASS SATS Pte. Ltd. to acquire the business of providing services and merchandise to the Group. SIA invested approximately \$24.9 million in KrisShop and holds 70% stake after the business combination. Further details are disclosed in note 22(f).
- SIA (Mauritius) Ltd, a company incorporated in the Republic of Mauritius, was dissolved on 5 March 2019.
- SIAEC invested approximately \$1.4 million in SIA Engineering Japan Corporation.
- SIAEC invested approximately \$13.3 million in Heavy Maintenance Singapore Services Pte. Ltd..
- SIAEC incorporated a subsidiary company, Additive Flight Solutions Pte. Ltd. (“AFS”) on 29 June 2018. As at 31 March 2019, SIAEC had a total capital contribution in AFS of approximately \$2.4 million. SIAEC holds 60% equity stake in AFS.
- On 29 January 2019, SIAEC completed the restructuring of one of its subsidiary companies, Singapore Jamco Services Private Limited (“SJS”). As part of the restructuring, SIAEC acquired an additional 20% interest in SJS. Consequently, SJS is now a wholly-owned subsidiary company. On 1 April 2019, SJS was renamed Singapore Aero Support Services Pte. Ltd..
- SIAEC sold 100% interest in Aircraft Maintenance Services Australia Pty. Ltd. (“AMSA”) for a cash consideration of approximately \$4.4 million. AMSA ceased to be a subsidiary of SIAEC on 20 December 2018, with the completion of the divestment.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

(a) Composition of the Group

The subsidiary companies are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		
			31 March 2019	2018	1 April 2017
SIA Engineering Company Limited*	Engineering services	Singapore	77.7	77.8	77.7
Aircraft Maintenance Services Australia Pty. Ltd. ^{(1)**}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	–	77.8	77.7
NexGen Network (1) Holding Pte. Ltd. ^{(1)*}	Investment holding	Singapore	77.7	77.8	77.7
NexGen Network (2) Holding Pte. Ltd. ^{(1)*}	Investment holding	Singapore	77.7	77.8	77.7
SIA Engineering (USA), Inc. ^{(1)@}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	77.7	77.8	77.7
SIAEC Global Private Limited ^{(1)*}	Investment holding	Singapore	77.7	77.8	77.7
SIA Engineering Japan Corporation ^{(1)@@}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Japan	77.7	77.8	–
Singapore Aero Support Services Pte. Ltd. (Previously known as Singapore Jamco Services Private Limited) ^{(1)*}	Maintenance, repair and overhaul of aircraft and cabin components/ systems	Singapore	77.7	62.2	62.1
SIA Engineering (Philippines) Corporation ^{(1)**}	Provide airframe maintenance and component overhaul services	Philippines	50.5	50.6	50.5
Heavy Maintenance Singapore Services Pte. Ltd. ^{(1)*}	Provide airframe maintenance and component overhaul services	Singapore	50.5	50.6	50.5
Additive Flight Solutions Pte. Ltd. ^{(1)(2)*}	Additive manufacturing of aircraft cabin parts and tooling for the aerospace industry	Singapore	46.6	–	–
Aerospace Component Engineering Services Pte. Limited ^{(1)(2)*}	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	39.6	39.7	39.6
Aviation Partnership (Philippines) Corporation ^{(1)(2)**}	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	39.6	39.7	39.6
Singapore Airlines Cargo Pte Ltd*	Inactive	Singapore	100.0	100.0	100.0

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

(a) Composition of the Group (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		
			31 March 2019	2018	1 April 2017
Cargo Community Network Pte Ltd*	Providing and marketing of cargo community systems	Singapore	51.0	51.0	51.0
Cargo Community (Shanghai) Co. Ltd. ^{(3)***+}	Marketing and support of portal services for the air cargo industry	People's Republic of China	51.0	51.0	51.0
SilkAir (Singapore) Private Limited*	Air transportation	Singapore	100.0	100.0	100.0
Tradewinds Tours & Travel Private Limited ^{(4)*}	Tour wholesaling	Singapore	100.0	100.0	100.0
Budget Aviation Holdings Pte. Ltd.*	Investment holding	Singapore	100.0	100.0	100.0
Tiger Airways Holdings Pte. Ltd. ^{(5)*}	Investment holding	Singapore	100.0	100.0	100.0
Scoot Tigerair Pte. Ltd. ^{(6)*}	Air transportation	Singapore	100.0	100.0	100.0
Roar Aviation Pte. Ltd. ^{(6)*}	Investment holding	Singapore	100.0	100.0	100.0
Roar Aviation II Pte. Ltd. ^{(6)#}	Investment holding	Singapore	–	100.0	100.0
Roar Aviation III Pte. Ltd. ^{(6)#}	Investment holding	Singapore	–	100.0	100.0
Simple Holidays Pte. Ltd. ^{(6)*}	Reservation service activities	Singapore	100.0	100.0	100.0
Singapore Aviation and General Insurance Company (Pte) Limited*	Aviation insurance	Singapore	100.0	100.0	100.0
Singapore Flying College Pte Ltd*	Training of pilots	Singapore	100.0	100.0	100.0
Sing-Bi Funds Private Limited*	Investment holding	Singapore	100.0	100.0	100.0
KrisShop Pte. Ltd. (Previously known as Singapore Airport Duty-Free Emporium (Private) Limited)*	Travel-related retail operations	Singapore	70.0	76.0	76.0
SIA (Mauritius) Ltd [#]	Inactive	Mauritius	–	100.0	100.0

⁽¹⁾ Held by SIA Engineering Company

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

⁽³⁾ Held by Cargo Community Network Pte Ltd

⁽⁴⁾ Held by SilkAir (Singapore) Private Limited

⁽⁵⁾ Held by Budget Aviation Holdings Pte. Ltd.

⁽⁶⁾ Held by Tiger Airways Holdings Pte. Ltd.

* Audited by KPMG LLP, Singapore

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

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

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

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

+ Financial year end 31 December

Struck off the register/dissolved

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

(a) Composition of the Group (continued)

Special purpose entities

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

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

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

Although the Group does not hold shares in these companies, they are considered subsidiary companies as the activities of the SPEs are being conducted on behalf of the Group according to its specific business needs and the Group retains the majority of the residual or ownership risks related to the assets held by these SPEs. These SPEs were incorporated for the sole purpose of financing of the Group's aircraft (note 18).

(b) Interest in subsidiary company with material non-controlling interests ("NCI")

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

	SIA Engineering Company Group of Companies		
	31 March		1 April
	2019	2018	2017
Proportion of ownership interest held by NCI	22.3%	22.2%	22.3%
Profit allocated to NCI during the reporting period	35.9	42.1	79.6
Accumulated NCI at the end of reporting period	375.7	363.3	381.2
Dividends paid to NCI	32.9	50.1	36.2

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

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

Summarised statement of financial position

	SIA Engineering Company Group of Companies		
	31 March		1 April
	2019	2018	2017
<u>Current</u>			
Assets	965.0	904.2	978.1
Liabilities	(245.5)	(247.4)	(279.1)
Net current assets	719.5	656.8	699.0
<u>Non-current</u>			
Assets	880.2	899.7	923.1
Liabilities	(35.7)	(41.5)	(48.3)
Net non-current assets	844.5	858.2	874.8
Net assets	1,564.0	1,515.0	1,573.8

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

(d) Summarised statement of comprehensive income

	SIA Engineering Company Group of Companies	
	FY2018/19	FY2017/18
Revenue	1,020.9	1,094.9
Profit before tax	179.1	209.5
Taxation	(18.1)	(21.5)
Profit after tax	161.0	188.0
Other comprehensive income	17.0	(36.3)
Total comprehensive income	178.0	151.7

