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Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Company, ANZ, CIBSL, Citigroup, DBS, HSBC, OCBC, Standard Chartered, UBS or UOB to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

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SINGAPORE AIRLINES LIMITED

(incorporated in Singapore with limited liability)
(Company registration No. 197200078R)

S$5,000,000,000
Multi-currency Medium Term Note Programme
(the "MTN Programme")

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and the Notes (the "**Notes**") to be issued from time to time by Singapore Airlines Limited (the "**Company**" or "**Singapore Airlines**") pursuant to the MTN Programme are offered by the Company pursuant to exemptions invoked under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, the Notes may not be offered or sold or be made the subject of an invitation for subscription or purchase, nor may this Information Memorandum or any other offering document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor specified in Section 274 of the SFA, (b) to a relevant person pursuant to Section 275 (1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application has been made to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for permission to deal in, and quotation for, any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Company, its subsidiaries, its associated companies, the MTN Programme or such Notes.

The MTN Programme also permits Notes to be issued on an unlisted basis or to be admitted for listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be decided by the Company.

Arrangers

citi DBS

The date of this Information Memorandum is 3 April 2017.

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NOTICE

Citicorp Investment Bank (Singapore) Limited ("**CIBSL**") and DBS Bank Ltd. ("**DBS**" and together with CIBSL, the "**Arrangers**") have been authorised by the Company to arrange the MTN Programme. Under the MTN Programme, the Company may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum or any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may not be used for the purpose of, and does not constitute, an offer of, or solicitation or invitation by or on behalf of the Company, the Arrangers or any of the Dealers (as defined herein) to subscribe for or purchase, any of the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised, or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offering of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required by the Company, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations. For a description of certain further restrictions on offers and sales of the Notes and distribution of this Information Memorandum, see "Subscription, Purchase and Distribution" below.

No person is authorised to give any information or to make any representation not contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Arrangers or any of the Dealers. The delivery of this Information Memorandum at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to US tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons (as defined in the US Internal Revenue Code of 1986, as amended, and regulations thereunder).

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes from time to time to be issued pursuant to the MTN Programme. This Information Memorandum and any other documents or material in relation to the issue, offering or sale of the Notes are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Sections 274 and/or 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealer(s) or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum (or any part thereof) in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, affairs, business or financial position of the Company or any of its subsidiaries or associated companies or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

None of the Company, either Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty, expressed or implied, as to the merits of the Notes or the subscription, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Company, either Arranger, any of the Dealers or their respective subsidiaries or associated companies. Further, neither Arranger nor any of the Dealers gives any representation or warranty as to the Company, its subsidiaries or associated companies and the Notes or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum nor do they accept any responsibility therefor.

None of the Arrangers or the Dealers has separately verified the information contained in this Information Memorandum. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in connection with the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, either Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser and/or subscriber shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Company and its subsidiaries and associated companies, and obtain its own independent legal, financial or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Company and its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Company, either Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein), the issue of the Notes by the Company to the relevant Dealer(s) pursuant to the Programme Agreement and the Programme Agreement not being terminated for any reason whatsoever. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Company, either Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Company to the Dealer(s) pursuant to the Programme Agreement.

Any statement contained in this Information Memorandum in a document deemed to be incorporated by reference therein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Company, either Arranger or any of the Dealers to subscribe for, or purchase, any of the Notes.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on the resale of the Notes set out under the section "Subscription, Purchase and Distribution".

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal, financial, tax and other advisers before purchasing or acquiring the Notes.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Company and/or the Group (including statements as to the Company’s and/or the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical fact and including the financial forecasts, profit projections, statements as to the expansion plans of the Company and/or the Group, expected growth in the Company and/or the Company and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- changes in competitive conditions; and
- other factors beyond the control of the Company and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, discussion under the section “Risk Factors”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Company or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Company, the Arrangers and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Company or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of any Notes by the Company shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of the Company, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Company, the Group, the Arrangers and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based, even if new information becomes available or other events occur in the future.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

(1) any annual reports or summary financial statements or audited consolidated accounts or unaudited interim results of the Company and its subsidiaries published or issued from time to time after the date hereof;

(2) all amendments and supplements to this Information Memorandum prepared by the Company from time to time; and

(3) all public announcements.

Copies of the documents referred to in sub-paragraphs (1), (2) and (3) of the preceding paragraph are available at the specified offices of each of the Principal Issuing and Paying Agent and the Singapore Issuing and Paying Agent as described in "Corporate Information" and "General Information" below.

This Information Memorandum is to be read in conjunction with (a) all such documents which are incorporated by reference herein; (b) with respect to any series or tranches of Notes, any Pricing Supplement (as defined herein) in respect of such series or tranche; and (c) any applicable laws or regulations of any relevant regulatory, administrative or supervisory body and any modification, extension or re-enactment thereof which is or becomes generally known to the public and which may be relevant to any decision to purchase, own or dispose of Notes. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

More information on the Company can be found on the SGX-ST website at www.sgx.com. Information contained on the SGX-ST website does not constitute part of this Information Memorandum, and no representation or warranty is made in respect of the truth, accuracy or completeness of such information.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"**Agency Agreement**"	:	The Agency Agreement dated 19 August 2003 between (1) the Company, as issuer, (2) The Bank of New York Mellon, London Branch, as principal issuing and paying agent, (3) The Bank of New York Mellon, London Branch, as the principal agent bank, (4) DBS, as the Singapore issuing and paying agent, (5) DBS, as Singapore agent bank, and (6) the Trustee, as trustee, as amended, varied or supplemented from time to time
"**ANZ**"	:	Australia and New Zealand Banking Group Limited
"**AUD**"	:	Australian Dollars
"**Arrangers**"	:	CIBSL and DBS
"**CDP**"	:	The Central Depository (Pte) Limited
"**CHF**"	:	Swiss Franc
"**CIBSL**"	:	Citicorp Investment Bank (Singapore) Limited
"**Citigroup**"	:	Citigroup Global Markets Singapore Pte. Ltd.
"**Clearstream**"	:	Clearstream Banking S.A., and includes a reference to its successors and permitted assigns
"**Common Depositary**"	:	In relation to a Series of Notes, a depositary common to Euroclear and Clearstream
"**Companies Act**"	:	Companies Act, Chapter 50 of Singapore
"**Company**" or "**Singapore Airlines**"	:	Singapore Airlines Limited
"**Conditions**"	:	In relation to the Notes of any Series, the terms and conditions of the Notes of any Series, which shall be substantially in the form set out in Part II of Schedule 1 of the Trust Deed or, as the case may be, Part II of Schedule 1 of the Supplemental Trust Deed, as modified, with respect to any Notes represented by a Global Note (as defined in the Trust Deed or, as the case may be, the Supplemental Trust Deed), by the provisions of such Global Note, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Notes (as defined in the Trust Deed or, as the case may be, the Supplemental Trust Deed) subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part II of Schedule 1 of the Trust Deed or, as the case may be, Part II of Schedule 1 of the Supplemental Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly

“**DBS**”	:	DBS Bank Ltd.
“**Dealers**”	:	Persons appointed as dealers under the MTN Programme
“**Directors**”	:	The directors of the Company as at the date of this Information Memorandum
“**Euro**” or “**Euros**”	:	The single currency of participating member states of the European Union
“**Euroclear**”	:	Euroclear Bank SA/NV, and includes a reference to its successors and permitted assigns
“**FY**”	:	Financial year ended or ending 31 March
“**HSBC**”	:	The Hongkong and Shanghai Banking Corporation Limited
“**Issuing and Paying Agent**”	:	In relation to Notes cleared through a clearing system other than CDP, the Principal Issuing and Paying Agent, and in relation to Notes cleared through CDP, the Singapore Issuing and Paying Agent
“**INR**”	:	Indian Rupees
“**JPY**”	:	Japanese Yen
“**km**”	:	Kilometres
“**LIBOR**”	:	The meaning ascribed to such term in the Conditions
“**MAS**”	:	The Monetary Authority of Singapore
“**MTN Programme**”	:	The S$5,000,000,000 Multi-currency Medium Term Note Programme of the Company as described in this Information Memorandum
“**n.m.**”	:	Not meaningful
“**NokScoot**”	:	NokScoot Airlines Co., Ltd
“**Notes**”	:	The notes to be issued by the Company under the MTN Programme
“**OCBC**”	:	Oversea-Chinese Banking Corporation Limited
“**Pricing Supplement**”	:	In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, issued specifying the relevant issue details in relation to such Series or, as the case may be, Tranche
“**Principal Issuing and Paying Agent**”	:	The Bank of New York Mellon, London Branch
“**Programme Agreement**”	:	The Programme Agreement dated 19 August 2003, as amended and restated by a Restatement Agreement dated 31 October 2008, made between (1) the Company, as issuer, (2) CIBSL and DBS, as arrangers, and (3) CIBSL, DBS, HSBC, OCBC, Standard Chartered and UBS, as dealers, and as amended and supplemented by

	a Supplemental Programme Agreement dated 28 February 2014, made between (1) the Company, as issuer, (2) CIBSL and DBS, as arrangers, and (3) ANZ, CIBSL, Citigroup, DBS, HSBC, OCBC, Standard Chartered, UBS and UOB, as dealers, as amended, varied or supplemented from time to time
"**S$**", "**SGD**" or "**$**" and "**cents**" :	Singapore Dollars and cents respectively
"**Scoot**" :	Scoot Pte Ltd
"**Securities and Futures Act**" or "**SFA**" :	Securities and Futures Act, Chapter 289 of Singapore
"**Senior Management**" :	Employees holding the rank of Senior Vice President and above
"**Series**" :	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which (a) are expressed to be consolidated and forming a single series, (b) are identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
"**SGX-ST**" :	Singapore Exchange Securities Trading Limited
"**SIA Cargo**" :	Singapore Airlines Cargo Pte Ltd
"**SIAEC**" :	SIA Engineering Company Limited
"**SIA Group**" or "**Group**" :	The Company and its subsidiaries
"**SIBOR**" :	The meaning ascribed to such term in the Conditions
"**SilkAir**" :	SilkAir (Singapore) Private Limited
"**Singapore Issuing and Paying Agent**" :	DBS
"**Standard Chartered**" :	Standard Chartered Bank
"**Supplemental Trust Deed**" :	The supplemental trust deed dated 19 August 2003 made between (1) the Company, as issuer, and (2) the Trustee, as trustee, as amended and restated by a Restatement Deed dated 31 October 2008 made between (1) the Company, as issuer, and (2) the Trustee, as trustee, pursuant to which any Notes denominated in a currency other than Singapore Dollars will be constituted and issued
"**Swap Rate**" :	The meaning ascribed to such term in the Conditions
"**Temasek**" :	Temasek Holdings (Private) Limited
"**Tiger Airways**" :	Tiger Airways Holdings Limited

"**Tranche**"	:	Notes which are identical in all respects (including as to listing)
"**Trust Deed**"	:	The trust deed dated 19 August 2003 made between (1) the Company, as issuer, and (2) the Trustee, as trustee, as amended and restated by a Restatement Deed dated 31 October 2008 made between (1) the Company, as issuer, and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time
"**Trustee**"	:	HSBC Institutional Trust Services (Singapore) Limited, which succeeded HSBC Trustee (Singapore) Limited as trustee for the holders of the Notes under the Trust Deed, or its successor
"**UBS**"	:	UBS AG, Singapore Branch
"**UOB**"	:	United Overseas Bank Limited
"**United States**" or "**US**"	:	United States of America
"**US$**", "**USD**" or "**US Dollars**"	:	United States Dollars
"**Vistara**"	:	TATA SIA Airlines Limited
"**%**"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Securities and Futures Act or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or the Securities and Futures Act, as the case may be.

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr Peter Seah Lim Huat Mr Goh Choon Phong Mr Gautam Banerjee Dr William Fung Kwok Lun Mr Hsieh Tsun-yan Mr Lee Kim Shin Dr Helmut Gunter Wilhelm Panke
COMPANY SECRETARY	:	Mr Brenton Wu Ming-Kaye
REGISTERED OFFICE	:	Airline House 25 Airline Road Singapore 819829
AUDITORS TO THE COMPANY	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
ARRANGERS	:	Citicorp Investment Bank (Singapore) Limited 8 Marina View 21-00 Asia Square Tower 1 Singapore 018960 DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
PRINCIPAL ISSUING AND PAYING AGENT AND PRINCIPAL AGENT BANK	:	The Bank of New York Mellon, London Branch One Canada Square London E14 5AL United Kingdom
SINGAPORE ISSUING AND PAYING AGENT AND SINGAPORE AGENT BANK	:	DBS Bank Ltd. 10 Toh Guan Road Level 04-11 (4B) Jurong Gateway Singapore 608838
TRUSTEE	:	HSBC Institutional Trust Services (Singapore) Limited 20 Pasir Panjang Road (East Lobby) #21-21 Mapletree Business City Singapore 117439
LEGAL ADVISERS TO THE ARRANGERS AND DEALERS	:	WongPartnership LLP 12 Marina Boulevard, Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
LEGAL ADVISERS TO THE COMPANY	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989

SUMMARY OF THE MTN PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Company	:	Singapore Airlines Limited
Arrangers	:	CIBSL and DBS
Principal Issuing and Paying Agent	:	The Bank of New York Mellon, London Branch
Singapore Issuing and Paying Agent	:	DBS
Dealers	:	ANZ, Citigroup, DBS, HSBC, OCBC, Standard Chartered, UBS and UOB
Description	:	S$5,000,000,000 Multi-currency Medium Term Note Programme
Programme Size	:	Subject to the terms of the Programme Agreement, the maximum aggregate principal amount of the Notes outstanding at any time shall be S$5,000,000,000 (or its equivalent in other currencies)
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore Dollars, US Dollars, Euros or any other currency agreed between the Company and the relevant Dealer(s)
Issue Price	:	At par, discount or premium
Issuances in Series	:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. In relation to Notes other than Variable Rate Notes, the Notes of each Series will all be subject to identical terms (including as to listing), except that the issue dates, issue prices and/or dates of the first payment of interest may be different in respect of different Tranches. In relation to Variable Rate Notes, the Notes will be identical in all respects (including as to listing) except for their respective issue prices and rates of interest. The Notes of each Tranche will all be subject to identical terms in all respects (including as to listing)
Pricing Supplements	:	Each Tranche will be the subject of a Pricing Supplement which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and must be read in conjunction with this Information Memorandum. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as supplemented, amended and/or replaced by the relevant Pricing Supplement
Maturities	:	Subject to compliance by the Company with all relevant laws, regulations and directives, Notes shall have maturities as may be agreed between the Company and the Relevant Dealer(s)

Method of Issue	:	Notes may be issued from time to time under the MTN Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement
Mandatory Redemption	:	Unless previously redeemed and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face (if it is shown on its face to be a Fixed Rate Note, Hybrid Note (during the fixed rate period) or Zero Coupon Note) or on the interest payment date falling in the redemption month shown on its face (if it is shown on its face to be a Floating Rate Note, Variable Rate Note or a Hybrid Note (during the floating rate period))
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity
Floating Rate Notes	:	Floating Rate Notes will bear interest at a floating rate determined by reference to a benchmark as stated on the face of such Floating Rate Note, being SIBOR (in which case such Note will be a SIBOR Note), Swap Rate (in which case such Note will be a Swap Rate Note) or LIBOR (in which case such Note will be a LIBOR Note) or in any other case such other benchmark as set out on the face of such Note, as adjusted for any applicable spread Interest periods in relation to the Floating Rate Notes will be agreed between the Company and the relevant Dealer(s) prior to their issue
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes Interest periods in relation to the Variable Rate Notes will be agreed between the Company and the relevant Dealer(s) prior to their issue
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Company and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and at maturity and, during the floating rate period to be agreed between the Company and the relevant Dealer(s), at a floating rate determined by reference to a benchmark as stated on the face of such Hybrid Note, being SIBOR, Swap Rate or LIBOR or in any other case such other benchmark as set out on the face of such Note, as adjusted for any applicable spread, in each case payable at the end of each interest period to be agreed between the Company and the relevant Dealer(s)
Zero Coupon Notes	:	Zero Coupon Notes will bear no interest
Form and Denomination of Notes	:	The Notes will be issued in bearer form and in the denomination of S$250,000 (in respect of Notes which are denominated in Singapore Dollars) each or such other denomination as the Company and the relevant Dealer(s) may agree