(e) Other summarised information

	SIA Engineering Company Group of Companies	
	FY2018/19	FY2017/18
Net cash flow from operations	75.4	54.3
Acquisition of significant property, plant and equipment	(25.0)	(31.6)

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

FY2018/19

(i) Fair value of identifiable assets

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

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

(ii) Measurement of fair values

The book values of identifiable assets acquired approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

23 Associated Companies (in \$ million)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Investment in associated companies	1,116.4	1,060.7	1,068.8	764.6	560.9	499.2
Accumulated impairment losses	(11.9)	(11.9)	(11.9)	(209.4)	(9.4)	(9.4)
	1,104.5	1,048.8	1,056.9	555.2	551.5	489.8

During the financial year:

1. The Company injected \$203.7 million in TATA SIA Airlines Limited ("TATA-SIA"). There was no change in the Group's 49% equity stake in TATA-SIA after the capital injection. Management performed an impairment test for the investment in TATA-SIA, which had been incurring losses historically. An impairment loss of \$200.0 million was recognised by the Company to write down the cost of investment to its recoverable amount calculated based on financial forecasts prepared by TATA-SIA's management over a seven-year period when the airline is expected to reach a steady state. The pre-tax discount rate applied to the cash flow projections and the forecasted long-term growth rate used to extrapolate the cash flow projections beyond the seven-year period are 9.5% and 4.4% respectively. A reasonable change to the assumptions used to determine the impairment required, particularly the discount rate and the long-term growth rate, would not significantly affect the results.
2. Ritz-Carlton, Millenia Singapore Properties Private Limited recorded a revaluation gain of \$104.1 million from its annual revaluation exercise of its land and building. The Group's share of the revaluation gain of \$20.8 million as at 31 March 2019 is included under the share of post-acquisition capital reserve.
3. SIAEC invested approximately \$1.9 million in Moog Aircraft Services Asia Pte. Ltd. under terms of the shareholders' agreement.
4. On 29 January 2019, SIAEC completed the sale of 20% share of Jamco Singapore Private Limited ("JS"). A loss on disposal of \$0.1 million was recorded in the profit or loss and JS ceased to be an associated company.

The associated companies are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		
			31 March 2019	2018	1 April 2017
TATA SIA Airlines Limited ^(b)	Domestic and international full service scheduled passenger airlines services	India	49.0	49.0	49.0
Airbus Asia Training Centre Pte. Ltd. ^{+++ (c)}	Flight training services	Singapore	45.0	45.0	45.0
Ritz-Carlton, Millenia Singapore Properties Private Limited ^{+++ ^}	Hotel ownership and management	Singapore	20.0	20.0	20.0
Virgin Australia Holdings Limited ⁺⁺⁺	Air transportation	Australia	20.0	20.0	20.0
Boeing Asia Pacific Aviation Services Pte. Ltd. ^{(1)+++ (a)}	Provide engineering, material management and fleet support solutions	Singapore	38.1	38.1	38.0
Eagle Services Asia Private Limited ^{(1)+++ ^}	Repair and overhaul of aircraft engines	Singapore	38.1	38.1	38.0

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

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		
			31 March 2019	2018	1 April 2017
Fuel Accessory Service Technologies Pte Ltd ^{(1)+++^}	Repair and overhaul of engine fuel components and accessories	Singapore	38.1	38.1	38.0
Moog Aircraft Services Asia Pte. Ltd. ^{(1)#}	Repair and overhaul services for flight control systems	Singapore	38.1	38.1	–
PT Jas Aero-Engineering Services ^{(1)+++^f}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	38.1	38.1	38.0
Southern Airports Aircraft Maintenance Services Company Limited ^{(1)+++^b}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	38.1	38.1	38.0
Component Aerospace Singapore Pte. Ltd. ^{(1)+++^}	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	36.1	36.1	36.0
JAMCO Aero Design & Engineering Private Limited ⁽¹⁾ⁱⁱ	Providing turnkey solutions for aircraft interior modifications	Singapore	35.0	35.0	34.9
Panasonic Avionics Services Singapore Pte. Ltd. ^{(1)*}	Provide line maintenance and repair services of in-flight entertainment systems	Singapore	33.0	33.1	33.0
Goodrich Aerostructures Service Center-Asia Pte. Ltd. ^{(1)+++^}	Repair and overhaul of aircraft nacelles, thrust reservoirs and pylons	Singapore	31.1	31.1	31.1
Pan Asia Pacific Aviation Services Limited ^{(1)e}	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	31.1	31.1	36.6
Safran Electronics & Defense Services Asia Pte. Ltd. ^{(1)+++^c}	Provide avionics maintenance, repair and overhaul services	Singapore	31.1	31.1	31.1
Safran Landing Systems Services Singapore Pte. Ltd. ^{(1)+++^g}	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	31.1	31.1	31.1
Asian Surface Technologies Pte Ltd ^{(1)+++^d}	Repair and overhaul of aircraft engine fan blades	Singapore	30.5	30.5	30.4
International Aerospace Tubes - Asia Pte. Ltd. ^{(1)+++^}	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	25.9	25.9	25.9

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		
			31 March 2019	2018	1 April 2017
Turbine Coating Services Pte Ltd ^{(1)++^@}	Repair and overhaul of aircraft engine turbine airfoils	Singapore	19.0	19.1	19.0
Jamco Singapore Private Limited ^{(1)(i)@}	Manufacturing and sales of aircraft cabin equipment	Singapore	–	15.6	15.5
Asian Compressor Technology Services Co Ltd ^{(1)+++^@}	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	–	–	19.0
Air Black Box Asia Pacific Pte. Ltd. ^{(2)+++ (h)@@}	Provision of support services to air transportation	Singapore	13.0	13.0	15.0

⁽¹⁾ Held by SIA Engineering Company

⁽²⁾ Held by Scoot Tigerair Pte. Ltd.

* Audited by KPMG LLP, Singapore

** Audited by member firms of KPMG International

^ Audited by PricewaterhouseCoopers LLP, Singapore

^^ Audited by member firms of PricewaterhouseCoopers

^(a) Audited by Deloitte & Touche, Singapore

^(b) Audited by member firms of Deloitte & Touche

^(c) Audited by Ernst & Young LLP, Singapore

^(d) Audited by RSM Chio Lim, Singapore

^(e) Audited by BDO Limited, Hong Kong

^(f) Audited by RSM AAJ, Indonesia

^(g) Audited by Mazars LLP, Singapore

^(h) Audited by Wong, Lee & Associates LLP

⁽ⁱ⁾ Audited by Grant Thornton LLP, Singapore

Not required to be audited in the current financial year

+ Financial year end 30 June

++ Financial year end 30 November

+++ Financial year end 31 December

@ The Group has significant influence in these entities through its holdings in SIAEC

@@ The Group has significant influence by virtue of the board representation

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

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

	The Group		
	31 March		1 April
	2019	2018	2017
Virgin Australia Holdings Limited	314.8	432.3	490.1
Eagle Services Asia Private Limited ("ESA")	189.0	175.3	164.8
Other associated companies	600.7	441.2	402.0
	1,104.5	1,048.8	1,056.9

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

The Group has two (2018: two, 1 April 2017: two) associated companies that are material and a number of associated companies that are individually immaterial to the Group. All are equity accounted. The following summarises the financial information of each of the Group's material associated companies based on their respective (consolidated) financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisitions and differences in the Group's accounting policies.

Summarised statement of financial position

	VAH			ESA		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Current assets	1,626.0	1,711.5	1,912.3	425.3	367.4	296.9
Non-current assets	4,188.5	4,687.6	4,813.1	140.6	80.3	52.4
Total assets	5,814.5	6,399.1	6,725.4	565.9	447.7	349.3
Current liabilities	(2,831.2)	(2,310.0)	(2,205.0)	(163.2)	(86.4)	(10.1)
Non-current liabilities	(2,028.6)	(2,418.3)	(2,692.8)	(17.0)	(3.6)	(2.9)
Total liabilities	(4,859.8)	(4,728.3)	(4,897.8)	(180.2)	(90.0)	(13.0)
Net assets	954.7	1,670.8	1,827.6	385.7	357.7	336.3

Summarised statement of comprehensive income

	VAH		ESA	
	FY2018/19	FY2017/18	FY2018/19	FY2017/18
(Loss)/Profit after tax	(499.5)	(218.7)	73.2	59.2
Other comprehensive income	(16.9)	50.9	–	–
Total comprehensive income	(516.4)	(167.8)	73.2	59.2

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

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

	The Group		
	31 March		1 April
	2019	2018	2017
VAH			
Group's share of net assets	190.2	333.9	369.8
Goodwill on acquisition	117.1	117.1	117.1
Other adjustments	7.5	(18.7)	3.2
	314.8	432.3	490.1
ESA			
Group's share of net assets	189.0	175.3	164.8

Dividends of approximately \$27.6 million (FY2017/18: \$8.0 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	
	FY2018/19	FY2017/18
(Loss)/Profit after tax	(33.4)	5.4
Other comprehensive income	20.8	12.0
Total comprehensive income	(12.6)	17.4

24 Joint Venture Companies (in \$ million)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Investment in joint venture companies	171.7	150.6	160.2	30.6	–	–

During the financial year:

1. The Company subscribed to 50% of the equity interest in Singapore CAE Flight Training Pte. Ltd. ("SCFT"), which has been jointly established with CAE, for a consideration of USD22.4 million (\$30.6 million). SCFT, which is considered a joint venture of the Group, provides flight training services on full-flight simulators for all in-production Boeing aircraft types.
2. TAH injected \$9.9 million in NokScoot Airlines Co., Ltd. ("NokScoot"). There was no change in the Group's 49% equity stake in NokScoot after the capital injection.

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

The joint venture companies are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		
			31 March 2019	2018	1 April 2017
Singapore Aero Engine Services Pte Ltd ⁽¹⁾	Repair and overhaul of aircraft engines	Singapore	38.9	38.9	38.8
NokScoot Airlines Co., Ltd. ⁽²⁾	Air transportation	Thailand	49.0	49.0	49.0
Singapore CAE Flight Training Pte. Ltd. ⁽³⁾	Flight training services	Singapore	50.0	–	–

⁽¹⁾ Held by SIA Engineering Company, audited by KPMG LLP, Singapore, and financial year end of 31 December.

⁽²⁾ Held by Scoot Tigerair Pte. Ltd., audited by Deloitte & Touche Tohmatsu Jaiyos Audit Co. Ltd, Thailand and financial year end of 31 December.

⁽³⁾ Audited by PricewaterhouseCoopers LLP, Singapore, and financial year end of 31 March.

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

The carrying amounts of the investments are as follows:

	The Group		
	31 March 2019	2018	1 April 2017
Singapore Aero Engine Services Pte Ltd ("SAESL")	154.7	151.9	162.0
Other joint venture companies	17.0	(1.3)	(1.8)
	171.7	150.6	160.2

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

Dividends of approximately \$36.3 million (FY2017/18: \$45.9 million) were received from SAESL during the financial year.

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For The Financial Year Ended 31 March 2019

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

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

Summarised statement of financial position

	SAESL		
	31 March		1 April
	2019	2018	2017
Cash and short-term deposits	28.6	45.6	22.2
Other current assets	754.0	642.1	509.9
Total current assets	782.6	687.7	532.1
Non-current assets	318.7	263.1	282.7
Total assets	1,101.3	950.8	814.8
Current liabilities	(528.6)	(437.8)	(384.6)
Non-current liabilities	(263.3)	(209.3)	(106.2)
Total liabilities	(791.9)	(647.1)	(490.8)
Net assets	309.4	303.7	324.0

Summarised statement of comprehensive income

	SAESL	
	FY2018/19	FY2017/18
Revenue	2,113.0	1,980.5
Depreciation and amortisation	(22.3)	(21.6)
Interest income	0.1	0.1
Interest expense	(7.6)	(4.8)
Profit before tax	87.2	85.8
Taxation	(6.5)	(5.2)
Profit after tax	80.7	80.6
Other comprehensive income	(12.5)	9.8
Total comprehensive income	68.2	90.4

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

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

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

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

	The Group		
	31 March 2019	31 March 2018	1 April 2017
Current assets	53.8	56.0	54.7
Non-current assets	74.3	0.9	0.8
Total assets	128.1	56.9	55.5
Current liabilities	(74.7)	(57.7)	(57.0)
Non-current liabilities	(53.1)	(0.5)	(0.3)
Total liabilities	(127.8)	(58.2)	(57.3)
Net assets	0.3	(1.3)	(1.8)

The Group has not recognised losses totalling \$16.7 million (FY2017/18: nil) in relation to its interests in joint venture companies because the Group has no obligation in respect of these losses.

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

	The Group	
	FY2018/19	FY2017/18
(Loss)/Profit after tax and total comprehensive income	(17.8)	0.7

25 Long-Term Investments (in \$ million)

	The Group			The Company		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
<u>Quoted</u>						
Non-equity investments	63.9	76.3	138.7	63.9	76.3	138.7
<u>Unquoted</u>						
Non-equity investments	229.9	224.7	221.9	229.9	224.7	221.9
Equity investments	50.1	45.0	45.1	39.7	34.6	34.7
	343.9	346.0	405.7	333.5	335.6	395.3

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

The interest rates for quoted and unquoted non-equity investments range from 3.01% to 4.30% (FY2017/18: 3.01% to 4.35%) per annum and 1.00% (FY2017/18: 1.00%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Deposits	127.6	70.0	78.4	0.1	3.5	2.6
Prepayment	13.8	–	–	–	–	–
Amount owing by a joint venture company	8.1	5.6	–	8.1	5.6	–
Other receivables	180.1	356.3	357.3	151.4	324.7	351.7
Derivative assets (note 38)	384.1	290.8	43.6	384.1	290.8	43.6
	713.7	722.7	479.3	543.7	624.6	397.9

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

27 Inventories (in \$ million)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Technical stocks and stores	189.3	160.6	160.1	142.1	95.1	94.6
Catering and general stocks	40.6	18.7	18.3	15.5	12.9	11.5
Total inventories at lower of cost and net realisable value	229.9	179.3	178.4	157.6	108.0	106.1

The cost of inventories recognised as an expense amounted to \$131.5 million (FY2017/18: \$126.8 million).

28 Trade Debtors (in \$ million)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Trade debtors	1,392.9	1,271.4	1,075.0	1,120.0	831.9	694.7
Contract assets	99.7	101.9	42.6	–	–	–
Amounts owing by:						
associated companies	3.5	8.0	9.0	0.2	0.5	–
joint venture companies	31.1	19.6	16.7	18.6	4.3	–
	1,527.2	1,400.9	1,143.3	1,138.8	836.7	694.7
Amounts owing by:						
subsidiary companies	–	–	–	3.7	140.1	203.8
	1,527.2	1,400.9	1,143.3	1,142.5	976.8	898.5

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days ageing of debtor balances) are considered indicators that the trade debtor is impaired. Individual trade debtor is written off when Management deems the amount not to be collectible.