Depository	:	CDP, Euroclear and/or Clearstream, or such other depository as may be stipulated in the relevant Pricing Supplement
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unsubordinated, unconditional and unsecured obligations of the Company. The Notes shall at all times rank *pari passu* amongst themselves (irrespective of whether constituted by the Trust Deed or the Supplemental Trust Deed) and equally with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company
Negative Pledge	:	So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Company will not create or have outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**security**"), except for any Permitted Security, on or over its undertaking, assets, property or revenues, present or future, unless, at the same time or prior thereto, the Company's obligations under the Notes, the Coupons and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee or (b) have the benefit of such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed)

"**Permitted Security**" means any of the following:

(1) any security over any fixed asset existing as at the date of the Trust Deed and disclosed to the Trustee in writing on or prior to the date of the Trust Deed (but, except with the prior consent of the Trustee, the amount secured by such security may not be increased);

(2) any security over any fixed asset arising solely by operation of law;

(3) any security created over any fixed asset acquired by it after the date of the Trust Deed for the sole purpose of financing that acquisition and securing an amount not exceeding the cost of that acquisition;

(4) any security created over any asset to secure any of its indebtedness provided that the aggregate amount of the assets securing such indebtedness shall not at any one time exceed an amount equal to 33 per cent of the Total Fixed Assets; and

(5) any other security created or outstanding over any fixed asset approved by an Extraordinary Resolution

In this paragraph:

"**Aircraft Amount**" means the aggregate book value, net of depreciation, of aircraft, spares and spare engines, all as shown in the latest balance sheet of the Company made available to its members (whether audited or unaudited); and

"**Total Fixed Assets**" means the Aircraft Amount and the aggregate book value, net of depreciation, of fixed assets (other than aircraft, spares and spare engines), investments in subsidiary companies, associated companies and joint ventures of the Company, and long term investments, all as shown in the latest balance sheet of the Company made available to its members (whether audited or unaudited)

Taxation : All payments of principal and interest by or on behalf of the Company in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Company shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(i) Other connection: by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including without limitation, the holder being a resident of, or having a permanent establishment in, Singapore); or

(ii) Presentation more than 30 days after the Relevant Date: more than 30 days after the Relevant Date (as defined in the Conditions) except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

(iii) Declaration of Residence: by or on behalf of a holder to whom payment may be made free and clear of such withholding or deduction by making a declaration of residence or other similar claim for exemption and does not make such declaration or claim

For further details, see the section on "Singapore Taxation on the Notes" below

Listing : Each Series of Notes may, if so agreed between the Company and the relevant Dealer(s), be listed on the SGX-ST, subject to all necessary approvals having been obtained. The MTN Programme also permits Notes to be issued on an unlisted basis or to be admitted for listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be decided by the Company

		If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies)
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see "Subscription, Purchase and Distribution". Further restrictions may apply in connection with any particular Series or Tranche of Notes Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S.Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited
Governing Law	:	Notes issued pursuant to the Trust Deed shall be governed by, and construed in accordance with, the laws of Singapore. Notes issued pursuant to the Supplemental Trust Deed shall be governed by, and construed in accordance with, the laws of England

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed dated 19 August 2003 made between (1) the Company, as issuer, and (2) HSBC Trustee (Singapore) Limited as trustee for the Noteholders (as defined below) (the "Trust Deed"), as amended and restated pursuant to a Restatement Deed dated 31 October 2008 made between (1) the Company and (2) HSBC Institutional Trust Services (Singapore) Limited (the "Trustee", which expression shall wherever the context so admits include all persons for the time being the trustee or trustees of the Trust Deed and the Supplemental Trust Deed) as successor trustee under the Trust Deed or (as the case may be) by a supplemental trust deed dated 19 August 2003 made between (1) the Company, as issuer, and (2) HSBC Trustee (Singapore) Limited as trustee for the Noteholders (the "Supplemental Trust Deed"), as amended and restated pursuant to a Restatement Deed dated 31 October 2008 made between (1) the Company and (2) the Trustee, and as amended, varied or supplemented from time to time, and (where applicable) the Notes are issued with the benefit of a deed of covenant (the "Deed of Covenant") dated 19 August 2003, relating to the Notes executed by the Company and as amended, varied or supplemented from time to time. The Company has entered into an Agency Agreement (the "Agency Agreement") dated 19 August 2003 made between (1) the Company, as issuer, (2) The Bank of New York Mellon, London Branch (formerly known as The Bank of New York, London Branch), as principal issuing and paying agent (in such capacity, the "Principal Issuing and Paying Agent"), (3) The Bank of New York Mellon, London Branch (formerly known as The Bank of New York, London Branch), as principal agent bank (in such capacity, the "Principal Agent Bank"), (4) DBS Bank Ltd., as Singapore issuing and paying agent (in such capacity, the "Singapore Issuing and Paying Agent"), (5) DBS Bank Ltd., as Singapore agent bank (in such capacity, the "Singapore Agent Bank"), and (6) HSBC Trustee (Singapore) Limited, as trustee, and as amended, varied or supplemented from time to time. The Noteholders and the holders of the coupons (the "Coupons") appertaining to the interest-bearing Notes (the "Couponholders") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Supplemental Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Supplemental Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of each of the Principal Issuing and Paying Agent and the Singapore Issuing and Paying Agent for the time being.

References in these Conditions to the "Trust Deed" shall include a reference to the Supplemental Trust Deed where allowed or required in terms of the context of such reference.

1. FORM, DENOMINATION AND TITLE

(a) **Form and Denomination**

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "Notes") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face (if any)).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest in these Conditions are not applicable.

(b) **Title**

(i) Subject as set out below, title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by The Central Depository (Pte) Limited ("CDP") or a common depository of Euroclear (as defined in the Trust Deed) and Clearstream (as defined in the Trust Deed), each person who is for the time being shown in the records of CDP or a common depository of Euroclear and Clearstream as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by CDP or a common depository of Euroclear and Clearstream as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Company, the Issuing and Paying Agents, the Agent Banks, all other agents of the Company and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Company, the Issuing and Paying Agents, the Agent Banks, all other agents of the Company and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "Noteholder" and "holder of Notes" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Note and held by CDP or a common depository of Euroclear and Clearstream (as the case may be) will be transferable only in accordance with the rules and procedures for the time being of CDP or a common depository of Euroclear and Clearstream (as the case may be).

(iv) In these Conditions, "Global Note" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "Noteholder" means the bearer of any Definitive Note and "holder" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "Series" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which (1) are expressed to be consolidated and forming a single series and (2) are identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest, and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "Tranche" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. STATUS

The Notes and Coupons of all Series constitute direct, unsubordinated, unconditional and unsecured obligations of the Company. The Notes shall at all times rank *pari passu* amongst themselves (irrespective of whether constituted by the Trust Deed or the Supplemental Trust Deed) and equally with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company.

3. NEGATIVE PLEDGE

The Company has covenanted in the Trust Deed that so long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Company shall not create or have outstanding any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("security"), except for any Permitted Security, on or over its undertaking, assets, property or revenues, present or future, unless, at the same time or prior thereto, the Company's obligations under the Notes, the Coupons and the Trust Deed (1) are secured equally and rateably therewith to the satisfaction of the Trustee or (2) have the benefit of such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed).