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

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

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

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

	The Group			The Company		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
Not past due and not impaired	1,379.9	1,272.9	1,012.0	1,049.6	943.0	868.4
Past due but not impaired	141.3	124.0	128.7	86.2	29.8	27.2
	1,521.2	1,396.9	1,140.7	1,135.8	972.8	895.6
Impaired trade debtors - collectively assessed	10.6	7.0	5.2	8.2	4.5	3.4
Less: Accumulated impairment losses	(4.1)	(3.0)	(2.6)	(1.5)	(0.5)	(0.5)
	6.5	4.0	2.6	6.7	4.0	2.9
Impaired trade debtors - individually assessed						
Customers in bankruptcy or other financial reorganisation	-	-	2.6	-	-	-
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	5.7	1.2	1.4	5.7	1.2	1.4
Less: Accumulated impairment losses	(5.7)	(1.2)	(4.0)	(5.7)	(1.2)	(1.4)
	-	-	-	-	-	-
Total trade debtors, net	1,527.7	1,400.9	1,143.3	1,142.5	976.8	898.5

Included in trade and other debtors are amounts owing by related parties of \$58.0 million (2018: \$36.5 million; 1 April 2017: \$8.4 million) and \$27.6 million (2018: \$13.1 million; 1 April 2017: \$2.7 million) for the Group and Company respectively.

Trade debtors are stated after accumulated impairment losses. An analysis of the accumulated impairment losses is as follows:

	The Group		The Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Balance at 1 April	4.2	6.6	1.7	1.9
Provided/(Written back) during the year	5.7	1.0	5.6	(0.1)
Written off during the year	(0.1)	(3.4)	(0.1)	(0.1)
Balance at 31 March	9.8	4.2	7.2	1.7
Bad debts written off directly to profit and loss account, net of debts recovered	0.1	0.8	(0.2)	0.1

As at 31 March 2019, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 22.1% (2018: 22.5%; 1 April 2017: 13.0%), AUD – 6.9% (2018: 12.2%; 1 April 2017: 9.8%), EUR – 8.6% (2018: 9.9%; 1 April 2017: 6.5%), GBP – 4.0% (2018: 7.1%; 1 April 2017: 4.7%) and JPY – 2.6% (2018: 3.7%; 1 April 2017: 2.4%).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

29 Deposits and Other Debtors (in \$ million)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Deposits	24.0	22.7	50.3	10.3	8.4	8.2
Other debtors	69.8	65.1	77.1	53.4	32.3	47.6
	93.8	87.8	127.4	63.7	40.7	55.8

30 Investments (in \$ million)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Quoted						
Equity investments	–	39.8	37.6	–	–	–
Non-equity investments	116.8	118.0	502.3	68.5	88.7	469.9
	116.8	157.8	539.9	68.5	88.7	469.9

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

The interest rates for quoted non-equity investments range from 0.78% to 5.60% (FY2017/18: 0.43% to 5.50%) per annum.

31 Cash and Bank Balances (in \$ million)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Short-term deposits	1,623.0	1,809.1	2,386.9	1,582.1	1,783.7	2,364.9
Cash and bank balances	1,321.0	759.2	993.6	1,133.9	360.9	368.3
	2,944.0	2,568.3	3,380.5	2,716.0	2,144.6	2,733.2

As at 31 March 2019, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 15.3% (2018: 29.8%; 1 April 2017: 39.4%), EUR – 0.7% (2018: 0.8%; 1 April 2017: 2.9%), AUD – 1.2% (2018: 2.7%; 1 April 2017: 3.4%) and CNY – 0.6% (2018: 3.8%; 1 April 2017: 4.8%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 1.96% to 3.05% (FY2017/18: 1.30% to 2.65%) 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 2.28% (FY2017/18: 1.65%) per annum.

32 Trade and Other Creditors (in \$ million)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Trade creditors	3,081.7	2,729.7	3,178.1	2,260.7	1,825.2	2,231.6
Accrued interest	45.4	32.0	17.6	42.1	31.7	17.0
Contract liabilities	33.5	32.3	38.2	–	–	–
Purchase option price payable to lessor	–	–	34.2	–	–	–
Amounts owing to associated companies	3.0	23.0	27.8	1.4	2.0	3.3
	3,163.6	2,817.0	3,295.9	2,304.2	1,858.9	2,251.9
Funds from subsidiary companies	–	–	–	606.2	1,056.6	1,174.6
Amounts owing to subsidiary companies	–	–	–	365.6	233.8	179.9
	–	–	–	971.8	1,290.4	1,354.5

Trade and other creditors are non-interest bearing. As at 31 March 2019, 14.2% (2018: 19.5%; 1 April 2017: 18.0%) of trade and other creditors were held in USD by the Group. Included in trade and other creditors are amounts owing to related parties of \$233.7 million (2018: \$188.2 million; 1 April 2017: \$169.2 million) and \$177.9 million (2018: \$112.3 million; 1 April 2017: \$127.2 million) for the Group and Company respectively.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which range from 1.75% to 2.30% (FY2017/18: 0.60% to 1.60%) per annum for SGD funds, and 2.34% to 3.30% (FY2017/18: 1.58% to 2.28%) per annum for USD funds.

As at 31 March 2019, 19.7% of the funds from subsidiary companies were denominated in USD (2018: 34.7%; 1 April 2017: 20.9%).

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

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

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

	The Group		The Company	
	FY2018/19	FY2017/18	FY2018/19	FY2017/18
Revenue recognised that was included in the balance at the beginning of the year				
- Sales in advance of carriage	2,442.1	1,650.8	2,205.9	1,474.3
- Deferred revenue	556.1	707.8	556.1	707.8
Increases due to cash received, excluding amounts recognised as revenue during the year				
- Sales in advance of carriage	2,715.4	2,442.1	2,479.8	2,205.9
- Deferred revenue	610.9	556.1	610.9	556.1

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For The Financial Year Ended 31 March 2019

33 Sales in Advance of Carriage and Deferred Revenue (in \$ million) (continued)

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

All tickets sold at any given point of time have travel dates extending up to 12 months. As a result, the balance of the sales in advance of carriage liability represents activity that will be recognised in the next 12 months.

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

	The Group	
	FY2018/19	FY2017/18
Purchase of property, plant and equipment	5,604.7	5,246.0
Property, plant and equipment acquired under credit terms	(20.0)	(35.2)
Property, plant and equipment settled by credit notes	–	(1.3)
Interest capitalised	(22.4)	–
Cash invested in capital expenditure	5,562.3	5,209.5
Purchase of intangible assets	113.0	60.0
Intangible assets acquired under credit terms	(7.6)	(0.2)
Cash invested in purchase of intangible assets	105.4	59.8

35 Capital and Other Commitments (in \$ million)

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated \$22,439.7 million (2018: \$24,629.9 million) for the Group and \$17,586.2 million (2018: \$19,756.4 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of associated companies' and joint venture companies' commitments for capital expenditure totalled \$1,671.1 million (2018: \$724.2 million) and \$8.9 million (2018: \$6.7 million) respectively.

(b) Operating lease commitments

As lessee

Aircraft

The Company has three B777-300ERs, 19 A330-300s and four A380-800s under operating leases at fixed rental rates. The original lease terms range from eight to 12 years.

For flexibility in fleet planning, most leases include extension options. The extension options provide for lease renewals up to a maximum of five years. In addition, there are 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 two A319-100s, eight A320-200s, and nine B737-800s under operating leases with fixed rental rates. The original lease terms for the two A319-100s range from 11.2 to 11.5 years, and SilkAir holds options to extend the leases for up to a maximum of three years. The original lease terms for the 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.

35 Capital and Other Commitments (in \$ million) (continued)

(b) Operating lease commitments (continued)

As lessee (continued)

Aircraft (continued)

Budget Aviation Holdings (“BAH”) Group has 24 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			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Not later than one year	560.4	614.2	775.5	336.5	384.5	549.3
Later than one year but not later than five years	1,378.6	1,634.4	2,228.3	654.8	849.1	1,348.9
Later than five years	340.7	602.7	859.5	213.7	324.9	383.6
	2,279.7	2,851.3	3,863.3	1,205.0	1,558.5	2,281.8

Engines

The Company has operating lease agreements for four GE90-115B engines and three Trent 800 engines with fixed rental rates. The basic lease term for each engine is one year with extension options.

BAH Group has three spare engines under operating leases. The original lease terms on the engines are for one to 14 years. Sub-leasing is allowed under all the lease arrangements.

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

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Not later than one year	13.7	16.1	18.0	11.6	13.6	16.0
Later than one year but not later than five years	1.3	3.2	9.2	–	–	5.8
	15.0	19.3	27.2	11.6	13.6	21.8

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For The Financial Year Ended 31 March 2019

35 Capital and Other Commitments (in \$ million) (continued)

(b) Operating lease commitments (continued)

As lessee (continued)

Property and equipment

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

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

	The Group			The Company		
	31 March 2019	2018	1 April 2017	31 March 2019	2018	1 April 2017
Not later than one year	74.9	77.3	74.0	53.8	53.7	53.9
Later than one year but not later than five years	114.3	122.2	109.2	81.8	90.3	79.6
Later than five years	59.0	57.7	61.2	9.2	7.8	12.1
	248.2	257.2	244.4	144.8	151.8	145.6

The minimum lease payments recognised in the profit and loss account amounted to \$71.9 million (FY2017/18: \$69.9 million) and \$55.3 million (FY2017/18: \$52.8 million) for the Group and the Company respectively.

As lessor

Aircraft

The Company leased seven B777 aircraft for lease terms ranging from four to five years 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.

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

	The Group			The Company		
	31 March 2019	2018	1 April 2017	31 March 2019	2018	1 April 2017
Not later than one year	74.4	59.2	47.3	65.3	47.8	33.9
Later than one year but not later than five years	173.8	135.7	108.7	143.1	100.6	68.7
Later than five years	–	4.1	13.7	–	–	–
	248.2	199.0	169.7	208.4	148.4	102.6

36 Contingent Liabilities (in \$ million)

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

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

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

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.

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

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

In June 2017, without admitting any liability, SIA Cargo and the Company entered into a settlement of the above civil damages claim in the United States. At the same time, SIA Cargo and the Company settled the civil damages lawsuit filed in Germany, which was related to the opt-out claim in the United States.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

36 Contingent Liabilities (in \$ million) (continued)

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

Without admitting any liability, SIA Cargo and the Company have settled with class and collective action plaintiffs in the United States, Australia, Canada and England, as the case may be, to resolve all liabilities of SIA Cargo and the Company as concerns such lawsuits filed in the relevant jurisdictions.

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

Apart from the class actions in Canada, the United States and Australia, the opt-out claim in the United States, the lawsuit in Germany and the civil damages claim in England, the filed cases remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

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

(b) Passengers: Civil Class Actions

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

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

(c) Guarantee to a Joint Venture Company

As at 31 March 2019, the Company had provided a guarantee of THB600.0 million (\$25.6 million) in respect of a revolving credit facility granted by a lender to NokScoot.

37 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.

37 Financial Instruments (in \$ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2019 The Group	Carrying amount			Fair value			
	Amortised cost	FVTPL	FVOCI	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>							
Long-term investments							
Quoted							
Non-equity investments	63.9	–	–	63.9	64.4	–	–
Unquoted							
Non-equity investments*	–	229.9	–	229.9	–	229.9	–
Equity investments	–	43.8	6.3	50.1	–	–	50.1
Other long-term receivables	315.8	–	–	315.8	–	–	311.3
Derivative assets*	–	755.5	–	755.5	–	755.5	–
Investments							
Quoted							
Non-equity investments*	–	48.3	–	48.3	48.3	–	–
Non-equity investments	68.5	–	–	68.5	65.8	–	–
	448.2	1,077.5	6.3	1,532.0	178.5	985.4	361.4
<u>Financial liabilities</u>							
Derivative liabilities*	–	158.7	–	158.7	–	158.7	–
Notes payable	4,377.0	–	–	4,377.0	4,399.3	–	–
	4,377.0	158.7	–	4,535.7	4,399.3	158.7	–

31 March 2019 The Company	Carrying amount			Fair value			
	Amortised cost	FVTPL	FVOCI	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>							
Long-term investments							
Quoted							
Non-equity investments	63.9	–	–	63.9	64.4	–	–
Unquoted							
Non-equity investments*	–	229.9	–	229.9	–	229.9	–
Equity investments	–	33.4	6.3	39.7	–	–	39.7
Other long-term receivables	159.6	–	–	159.6	–	–	159.6
Derivative assets*	–	755.5	–	755.5	–	755.5	–
Investments							
Quoted							
Non-equity investments	68.5	–	–	68.5	65.8	–	–
	292.0	1,018.8	6.3	1,317.1	130.2	985.4	199.3
<u>Financial liabilities</u>							
Derivative liabilities*	–	153.2	–	153.2	–	153.2	–
Notes payable	4,377.0	–	–	4,377.0	4,399.3	–	–
	4,377.0	153.2	–	4,530.2	4,399.3	153.2	–

* Mandatorily measured at FVTPL

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

37 Financial Instruments (in \$ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2018 The Group	Amortised cost	Carrying amount			Fair value		
		FVTPL	FVOCI	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>							
Long-term investments							
Quoted							
Non-equity investments	76.3	–	–	76.3	76.8	–	–
Unquoted							
Non-equity investments*	–	224.7	–	224.7	–	224.7	–
Equity investments	–	43.7	1.3	45.0	–	–	45.0
Other long-term receivables	431.9	–	–	431.9	–	–	429.5
Derivative assets*	–	642.2	–	642.2	–	642.2	–
Investments							
Quoted							
Equity investments*	–	39.8	–	39.8	39.8	–	–
Non-equity investments*	–	29.3	–	29.3	29.3	–	–
Non-equity investments	88.7	–	–	88.7	88.7	–	–
	596.9	979.7	1.3	1,577.9	234.6	866.9	474.5
<u>Financial liabilities</u>							
Derivative liabilities*	–	230.8	–	230.8	–	230.8	–
Notes payable	3,030.1	–	–	3,030.1	3,025.9	–	–
	3,030.1	230.8	–	3,260.9	3,025.9	230.8	–

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

* Mandatorily measured at FVTPL

37 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.
- Interest rate swap contracts – by discounting the future cash flows of swap contracts at market interest rate.
- Cross currency swap contracts – by reference to market prices for existing cash flow profiles pre-agreed with counterparties at trade inception.
- Quoted investments – by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques that are commonly used by market participants.
- Other long-term receivables – by discounting expected future cash flows at market incremental lending rate for similar types of lending at the end of the reporting period.
- Notes payable – by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

37 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.