"Permitted Security" means any of the following:

(i) any security over any fixed asset existing as at the date of the Trust Deed and disclosed to the Trustee in writing on or prior to the date of the Trust Deed (but, except with the prior consent of the Trustee, the amount secured by such security may not be increased);

(ii) any security over any fixed asset arising solely by operation of law;

(iii) any security created over any fixed asset acquired by it after the date of the Trust Deed for the sole purpose of financing that acquisition and securing an amount not exceeding the cost of that acquisition;

(iv) any security created over any asset to secure any of its indebtedness provided that the aggregate amount of the assets securing such indebtedness shall not at any one time exceed an amount equal to 33 per cent of the Total Fixed Assets; and

(v) any other security created or outstanding over any fixed asset approved by an Extraordinary Resolution.

In this Condition 3:

(a) "Aircraft Amount" means the aggregate book value, net of depreciation, of aircraft, spares and spare engines, all as shown in the latest balance sheet of the Company made available to its members (whether audited or unaudited); and

(b) "Total Fixed Assets" means the Aircraft Amount and the aggregate book value, net of depreciation, of fixed assets (other than aircraft, spares and spare engines), investments in subsidiary companies, associated companies and joint ventures of the Company, and long term investments, all as shown in the latest balance sheet of the Company made available to its members (whether audited or unaudited).

4. INTEREST

4(I). INTEREST ON FIXED RATE NOTES

(a) **Interest Rate and Accrual**

Subject to Condition 4(I)(b) below, each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(IV)(e)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Reference Date or Reference Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on a Reference Date.

The first payment of interest will be made on the Reference Date next following the Interest Commencement Date (and if the Interest Commencement Date is not a Reference Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not a Reference Date, interest from the preceding Reference Date (or from the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

(b) **Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Fixed Rate Day Basis shown on the face of such Note.

4(II). INTEREST ON FLOATING RATE NOTES OR VARIABLE RATE NOTES

(a) **Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each date ("Interest Payment Date") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "Specified Number of Months") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month. In any such case as aforesaid or if there is no date in the relevant month which corresponds numerically with the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date (i) the Interest Payment Date shall be brought forward to the immediately preceding business day and (ii) each subsequent Interest Payment Date shall be the last business day of the month which is the last of the Specified Number of Months after the month in which the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall have fallen.

The period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is herein called an "Interest Period".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) **Rate of Interest - Floating Rate Notes**

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being SIBOR (in which case such Note will be a SIBOR Note), Swap Rate (in which case such Note will be a Swap Rate Note) or LIBOR (in which case such Note shall be a LIBOR Note) or in any case such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(IV)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "Rate of Interest".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG - SWAP OFFER AND SIBOR FIXING RATES - RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement Screen Page thereof) and as adjusted by the Spread (if any);

(B) if no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears under the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE - SIBOR AND SWAP OFFER RATES - RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof), being the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(C) if no such rate appears on Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page (as defined below) as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore Dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(D) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations;

(E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest

1/16 per cent) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any); and

(F) if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date;

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG - SWAP OFFER AND SIBOR FIXING RATES - RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace Page ABSI on the monitor of the Bloomberg agency for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(B) if no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE - SIBOR AND SWAP OFFER RATES - RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{360}{365} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{360}{365} \times \text{SIBOR} + \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})}$$

$$+ \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR	=	the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG - SWAP OFFER AND SIBOR FIXING RATES - RATES AT 11:00AM SINGAPORE TIME" and the column headed "USD SIBOR" (or such other page as may replace Page ABSI for the purpose of displaying Singapore inter-bank US Dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Spot Rate	=	the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks for selling US Dollars spot in exchange for Singapore Dollars in the Singapore inter-bank market and which appear on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG - FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Premium or Discount	=	the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks for buying US Dollars forward in exchange for Singapore Dollars on the last day of the Interest Period concerned which appear on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG - FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and
T	=	the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(D) if on any Interest Determination Date any one of the components for the purposes of calculating the Average Swap Rate under (B) above is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page as aforesaid) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent) of the Swap Rates quoted by the Reference Banks to the Agent Bank) plus the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore Dollars for the Interest Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{360}{365} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{360}{365} \times \text{SIBOR} + \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR	=	the rate per annum at which US Dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;
Spot Rate	=	the rate at which that Reference Bank sells US Dollars spot in exchange for Singapore Dollars in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;
Premium	=	in relation to the Interest Period concerned, the premium that would have been paid by that Reference Bank in buying US Dollars forward in exchange for Singapore Dollars on the last day of the Interest Period concerned in the Singapore inter-bank market;
Discount	=	in relation to the Interest Period concerned, the discount that would have been received by that Reference Bank in buying US Dollars forward in exchange for Singapore Dollars on the last day of the Interest Period concerned in the Singapore inter-bank market; and
T	=	the number of days in the Interest Period concerned;

(E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Agent Bank) plus the Spread (if any); and

(F) if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the Rate of Interest determined on the previous Interest Determination Date;

(3) in the case of Floating Rate Notes which are LIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in US Dollars for a period equal to the duration of such Interest Period which appears on Page BBAM on the monitor of the Bloomberg agency under the caption "BRITISH BANKERS' ASSOCIATION - 1) OFFICIAL BBA LIBOR FIXINGS AT 11:00 LONDON TIME" under the column headed "USD" (or such other page as may replace that page on that service, or such other service as may be nominated by the information vendor, for the purpose of displaying comparable rates) (or such other Screen Page as may be provided hereon) plus the Spread (if any);

(B) if no such rate appears on Page BBAM on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears under the Reuters Screen LIBOR1 Page under the caption "BRITISH BANKERS ASSOCIATION INTEREST SETTLEMENT RATES - RATES AT 11:00 LONDON TIME" and under the column headed "USD" (or such other replacement page thereof), being the offered rate for deposits in US Dollars for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(C) if no such rate appears on the Reuters Screen LIBOR1 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen LIBOR1 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will:

(aa) request the principal London office of each of four major banks as selected by the Agent Bank in the London inter-bank market to provide a quotation of the rate at which deposits in US Dollars are offered by it in the London inter-bank market at approximately the Relevant Time on the Interest Determination Date to prime banks in the London inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes.

The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent) of such offered quotations plus the Spread (if any), as determined by the Agent Bank; and

(bb) if fewer than two such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded up, if necessary, as aforesaid) of the rates quoted by major banks in New York City, selected by the Agent Bank, at approximately the Relevant Time on such Interest Determination Date for loans in US Dollars to leading banks for a period equal to or comparable to the relevant Interest Period and in an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period plus the Spread (if any), as determined by the Agent Bank; and

(4) in the case of Floating Rate Notes which are not SIBOR Notes, Swap Rate Notes or LIBOR Notes, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

plus the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(4)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(4)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date plus the Spread (if any); and

(C) if paragraph (b)(ii)(4)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Company will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) **Rate of Interest - Variable Rate Notes**

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "Agreed Yield" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "Rate of Interest".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9 a.m. (local time in the Relevant Financial Centre) on the ninth business day nor later than 3 p.m. (local time in the Relevant Financial Centre) on the third business day prior to the commencement of each Interest Period, the Company and the VRN Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Company and the VRN Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Company and the VRN Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Company and the VRN Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "Agreed Rate") and, in the event of the Company and the VRN Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Company and the VRN Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3 p.m. (local time in the Relevant Financial Centre) on the third business day prior to the commencement of such Interest Period, or if there shall be no VRN Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Company has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (local time in the Relevant Financial Centre) on the next following business day:

(1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no VRN Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "Fall Back Rate") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore Dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark (including LIBOR) as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(IV)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "Rate of Interest" shall mean "Fall Back Rate".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Company will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Company will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

4(III). INTEREST ON HYBRID NOTES

(a) **Interest Rate and Accrual**

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) **Fixed Rate Period**

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Reference Date or Reference Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on a Reference Date.

(ii) The first payment of interest will be made on the Reference Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not a Reference Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not a Reference Date, interest from the preceding Reference Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Fixed Rate Day Basis shown on the face of the Note during the Fixed Rate Period.

(c) **Floating Rate Period**

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each date ("Interest Payment Date") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "Specified Number of Months") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month. In any such case as aforesaid or if there is no date in the relevant month which corresponds numerically with the preceding Interest Payment Date or, as the case may be, the first day of the Floating Rate Period (i) the Interest Payment Date shall be brought forward to the immediately preceding business day and (ii) each subsequent Interest Payment Date shall be the last business day of the month which is the last of the Specified Number of Months after the month in which the preceding Interest Payment Date or, as the case may be, the first day of the Floating Rate Period shall have fallen.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "Interest Period".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

4(IV). RATE OF INTEREST, INTEREST AMOUNTS, REDEMPTION AMOUNT AND DEFINITIONS

(a) **Determination of Rate of Interest and Calculation of Interest Amounts and Redemption Amount**

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank may be required to calculate any Redemption Amount in respect of any Notes, determine the Rate of Interest and calculate the amount of interest payable (the "Interest Amounts") in respect of each Calculation Amount of the Floating Rate Notes, Variable Rate Notes or Hybrid Notes for the relevant Interest Period or calculate the Redemption Amount in respect of such Notes. The Interest Amounts shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying such product by the actual number of days in the Interest Period concerned (including the first, but excluding the last, day of such Interest Period), divided by the FRN Day Basis or as the case may be, VRN Day Basis shown on the face of such Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination or calculation, as the case may be, of the Rate of Interest, the Interest Amounts and the Redemption Amount by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) **Notification of Rate of Interest and Interest Amounts**

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount to be notified to the Issuing and Paying Agent, the Company and the Noteholders in accordance with Condition 12 (and where applicable, the Stock Exchange (as defined in the Trust Deed)) as soon as possible after their determination but in no event later than the second business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, the Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, the Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) **Determination of Rate of Interest by the Trustee**

The Trustee shall (if the Agent Bank does not at any material time determine the Rate of Interest) determine or procure the determination of such Rate of Interest in accordance with the provisions of this Condition 4(IV). In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) **Agent Bank and Reference Banks**

The Company will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks and an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts or the Redemption Amount, the Company will appoint the local office of a leading bank or merchant bank operating in the Relevant Financial Centre and engaged in the local inter-bank market to act as such in its place. An Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(e) **Definitions**

As used in these Conditions:

"<u>Benchmark</u>" means the rate specified as such in the applicable Pricing Supplement;

"<u>business day</u>" means:

(i) (in the case of Notes denominated in Singapore Dollars) a day (other than a Saturday or Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore; and

(ii) (in the case of Notes denominated in a currency other than Singapore Dollars), a day (other than a Saturday or Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"<u>Calculation Amount</u>" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"<u>Interest Commencement Date</u>" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"Interest Determination Date" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"LIBOR" means the relevant rate for deposits in US Dollars, in an amount comparable to the outstanding amount of the relevant Notes for the relevant Interest Period as determined in accordance with Condition 4(II)(b)(ii)(3);

"Reference Banks" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank in the inter-bank market that is most closely connected with the Benchmark;

"Relevant Currency" means the currency in which payments in respect of the Notes and/or Coupons of the relevant Series are to be made as indicated in the applicable Pricing Supplement;

"Relevant Financial Centre" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note, Variable Rate Note or Hybrid Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"Relevant Rate" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

"Screen Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency ("Bloomberg") and the Reuters Monitor Money Rates Service ("Reuters")) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"VRN Relevant Dealer" means, in respect of any Variable Rate Note, the dealer party to the Programme Agreement (as defined in the Trust Deed) with whom the Company has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement.

5. PAYMENTS

(a) Principal and Interest

Payments of the Redemption Amount and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which that payment is due on, or, at the option of the holders, by transfer to an account maintained with a bank in the principal financial centre for that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) **Appointment of Agents**

The Issuing and Paying Agent appointed by the Company and its specified office are listed below. The Company reserves the right at any time to vary or terminate the appointment of any of the Issuing and Paying Agent and/or the Agent Bank in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that it will at all times maintain (i) a Singapore Issuing and Paying Agent having a specified office in Singapore and (ii) an Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 12.

The Agency Agreement may be amended by the Company and the Trustee, without the consent of any Issuing and Paying Agent, any Agent Bank or any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Company and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Company and the Trustee, materially and adversely affect the interests of the holders. Any such amendment shall be binding on the Noteholders and the Couponholders.

(d) **Unmatured Coupons**

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto (and in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within the prescription period relating thereto under Condition 8.

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Company may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) **Non-business days**

Subject as provided in the relevant Pricing Supplement and/or in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of such delay.

6. REDEMPTION AND PURCHASE

(a) **Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) **Purchase at the Option of Company**

If so provided hereon, the Company shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount (i) (in the case of Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes) on any date on which interest is due to be paid on such Notes or (ii) (in the case of Zero Coupon Notes) on any date prior to the Maturity Date as provided for on the face of such Note, and the Noteholders shall be bound to sell such Notes to the Company accordingly. To exercise such option, the Company shall give irrevocable notice to the Noteholders within the Company's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Company, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 14.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Company in such place and in such manner as may be agreed between the Company and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Stock Exchange, the Company shall comply with the rules of such Stock Exchange (if any) in relation to the publication of any purchase of Notes.

(c) **Purchase at the Option of Noteholders**

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Company at their Redemption Amount on any Interest Payment Date and the Company will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Company. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Company, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 14.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes, Hybrid Notes or Zero Coupon Notes purchased by the Company at their Redemption Amount (i) (in the case of Fixed Rate Notes, Floating Rate Notes or Hybrid Notes) on any date on which interest is due to be paid on such Notes or (ii) (in the case of Zero Coupon Notes) on any date prior to the Maturity Date as provided for on the face of such Note, and the Company will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Company. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Company, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 14.

(d) **Redemption at the Option of the Company**

If so provided hereon, the Company may, on giving irrevocable notice to the Noteholders falling within the Company's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be agreed between the Company and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Stock Exchange, the Company shall comply with the rules of such Stock Exchange (if any) in relation to the publication of any redemption of Notes.

(e) **Redemption at the Option of Noteholders**

If so provided hereon, the Company shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Company.

(f) **Redemption for Taxation Reasons**

The Company may redeem all (but not some only) of the Notes on any Reference Date or Interest Payment Date (as the case may be) or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Company has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Trustee a certificate signed by a duly authorised officer of the Company stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Company has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) **Early Redemption and Late Payment for Zero Coupon Notes**

(i) Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(1) the Reference Price; and

(2) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the Maturity Date or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 6(g)(i).

(ii) If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(1) the Reference Price; and

(2) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(h) **Purchases**

The Company and any of its related corporations may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Company or any of its related corporations may be surrendered by the purchaser through the Company to the Issuing and Paying Agent for cancellation or may at the option of the Company or relevant related corporation be held or resold.

For the purposes of these Conditions, "directive" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislature, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) **Cancellation**

All Notes purchased by or on behalf of the Company or any of its related corporations may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Company, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

7. TAXATION

All payments of principal and interest by or on behalf of the Company in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Company shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(i) **Other connection**: by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or having a permanent establishment in, Singapore); or

(ii) **Presentation more than 30 days after the Relevant Date**: more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

(iii) **Declaration of Residence**: by or on behalf of a holder to whom payment may be made free and clear of such withholding or deduction by making a declaration of residence or other similar claim for exemption and does not make such declaration or claim.

In these Conditions, "Relevant Date" means the date on which payment in respect of any Note or Coupon first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 12 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7 or pursuant to any undertaking given by the Company in addition to or substitution for it under the Trust Deed.

8. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within three years (in the case of Notes which are denominated in Singapore Dollars) or five years (in the case of Notes which are denominated in a currency other than Singapore Dollars) from the appropriate Relevant Date.