	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
The Group					
<u>31 March 2019</u>					
Derivative assets	755.5	–	755.5	(137.8)	617.7
Trade debtors	1,551.2	(24.0)	1,527.2	–	1,527.2
	2,306.7	(24.0)	2,282.7	(137.8)	2,144.9
Derivative liabilities	158.7	–	158.7	(137.8)	20.9
Trade and other creditors	3,187.6	(24.0)	3,163.6	–	3,163.6
	3,346.3	(24.0)	3,322.3	(137.8)	3,184.5
<u>31 March 2018</u>					
Derivative assets	642.2	–	642.2	(140.1)	502.1
Trade debtors	1,422.3	(21.4)	1,400.9	–	1,400.9
	2,064.5	(21.4)	2,043.1	(140.1)	1,903.0
Derivative liabilities	230.8	–	230.8	(140.1)	90.7
Trade and other creditors	2,838.4	(21.4)	2,817.0	–	2,817.0
	3,069.2	(21.4)	3,047.8	(140.1)	2,907.7

37 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 2019</u>					
Derivative assets	755.5	–	755.5	(137.8)	617.7
Trade debtors	1,162.8	(24.0)	1,138.8	–	1,138.8
Amounts owing by subsidiary companies	261.5	(257.8)	3.7	–	3.7
	2,179.8	(281.8)	1,898.0	(137.8)	1,760.2
Derivative liabilities	153.2	–	153.2	(137.8)	15.4
Trade and other creditors	2,328.2	(24.0)	2,304.2	–	2,304.2
Amounts owing to subsidiary companies	1,229.6	(257.8)	971.8	–	971.8
	3,711.0	(281.8)	3,429.2	(137.8)	3,291.4
<u>31 March 2018</u>					
Derivative assets	642.0	–	642.0	(140.1)	501.9
Trade debtors	858.1	(21.4)	836.7	–	836.7
Amounts owing by subsidiary companies	330.4	(190.3)	140.1	–	140.1
	1,830.5	(211.7)	1,618.8	(140.1)	1,478.7
Derivative liabilities	230.8	–	230.8	(140.1)	90.7
Trade and other creditors	1,880.3	(21.4)	1,858.9	–	1,858.9
Amounts owing to subsidiary companies	1,480.7	(190.3)	1,290.4	–	1,290.4
	3,591.8	(211.7)	3,380.1	(140.1)	3,240.0

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

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

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

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

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	
	2019	2018	2019	2018
<u>Derivative assets</u>				
Current				
Currency hedging contracts	56.2	13.5	56.2	13.3
Fuel hedging contracts	315.2	337.9	315.2	337.9
	371.4	351.4	371.4	351.2
Non-current				
Currency hedging contracts	5.9	0.5	5.9	0.5
Fuel hedging contracts	375.8	286.3	375.8	286.3
Cross currency swap contracts	2.4	4.0	2.4	4.0
	384.1	290.8	384.1	290.8
	755.5	642.2	755.5	642.0
<u>Derivative liabilities</u>				
Current				
Currency hedging contracts	19.9	161.8	19.9	161.8
Fuel hedging contracts	68.2	0.1	68.2	0.1
Interest rate swap contracts	1.4	–	–	–
	89.5	161.9	88.1	161.9
Non-current				
Currency hedging contracts	0.2	42.3	0.2	42.3
Fuel hedging contracts	47.0	11.8	47.0	11.8
Cross currency swap contracts	3.8	14.8	3.8	14.8
Interest rate swap contracts	18.2	–	14.1	–
	69.2	68.9	65.1	68.9
	158.7	230.8	153.2	230.8

38 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 the BEC, aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps, options and collars with approved counterparties and within approved credit limits to hedge approved range of anticipated jet fuel purchases over a specified time frame.

Cash flow hedges

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

The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain before tax of \$553.3 million (2018: gain before tax of \$597.2 million), with a related deferred tax of \$92.8 million (2018: deferred tax of \$101.5 million), was included in the fair value reserve in respect of these contracts.

The table below sets out the movements for fuel hedges:

	The Group		The Company	
	FY2018/19	FY2017/18	FY2018/19	FY2017/18
Change in fair value of hedging instrument	376.8	935.3	376.8	936.6
Change in fair value of hedged item	(376.8)	(935.3)	(376.8)	(936.6)
Hedge ineffectiveness recognised in profit or loss	–	–	–	–

As at 31 March 2019, the Group had entered into longer dated Brent hedges with maturities extending to FY2024/25 that cover up to 46% of the Group's projected annual fuel consumption, at average prices ranging from USD58 to USD63 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 \$56.7 million and \$46.5 million (FY2017/18: \$53.2 million and \$40.7 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.

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For The Financial Year Ended 31 March 2019

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

(a) Jet fuel price risk (continued)

Sensitivity analysis on outstanding fuel hedging contracts:

	The Group 31 March		The Company 31 March	
	2019	2018	2019	2018
	Effect on equity		Effect on equity	
Increase in one USD per barrel	141.2	110.7	113.4	83.0
Decrease in one USD per barrel	(141.2)	(110.7)	(113.4)	(83.0)

(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 2019, these accounted for 61.2% of total revenue (FY2017/18: 56.8%) and 57.0% of total operating expenses (FY2017/18: 53.0%). The Group's largest exposures are from United States Dollar, Euro, UK Sterling Pound, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan and Korean Won. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for USD or SGD. The Group also uses foreign currency forward and option contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell currencies at predetermined forward rates, buying either USD or SGD depending on forecast requirements, with settlement dates up to 24 months. The Company also uses cross currency swap contracts to hedge a portion of its fixed future foreign exchange exposure in USD. The cross currency swap contracts provide for the Company to exchange surplus currency, specifically JPY and EUR into USD predetermined costs. The Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements. The Group also uses short-term deposits in foreign currencies to hedge a portion of the forecast USD capital expenditure in the next 12 months.

Cash flow hedges

a) Net operating and other exposures

The Group held cash flow hedges to manage net operating exposures to foreign currencies. As at 31 March 2019, the carrying amounts of these hedges consisted of \$32.4 million (2018: \$17.4 million) derivative assets and \$10.2 million (2018: \$60.8 million) derivative liabilities for the Group, and \$32.4 million (2018: \$17.2 million) derivative assets and \$10.2 million (2017: \$60.8 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 a gain of \$26.6 million (2018: loss of \$62.1 million) for the Group and no ineffectiveness has been recognised in the profit or loss for the Group.

The Group also held 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 2019, the hedges were assessed to be effective and a net fair value loss of \$1.4 million (2018: \$10.8 million), with a related deferred tax credit of \$0.2 million (2018: \$1.8 million), was included in the fair value reserve with respect to these contracts.

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

(b) Foreign currency risk (continued)

Cash flow hedges (continued)

b) Capital expenditure exposures

The Group designates cash flow hedges to manage the exposure to USD-denominated capital expenditure commitments. As at 31 March 2019, the total nominal amount of these cash flow hedges over the next two years was USD1,909.0 million (2018: USD3,042.6 million) with a hedged rate range of SGD/USD 1.29 – 1.39 (2018: SGD/USD 1.29 – 1.45) for the Group and USD1,743.2 million (2018: USD2,784.3 million) with a hedged rate range of SGD/USD 1.29 – 1.39 (2018: SGD/USD 1.29 – 1.45) for the Company.

As at 31 March 2019, the Group held USD3.8 million (2018: USD154.1 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. During the financial year, the Group also entered into new foreign currency forward contracts to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 24 months. As at 31 March 2019, a fair value gain of \$19.8 million (2018: loss of \$126.8 million) was included in the fair value reserve in respect of the above cash flow hedges.