9. EVENTS OF DEFAULT

The Trustee at its discretion may, and (i) if so requested in writing by the holders of at least 25 per cent in principal amount of the Notes then outstanding subject to such holders holding an aggregate principal amount of Notes of not less than S$50,000,000 or (ii) if so directed by an Extraordinary Resolution, shall, give notice to the Company that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, if any of the following events ("Events of Default") occurs and is continuing:

(i) the Company fails to pay (i) any principal sum payable on or in respect of any of the Notes within seven days of its due date, or (ii) interest on or in respect of the Notes within 14 days of its due date; or

(ii) the Company does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Company by the Trustee; or

(iii) an order is made or an effective resolution is passed for the winding-up or dissolution of the Company or for the judicial management of the Company or the Company ceases or makes a decision to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, re-organisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution; or

(iv) (i) any other present or future indebtedness of the Company for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, Provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more events mentioned above in this paragraph (iv) have occurred equals or exceeds S$50,000,000 or its equivalent; or

(v) the Company is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or expressly declares its intention to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the debts of the Company; or

(vi) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of Singapore is not taken, fulfilled or done, unless such consent is no longer required or applicable; or

(vii) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Company on or over all or a material part of the assets of the Company becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, judicial manager or other similar person); or

(viii) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the undertaking, property, assets or revenues of the Company and is not discharged or stayed within 30 days (or such longer period as the Trustee may permit); or

(ix) it is or will become unlawful for the Company to perform or comply with any one or more of its payment or other material obligations under the Notes or the Trust Deed; or

(x) any governmental authority or agency or court seizes, compulsorily acquires, expropriates or nationalises all or a material part of the assets of the Company; or

(xi) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

10. ENFORCEMENT

(a) At any time after the Notes have become due and payable, the Trustee may, at its discretion and without notice, institute such proceedings against the Company as it may think fit to enforce the terms of the Trust Deed, the Notes or the Coupons but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least 25 per cent in principal amount of the Notes then outstanding, and (ii) it shall have been indemnified by or on behalf of the Noteholders to its satisfaction.

(b) No Noteholder or Couponholder shall be entitled to proceed directly against the Company unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

11. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange or other relevant regulatory requirements, at the specified office of the Issuing and Paying Agent (or at the specified office of such other person as may from time to time be designated by the Issuing and Paying Agent for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 12 below) upon payment by the claimant of the costs, expenses and duties incurred in connection with the replacement and on such terms as to evidence, security, indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid by the claimant to the Company on demand the amount paid or payable by the Company in respect of such Note or Coupon) and otherwise as the Company may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. NOTICES

(a) All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in Singapore (in the case of Notes which are denominated in Singapore Dollars) or either The Wall Street Journal or the Financial Times (in the case of Notes which are denominated in a currency other than Singapore Dollars). The Company shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which any Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

(b) Until such time as any Definitive Notes (as defined in the Trust Deed) are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of CDP, be substituted for such publication in such newspapers the delivery of the relevant notice to CDP for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST or any other stock exchange and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the third day after the day on which the said notice was given to CDP. For the purposes of this paragraph, all references to CDP shall be deemed to include references to any additional or alternative clearing system (including Euroclear and/or Clearstream) as specified in the Pricing Supplement.

(c) Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent.

(d) Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Company, notices to such Noteholders will be valid if given individually to all such Noteholders by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

13. FURTHER ISSUES

The Company may from time to time without the consent of the Noteholders or Couponholders create or issue further securities either having the same terms and conditions as the Notes in all material respects and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Company may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

(a) The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

(b) The Trustee or the Company at any time may, and the Trustee upon the request in writing, at any time after any Notes of any Series shall have become repayable due to default, by Noteholders holding not less than 25 per cent in principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution described as a special quorum resolution in the proviso to paragraph 2 of Schedule 6 to the Trust Deed will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

(c) The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or may agree, without any such consent as aforesaid, to any modification, waiver or authorisation which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of Singapore law.

(d) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Company, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(e) Any modification, abrogation, waiver, authorisation determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification, abrogation or substitution shall be notified by the Company to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

15. INDEMNIFICATION OF THE TRUSTEE, ITS CONTRACTING WITH THE COMPANY AND ITS COMPLIANCE WITH ANTI-MONEY LAUNDERING AND TERRORISM POLICIES

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

The Trust Deed contains provisions relating to compliance by the Trustee with laws, policies and regulations relating to, amongst others, anti-money laundering, terrorism and criminal activities and as such, the payment obligations of the Trustee are subject to such laws, policies and regulations. Any delay in the payment under the Trust Deed or the Notes which is caused by such action shall not constitute an Event of Default under the Notes or a breach of any provisions of the Trust Deed or the Notes. The Company shall not be liable for any further interest (including default interest) on the Notes resulting from such non-payment.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore or the Contracts (Rights of Third Parties) Act 1999 of England and Wales (where relevant).

17. GOVERNING LAW

Notes issued pursuant to the Trust Deed shall be governed by, and construed in accordance with, the laws of Singapore. Notes issued pursuant to the Supplemental Trust Deed shall be governed by, and construed in accordance with, the laws of England.

18. SUBMISSION TO JURISDICTION

In relation to Notes which are issued pursuant to the Trust Deed, the courts of Singapore are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and, accordingly, any suit, action or proceedings arising out of or in connection with such Notes or the Coupons (together referred to as "Proceedings") may be brought in the courts of Singapore. In relation to Notes which are issued pursuant to the Supplemental Trust Deed, the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and, accordingly, any Proceedings may be brought in the courts of England.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors or existing holders of the Notes should carefully consider all the information set forth in this Information Memorandum including the following risk factors that may affect the business, operational results, financial position, performance or prospects of Singapore Airlines. As the market value of the Notes is affected by, amongst other things, interest rates, liquidity, exchange rates and Singapore Airlines' business performance, these risk factors could have an indirect effect on the value of the Notes. The Notes are thus not considered to be risk-free. This summary of risk factors does not purport to be an exhaustive list of all the risks that may be involved in the business of Singapore Airlines or the Group. There may be additional risks which Singapore Airlines is currently unaware of which may also impair its, or the Group's, business, financial condition, performance or prospects. Prospective investors are advised to consider the nature of their prospective investment in relation to all risks. If any of the following risk factors develop into actual events, the business, results of operations and financial condition of the Company and/or the Group could be materially and adversely affected. In such cases, the ability of the Company to comply with its obligations under the Trust Deed and the Notes may be adversely affected.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Company or the Group prior to making an investment or divestment decision in relation to the Notes. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the Notes (nor any part thereof) is intended to provide the basis for any credit or other evaluation and should not be considered as a recommendation by the Company, the Group, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Company, its subsidiaries and associated companies (if any), any of the Dealers or either of the Arrangers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Company, its subsidiaries and associated companies (if any), the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

RISKS RELATING TO SINGAPORE AIRLINES

Geo-political Risks

Singapore Airlines' business consists substantially of carriage of passengers and freight globally. It will be affected if there is a widespread reduction in the demand for air travel arising from geo-political events that cause customers to reduce or avoid air travel, or that prevent the Company from delivering its services.

Epidemics and other natural or man-made calamities can cause customers and businesses to cancel or postpone international air travel

The outbreak of any contagious disease with human-to-human airborne or contact propagation effects (e.g. mutation of Avian Flu H5N1, Ebola, Middle East respiratory syndrome coronavirus etc) that escalates into a regional or global pandemic may have adverse impact on all airlines, including Singapore Airlines which may operate to or from such affected areas/regions. Air travel will be severely reduced even though international and national response plans to address such events have been developed or are in development. Other natural calamities such as earthquakes, floods, volcanic eruptions or tsunamis may devastate destinations and significantly reduce travel to those areas for a period of time. Terrorism and war (and threats of terrorism and war) and civil/political strife may also contribute to a fear of travelling by air, or visiting particular destinations, resulting in a sharp fall in demand for air travel. These events may also result in the closure or restriction of access to airspace or airports. Given that Singapore Airlines' services depend on the availability of these facilities, its business and operations could be adversely affected by the occurrence of such events.

Economic Risks

International air transportation is intimately linked and correlated with economic growth. Growth or decline in economic activity directly affects demand for business travel by air and for cargo space. Economic downturns can also impact leisure travel as discretionary income is affected.

Since a substantial portion of airline travel, for both business and leisure, is discretionary, the airline industry tends to experience adverse financial performance during an economic downturn. Yields may also experience a decline as airlines may offer fare sales in certain markets to stimulate demand.

The Group's business depends substantially on the general economic conditions in Asia. As the airline industry is generally characterised by high fixed costs, including aircraft costs such as aircraft depreciation, lease rentals, maintenance and repair costs, a drop in revenue levels as a result of a slower economic cycle could have an adverse impact on the Group's financial performance. It is difficult to predict the duration and effects of an economic downturn, which may be aggravated by volatility in the financial sector and the capital markets, leading to significant market-wide liquidity problems. These conditions may adversely affect the Group's financial condition and/or results of operations in the future.

Competition Risks

Singapore Airlines' hub location in Changi, Singapore, enjoys geographical advantages in linking traffic between regions. Changi Airport faces competition from the development and growth of other hub airports in the Asia-Pacific and/or the Middle East that may draw traffic away or allow traffic to by-pass Changi. A decline in traffic may be experienced by Singapore Airlines should international air traffic patterns shift to other airports and by-pass Changi.

The international aviation market is highly competitive. As an international full service carrier, Singapore Airlines competes for passengers with other major full service airlines. Any liberalisation of traffic rights or change of traffic pattern in respect of a major route that the Group operates will result in increasing competition or loss in demand on that route. A significant and prolonged reduction in yields or loss of market share to competitors would impact Singapore Airlines' operational results.

Airlines with different business models are emerging as potential threats to full service airlines. Such business models include low cost airlines and all premium class airlines offering similar routes. Low cost airlines may compete on short haul sectors of up to approximately four hours, or on long haul sectors including Asia-Europe or Asia-Australia.

Regulatory Risks

Safety, environmental and similar regulations impose significant requirements and compliance costs on Singapore Airlines' business. For Singapore Airlines to maintain its air operator's certificate, it has to comply with regulations in Singapore and elsewhere. These regulations deal mainly with safety issues from aircraft airworthiness to training of crew. Governments across the world have also become more active in regulatory intervention on issues ranging from environmental protection to anti-corruption and consumer welfare. Changes in such regulations, or the administration of such regulations, could have an adverse impact on the Group's business by increasing costs, impeding normal service, restricting market access and benefiting its competitors. In the event that the Group does not fully comply with such laws and regulations in the conduct of its business or operations, there can be no assurance that any such non-compliance would not have a material adverse effect on the Group's business, operational results, financial position, performance or prospects. In addition, such laws and regulations may be ambiguous and their interpretations and applications may potentially be detrimental to the Group. In some instances, governments may adopt restrictive policies with respect to the issuance of certain permits and approvals.

Jet Fuel Price Risk

Historically, fuel costs have been subject to wide price fluctuations based on geopolitical issues and supply and demand. Due to the variety of factors that affect the price of fuel, the cost of fuel cannot be predicted with any degree of certainty.

The Group's earnings are affected by changes in the price of jet fuel. The objective of the Group's fuel risk management programme, as defined by the Board Executive Committee, is to manage volatility in fuel prices. In meeting this objective, the fuel risk management programme allows for the judicious use of approved instruments such as swaps, options and collar contracts with approved counterparties and within approved credit limits.

For the financial year ended 31 March 2016, a change in price of one US Dollar per barrel of jet fuel would have affected the Group's annual fuel costs by S$52.4 million. This is under the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant and the effects of hedging has also been excluded.

Equipment Failure Risk

The Group's operations result in the normal wear and tear of its aircraft. The Group's equipment, information technology ("**IT**") systems and other assets may also break down. Consequently, the Group's aircraft, equipment, IT systems and other assets used in its operations require periodic downtime for repairs and maintenance. If the time required for such repairs and maintenance exceeds the expected time, the Group's operations and financial performance may be adversely affected.

In general, the cost of maintaining an aircraft in good operating condition increases with the age of the aircraft. As the Group's aircraft fleet ages, the Group will incur increased maintenance costs. Older aircraft cost more to maintain because they have sustained more wear and tear over time.

In addition, if any extraordinary or extensive repairs to the Group's aircraft, equipment, IT systems or other assets are required, due to any catastrophic event or otherwise, the Group's aircraft, equipment, IT systems or other assets would not be available for use or deployment. While insurance proceeds may cover the costs associated with such repairs, they would only compensate for the loss of use of some of the assets to a limited degree. In the event of any such extraordinary or extensive repairs, the Group's operations could experience major disruptions. The loss of its aircraft, equipment, IT systems or other assets or the inability to use its aircraft, equipment, IT systems or other assets may adversely affect its business, operational results, financial position, performance or prospects.

The Group is dependent on its IT systems and third party telecommunications systems, including websites, reservations, departure control, operational systems, online booking and revenue management systems, to provide integrated services to its customers. The provision of the Group's services depends on the stability of its IT systems, and the external infrastructure network and systems of its third party providers. Both the IT systems and the external infrastructure network and systems may be vulnerable to damages or interruptions in operation due to fires, power losses, telecommunications systems failures, break-ins (whether physical or into its systems), compromises in internal controls, fraudulent activities, computer viruses, the failure of security measures or back-up systems, or other events beyond the Group's control. The Group's cybersecurity measures may not detect or prevent all attempts to compromise its IT systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardise the security of information stored in and transmitted by its IT systems or that the Group otherwise maintains. Breaches of the Group's cybersecurity measures could result in unauthorised access to its IT and other systems, misappropriation of information or data, deletion or modification of client information, or a denial-of-service or other interruption to its business operations. While the Group has disaster recovery and business continuity plans in place, any disruption in its IT systems may result in the loss of important data and ticket sales, increased costs, and may materially and adversely affect its reputation and business.

The Group relies heavily on the internet. Any disruption in internet networks could prevent or deter people from using the internet to conduct transactions. Such disruption in turn may adversely affect the Group's business, operational results, financial position, performance or prospects.

Labour Risk

The successful implementation of the Group's strategy is dependent on its ability to retain a talented and motivated team of senior professional managers and key management staff, and continue having a strong employer brand to attract new talent. The inability of the Group to hire and retain talents in critical positions, may adversely affect the Group's business and operations, including growth prospects.

The Group's business requires it to employ highly skilled, dedicated and efficient pilots, cabin crew and other ground staff for its operations. From time to time, the airline industry has experienced a shortage of skilled personnel, especially pilots. The Group competes against all other airlines, including major full-service airlines, for these highly skilled personnel and as such it faces significant competition in attracting and retaining pilots. If the Group is unable to hire, train and retain qualified employees, the Group's business and operations may be adversely affected.

As the Group is based in Singapore, it is obliged to comply with labour laws in Singapore, which, among other things, permit collective bargaining arrangements, with its unionised staff. Maintaining a collaborative relationship between management, staff and unions is vital in ensuring that the Group's strategy and objectives are met.

If the Group's employee relations deteriorate, and there are labour disputes, it may have to incur significant costs to resolve such disputes, which could have a material and adverse effect on its business, operational results, financial position, performance or prospects.

Joint Venture Risk

From time to time the Group enters into joint ventures to establish strategic alliances and may incur obligations and liabilities as a result. Such obligations and liabilities may continue notwithstanding the termination, or disposal by the Group of its interest in, the joint venture. Disagreements may occur between the Group and a joint venture partner regarding the business and operations of the joint venture which may not be resolved amicably. In addition, a joint venture partner of the Group may (i) have economic or business interests or goals that are not aligned with those of the Group; (ii) take actions contrary to the Group's instructions, requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the scope of their responsibilities and obligations.

If a joint venture partner of the Group (i) is unable to fulfil its contractual obligations or (ii) experiences a decline in creditworthiness, the performance of the Group's joint venture entity may be materially and adversely affected which in turn may materially and adversely affect the Group's business, operational results, financial position, performance or prospects.

Litigation Risk

The Group's operations involve inherent risks to both persons and property. For example, an aviation accident could result in the loss of life and/or the loss of cargo. Defending private actions can be costly and time-consuming. If a judgment against the Group were to be rendered, the Group may be exposed to substantial financial liabilities, which may not be covered or adequately covered by insurance.