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

	The Group and the Company 31 March	
	2019	2018
Fixed deposits	5.2	202.2
Derivative assets	29.7	0.6
Derivative liabilities	(9.9)	(158.1)
	The Group and the Company	
	FY2018/19	FY2017/18
Change in fair value of hedging instrument	136.2	(232.6)
Change in fair value of hedged item	(136.2)	232.6
Hedge ineffectiveness recognised in profit or loss	–	–

For the financial year ended 31 March 2019 and 31 March 2018, there was no realised foreign currency hedging gain/(loss) reclassified to profit or loss as it had been capitalised in the carrying value of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

(b) Foreign currency risk (continued)

Foreign currency sensitivity analysis

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

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

Sensitivity analysis:

	The Group 31 March			
	2019		2018	
	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}
AUD	3.8	(1.0)	3.0	(1.9)
EUR	1.5	(0.7)	1.3	(0.8)
GBP	1.5	(0.4)	1.4	(0.8)
JPY	1.2	–	1.8	(0.2)
CNY	4.0	0.1	–	(0.6)
USD	(45.8)	(3.7)	(61.4)	(3.9)

	The Company 31 March			
	2019		2018	
	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}
AUD	3.8	(1.1)	2.6	(1.7)
EUR	1.5	(0.8)	0.9	(0.3)
GBP	1.5	(0.4)	1.1	(0.6)
JPY	1.2	–	1.7	(0.1)
CNY	3.0	0.1	–	0.3
USD	(42.4)	(3.5)	(55.1)	(0.3)

^{R1} Sensitivity analysis on outstanding foreign currency hedging contracts and fuel hedging contracts denominated in foreign currency

^{R2} Sensitivity analysis on significant outstanding foreign currency denominated monetary items

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

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

(c) Interest rate risk

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

Cash flow hedges

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

The terms of the interest rate swap contracts have been negotiated to match the terms of the loans and accordingly, the fair value hedges are assessed to be highly effective. As at 31 March 2019, a net fair value loss of \$19.6 million with related deferred tax credit of \$3.3 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

(c) Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

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 2019 will have the effects as set out in the table below.

Sensitivity analysis:

	The Group 31 March			
	2019		2018	
	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}
Increase in 10 basis points in market interest rates	9.1	3.0	–	2.5
Decrease in 10 basis points in market interest rates	(9.1)	(3.0)	–	(2.5)

	The Company 31 March			
	2019		2018	
	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}	Effect on equity ^{R1}	Effect on profit before taxation ^{R2}
Increase in 10 basis points in market interest rates	7.3	2.1	–	1.1
Decrease in 10 basis points in market interest rates	(7.3)	(2.1)	–	(1.1)

^{R1} Sensitivity analysis on derivative financial instruments.

^{R2} Sensitivity analysis on variable rate assets and liabilities.

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

(d) Market rate risk

At 31 March 2019, the Group and the Company own investments of \$460.7 million (2018: \$503.8 million) and \$402.0 million (2018: \$424.3 million) respectively, out of which \$328.4 million (2018: \$338.8 million) and \$269.6 million (2018: \$259.3 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			
	2019		2018	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	0.1	3.2	–	3.4
Decrease in 1% of quoted prices	(0.1)	(3.2)	–	(3.4)

	The Company 31 March			
	2019		2018	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	0.1	2.6	–	2.6
Decrease in 1% of quoted prices	(0.1)	(2.6)	–	(2.6)

(e) Liquidity risk

At 31 March 2019, the Group has at its disposal, cash and short-term deposits amounting to \$2,944.0 million (2018: \$2,568.3 million). In addition, the Group has available short-term credit facilities of about \$1,557.5 million (2018: \$1,649.3 million). The Group also has a Medium Term Note Programme and Medium Term Bond Programme under which it may issue notes up to \$7,000.0 million (2018: \$5,000.0 million) and as of 31 March 2019, \$2,620.0 million (2018: \$1,970.0 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

(e) Liquidity risk (continued)

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

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

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

(e) Liquidity risk (continued)

31 March 2018	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	96.5	96.5	588.4	277.3	74.1	2,577.4	3,710.2
Loans	23.2	22.6	22.7	22.5	12.7	1.0	104.7
Maintenance reserve	–	5.2	9.0	–	1.2	–	15.4
Deposit received from a lessee	–	–	–	–	–	8.8	8.8
Trade and other creditors	2,817.0	–	–	–	–	–	2,817.0
Derivative financial instruments:							
Currency hedging contracts	161.8	42.3	–	–	–	–	204.1
Fuel hedging contracts	0.1	–	0.7	11.0	0.1	–	11.9
Cross currency swap contracts	5.4	3.9	2.3	0.6	–	–	12.2
	3,104.0	170.5	623.1	311.4	88.1	2,587.2	6,884.3
The Company							
Notes payable	96.5	96.5	588.4	277.3	74.1	2,577.4	3,710.2
Maintenance reserve	–	5.2	9.0	–	1.2	–	15.4
Trade and other creditors	1,858.9	–	–	–	–	–	1,858.9
Amounts owing to subsidiary companies	1,290.4	–	–	–	–	–	1,290.4
Derivative financial instruments:							
Currency hedging contracts	161.8	42.3	–	–	–	–	204.1
Fuel hedging contracts	0.1	–	0.7	11.0	0.1	–	11.9
Cross currency swap contracts	5.4	3.9	2.3	0.6	–	–	12.2
	3,413.1	147.9	600.4	288.9	75.4	2,577.4	7,103.1

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

38 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	
	2019	2018	2019	2018	2019	2018	2019	2018
Counterparty profiles								
<u>By industry:</u>								
Travel agencies	528.7	535.6	8.6%	9.4%	505.9	273.0	9.6%	5.9%
Airlines	222.5	236.0	3.6%	4.2%	69.5	70.5	1.3%	1.5%
Financial institutions	3,945.1	3,442.0	64.3%	60.8%	3,696.8	3,004.1	70.0%	65.5%
Others	1,190.1	1,175.7	19.4%	20.8%	831.2	945.1	15.7%	20.6%
	5,886.4	5,389.3	95.9%	95.2%	5,103.4	4,292.7	96.6%	93.5%
<u>By region:</u>								
East Asia	3,376.4	2,813.8	54.9%	49.7%	2,991.1	2,151.9	35.8%	46.9%
Europe	1,602.2	1,669.3	26.1%	29.5%	1,287.3	1,379.8	37.8%	30.0%
South West Pacific	578.9	491.6	9.4%	8.7%	570.2	454.4	17.5%	9.9%
Americas	227.2	189.0	3.7%	3.3%	184.2	125.1	4.3%	2.7%
West Asia and Africa	101.7	225.6	1.8%	4.0%	70.6	181.5	1.2%	4.0%
	5,886.4	5,389.3	95.9%	95.2%	5,103.4	4,292.7	96.6%	93.5%
<u>By Moody's credit ratings:</u>								
Investment grade (A to Aaa)	4,164.0	3,836.5	67.8%	67.8%	3,986.6	3,425.1	75.5%	74.6%
Investment grade (Baa)	3.6	7.0	0.1%	0.1%	1.6	1.2	—	—
Non-rated	1,718.8	1,545.8	28.0%	27.3%	1,115.2	866.4	21.1%	18.9%
	5,886.4	5,389.3	95.9%	95.2%	5,103.4	4,292.7	96.6%	93.5%

39 Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

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

	1 April 2017	Proceeds	Repayments	Interest payments	Non-cash changes			31 March 2018
					Interest expense	Foreign exchange movement	Interest capitalised	
Notes payable	1,430.0	1,600.0	–	–	0.1	–	–	3,030.1
Loans	114.1	5.0	(20.3)	–	–	(1.6)	–	97.2
Finance lease commitments	23.7	–	(23.7)	–	–	–	–	–
Accrued interest	17.6	–	–	(75.7)	89.7	0.4	–	32.0

40 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

40 Capital Management (in \$ million) (continued)

During the financial year ended 31 March 2019, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Notes payable	4,377.0	3,030.1	1,430.0	4,377.0	3,030.1	1,430.0
Loans	2,277.4	97.2	114.1	1,756.4	–	–
Finance lease commitments	–	–	23.7	–	–	–
Total debt	6,654.4	3,127.3	1,567.8	6,133.4	3,030.1	1,430.0
Share capital	1,856.1	1,856.1	1,856.1	1,856.1	1,856.1	1,856.1
Reserves	11,430.7	11,004.2	9,428.0	9,917.3	10,375.1	9,093.6
Total capital	13,286.8	12,860.3	11,284.1	11,773.4	12,231.2	10,949.7
Gearing ratio (times)	0.50	0.24	0.14	0.52	0.25	0.13

41 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	
	FY2018/19	FY2017/18
Purchases of services from associated companies	206.8	142.5
Services rendered to associated companies	(76.7)	(38.7)
Purchases of services from joint venture companies	42.6	4.9
Services rendered to joint venture companies	(120.4)	(60.9)
Purchases of services from related parties	1,574.8	1,331.7
Services rendered to related parties	(47.6)	(25.7)
Professional fees paid to a firm of which a Director is a member	1.0	0.4

41 Related Party Transactions (in \$ million) (continued)

Key Management Personnel remuneration of the Group

	The Group	
	FY2018/19	FY2017/18
<u>Directors</u>		
Salary, bonuses, fee and other costs	5.8	5.2
CPF and other defined contributions	*	*
Share-based compensation expense	1.7	1.4
	7.5	6.6
<u>Key executives (excluding executive Directors)</u>		
Salary, bonuses, fee and other costs	3.6	3.0
CPF and other defined contributions	*	*
Share-based compensation expense	1.6	1.3
	5.2	4.3

* 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 2018	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2019	Aggregate Base Awards granted since commencement of RSP/RSP 2014 to end of financial year under review
Goh Choon Phong	42,000	60,000	42,000	60,000	502,232
Mak Swee Wah	21,000	30,000	21,000	30,000	286,674
Ng Chin Hwee	21,000	30,000	21,000	30,000	270,756

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

41 Related Party Transactions (in \$ million) (continued)

RSP/RSP 2014 Final Awards (Pending Release) ^{R1}

Name of participant	Balance as at 1 April 2018	Final Awards granted during the financial year [#]	Final Awards released during the financial year	Balance as at 31 March 2019	Aggregate ordinary shares released to participant since commencement of RSP/ RSP 2014 to end of financial year under review*
Goh Choon Phong	92,585	63,000	77,285	78,300	339,652
Mak Swee Wah	46,292	31,500	38,642	39,150	203,278
Ng Chin Hwee	46,292	31,500	38,642	39,150	184,347

Deferred RSP/RSP 2014 Awards

Name of participant	Balance as at 1 April 2018	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2019	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review*
Goh Choon Phong	47,300	23,330	13,170	57,460	81,577
Mak Swee Wah	26,230	10,890	8,890	28,230	36,368
Ng Chin Hwee	24,920	10,890	7,580	28,230	39,008

PSP/PSP 2014 Base Awards ^{R2}

Name of participant	Balance as at 1 April 2018	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2019	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	222,750	82,500	82,500	222,750	651,478	124,902
Mak Swee Wah	89,100	33,000	33,000	89,100	305,278	97,253
Ng Chin Hwee	89,100	33,000	33,000	89,100	290,572	81,040

41 Related Party Transactions (in \$ million) (continued)

Transformation Share Awards

Name of participant	Balance as at 1 April 2018	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2019	Aggregate Base Awards granted since commencement of TSA to end of financial year under review
Goh Choon Phong	–	66,083	–	66,083	66,083
Mak Swee Wah	–	30,839	–	30,839	30,839
Ng Chin Hwee	–	30,839	–	30,839	30,839

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

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

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, 154,569 and 32,730 treasury shares were issued to a Director and key executives of the Company pursuant to the RSP and DSA respectively.

CORPORATE DATA

BOARD OF DIRECTORS

Chairman	Peter Seah Lim Huat
Members	Goh Choon Phong (Chief Executive Officer)
	Gautam Banerjee
	Simon Cheong Sae Peng
	Dominic Ho Chiu Fai
	Hsieh Tsun-yan
	Lee Kim Shin
	Helmut Gunter Wilhelm Panke (until 31 August 2018)
	David John Gledhill (from 1 September 2018)
	Goh Swee Chen (from 1 January 2019)

EXECUTIVE MANAGEMENT

Head Office

Goh Choon Phong Chief Executive Officer	George Wang Wei Jun Senior Vice President Information Technology
Mak Swee Wah Executive Vice President Commercial	Tan Kai Ping Senior Vice President Marketing Planning
Ng Chin Hwee Executive Vice President Human Resources & Operations	Campbell David McGregor Wilson Senior Vice President Sales & Marketing
Tan Pee Teck Senior Vice President Cabin Crew	
Chin Yau Seng Senior Vice President Cargo	Overseas Regions
Lee Wen Fen Senior Vice President Corporate Planning	Lee Sek Eng Regional Vice President Americas
Yeoh Phee Teik Senior Vice President Customer Experience	Subhas Menon Regional Vice President Europe
Marvin Tan Meng Hung Senior Vice President Customer Services & Operations	Tan Tiow Kor Regional Vice President North Asia
Lau Hwa Peng Senior Vice President Engineering	Lim Wee Kok Regional Vice President South East Asia
Stephen Barnes Senior Vice President Finance	Philip Goh Ser Miang Regional Vice President South West Pacific
Quay Chew Eng Senior Vice President Flight Operations	Joey Seow Eng Wan Regional Vice President West Asia & Africa
Vanessa Ng Senior Vice President Human Resources	

SENIOR MANAGEMENT, MAJOR SUBSIDIARIES

Png Kim Chiang Chief Executive Officer SIA Engineering Company Limited
Lee Lik Hsin Chief Executive Officer Budget Aviation Holdings Pte. Ltd.
Foo Chai Woo Chief Executive SilkAir (Singapore) Private Limited

BOARD COMMITTEES

Board Executive Committee

Chairman	Peter Seah Lim Huat
Members	Gautam Banerjee Goh Choon Phong Hsieh Tsun-yan

Board Audit Committee

Chairman	Gautam Banerjee
Members	Dominic Ho Chiu Fai Hsieh Tsun-yan Goh Swee Chen (from 1 January 2019)

Board Compensation and Industrial Relations Committee

Chairman	Peter Seah Lim Huat
Members	Simon Cheong Sae Peng Hsieh Tsun-yan Helmut Gunter Wilhelm Panke (until 31 August 2018)

Board Nominating Committee

Chairman	Peter Seah Lim Huat
Members	Lee Kim Shin Goh Choon Phong (until 14 February 2019) Goh Swee Chen (from 14 February 2019)

Board Safety and Risk Committee

Chairman	Helmut Gunter Wilhelm Panke (until 31 August 2018) Dominic Ho Chiu Fai (from 1 September 2018)
Members	Lee Kim Shin Peter Seah Lim Huat Dominic Ho Chiu Fai (until 31 August 2018) David John Gledhill (from 1 January 2019)

Customer Experience and Technology Committee (with effect from 1 January 2019)

Chairman	Simon Cheong Sae Peng
Members	David John Gledhill Goh Choon Phong Goh Swee Chen

Company Secretary

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

Audit Partner	KPMG LLP Public Accountants and Chartered Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
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Registered Office

Registered Office	Malcolm Ramsay (from the audit of the financial statements for the year ended 31 March 2018)
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Registered Office	Airline House 25 Airline Road Singapore 819829
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FINANCIAL CALENDAR

- 31 March 2019
Financial Year End
- 31 July 2019
Announcement of FY2019/20
First Quarter Results
- 16 May 2019
Announcement of FY2018/19
Full Year Results
- 16 August 2019
Payment of Final Dividend for
the FY 2018/19
(subject to shareholders'
approval at AGM)
- 28 June 2019
Publication of Annual Report
and Letter to Shareholders
- 5 November 2019
Announcement of FY2019/20
Second Quarter and Half-Year
Results
- 29 July 2019
Annual General Meeting

**SINGAPORE AIRLINES LIMITED**

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