Due to risks of litigation, the Group is also exposed to liability arising from the normal operations of its airline business. To meet the cost of such contingencies, the Group is presently insured against liability towards passengers and third parties arising in connection with the operation of its aircraft.

Reputation or Brand Damage Risk

Singapore Airlines' brand name and those with which it is associated have significant commercial value. Damage to these brand names and/or Singapore Airlines' wider reputation could have a material adverse effect on its business, operational results, financial position, performance or prospects. For example, Singapore Airlines relies on positive brand recognition to attract customers and investors. Any damage to Singapore Airlines' reputation, brand image or brand name, and damage to other brands with which it is associated, whether through a single event or a series of events, could have a material adverse effect on Singapore Airlines' ability to market its services and attract and retain customers.

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 2016, these accounted for 48.6% of total revenue and 58.0% of total operating expenses. The Group's largest exposures are from US Dollar, Euro, Sterling Pounds, Swiss Franc, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Renminbi, Korean Won and Malaysian Ringgit. For the financial year ended 31 March 2016, the Group generated a surplus in all of these currencies, with the exception of US Dollar. The deficit in US Dollar is attributable to capital expenditure, fuel costs and aircraft leasing costs - all conventionally denominated and payable in US Dollar.

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 US Dollar and Singapore Dollar. The Group also uses forward foreign currency contracts and foreign currency option contracts to hedge a portion of its future foreign exchange exposure.

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 Board Executive Committee or Boards of subsidiaries.

Market Rate Risk

As at 31 March 2016, the Group owned investments of S$1,441.2 million, out of which S$532.4 million are subject to market rate risk. The market rate risk associated with these investments is the potential loss resulting from a decrease in market prices.

Counterparty and Credit Risk

Counterparty risks are managed by limiting aggregated exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counterparties.

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

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

The sale of passenger and cargo transportation is largely achieved through International Air Transport Association ("**IATA**") accredited sales agents. The credit risk of such sales agents is relatively small owing to broad diversification. Receivables and payables among airlines are generally settled either bilaterally or via the IATA clearing house. Receivables and payables are generally netted at weekly intervals, which lead to a clear reduction in the risk of default.

Liquidity Risk

As at 31 March 2016, the Group had at its disposal, cash and short-term deposits amounting to S$3,972.4 million. In addition, the Group had available short-term credit facilities of about S$375.0 million. The Group also has a Medium Term Note Programme under which it may issue notes to meet liquidity requirements. As at 31 December 2016, the size of the programme was S$2,000.0 million and S$570.0 million was un-utilised. Under the programme, notes issued by the Company may have varying maturities as agreed with the relevant financial institutions. Should any of the Group's existing credit/borrowing facilities be cancelled, reduced or otherwise not be made available to the Group, the Group's liquidity and cash flow position may be materially and adversely affected.

RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES

There may be no active trading market for the Notes

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. The lack of liquidity may have a severely adverse effect on the market value of the Notes.

Fluctuation of Market Value of Notes

Trading prices of the Notes are influenced by numerous factors, including (a) the market for similar securities, (b) the operating results and/or financial condition of the Company and/or its subsidiaries and/or associated companies (if any) and (c) political, economic, financial and any other factors that can affect the capital markets, the industry, the Company, its subsidiaries and/or associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Company, its subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of the Company, its subsidiaries and associated companies (if any).

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets or may adversely affect the market price of any Series or Tranche of the Notes.

Interest Rate Risk

Noteholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in prices of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Noteholders may suffer erosion on the real return of their investments due to inflation. Noteholders may have an anticipated real rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual real returns.

Singapore Taxation Risk

The Notes to be issued from time to time under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2018 are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") subject to the fulfillment of certain conditions more particularly described in the "Singapore Taxation on the Notes" section of this Information Memorandum.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Anti-money laundering and terrorism

The Trustee may take and instruct any delegate to take any action which the Trustee considers appropriate so as to comply with law, regulation, request of a public or regulatory authority or policy which relates to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to sanctioned persons or entities, including but not limited to the interception and investigation of transactions. There is a risk that such action may delay or prevent the processing of payment instructions, the settlement of transactions or the Trustee's performance of its obligations under the Trust Deed. In such circumstances, the Trust Deed provides that any delay in the payment by Singapore Airlines under the Trust Deed or the Notes which is caused by the Trustee taking such action shall not in itself constitute an Event of Default under the Notes or a breach of any provision of the Trust Deed or the Notes and that Singapore Airlines shall not be liable for any further interest (including default interest) on the Notes resulting from such non-payment.

Performance of contractual obligations by the Company is dependent on other parties

The ability of the Company to make payments in respect of the Notes may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent and/or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Company of its obligations to make payments in respect of the Notes, the Company may not, in such circumstances, be able to fulfill its obligations to the Noteholders and the Couponholders.

Notes may be issued at a substantial discount or premium

The market value of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Notes may be subject to optional redemption by the Company

An optional redemption feature is likely to limit the market value of Notes. During any period when the Company may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Company may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable amendment or supplement to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Provisions in the Trust Deed and the Terms and Conditions of the Notes may be modified

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Variable Rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System (as defined below)

Notes issued under the MTN Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a nominee of the Common Depositary, or lodged with CDP (each of Euroclear, Clearstream and CDP and/or such other clearing system, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. The relevant Clearing System will maintain records of their accountholders in relation to the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the Common Depositary or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the relevant Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

The Trustee may request that the Noteholders provide an indemnity to its satisfaction

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 9 of the Notes and the taking of enforcement steps pursuant to Condition 10 of the Notes), the Trustee may, at its discretion, request the Noteholders to provide an indemnity to its satisfaction before it takes action on behalf of Noteholders. The Trustee shall not be obliged to take any such actions if not first indemnified to its satisfaction. Negotiating and agreeing to any indemnity can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity to it, in breach of the terms of the Trust Deed constituting the Notes and/or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations.

Exchange rate risks and exchange controls may result in Noteholders receiving less interest or principal than expected

The Issuer will pay principal and interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Notes are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Noteholders may receive less interest or principal than expected, or no interest or principal.

CAPITALISATION

Singapore Airlines Company Capitalisation

The following table sets out the capitalisation of Singapore Airlines as at 31 March 2016, based on the audited balance sheet of the Company:

	(S$ million)
Share capital of Singapore Airlines - issued and fully paid[1]	1,856.1
Distributable reserves	10,901.6
Non-distributable reserves	
Treasury Shares	(381.5)
Share-based compensation reserve	108.0
Fair value reserve	(470.9)
Capital reserve	(5.1)
Equity holders' funds	**12,008.2**
Long-term liabilities	
Notes payable	1,000.0
Short-term liabilities	–
Total Indebtedness	**1,000.0**
Total Capitalisation	**13,008.2**

1 As at 31 March 2016, 1,199,851,018 ordinary shares and one special share had been issued.

SINGAPORE AIRLINES LIMITED

INTRODUCTION

Singapore Airlines traces its history to the birth of Malayan Airways Limited in May 1947. Singapore Airlines' first flight in its own name took place on 1 October 1972.

Shares in the capital of Singapore Airlines were listed on the SGX-ST in December 1985. Its market capitalisation was approximately S$11.4 billion[2] as at 31 December 2016. The majority shareholder of Singapore Airlines, Temasek, directly held approximately 55.63% of the total share capital of Singapore Airlines as at 31 December 2016. Temasek is wholly-owned by the government of Singapore.

Singapore Airlines provides commercial airline services to destinations in Asia, Australia, New Zealand, America, Europe, Middle East and Africa from its hub at Singapore's Changi Airport. For the financial year ended 31 March 2016, Singapore Airlines carried more than 19 million passengers. The four Singapore-based airlines in the Group together carried more than 30 million passengers during the financial year ended 31 March 2016.

Group net profit for the financial year ended 31 March 2016 improved 118.6% year-on-year to S$804 million. This was mainly due to an improvement in operating profit, higher dividends received from long-term investments and lower share of losses of associated companies. In addition, there was a refund of a fine paid by SIA Cargo in a prior year. These favourable factors were partly offset by higher tax expenses in the year, an absence of exceptional gains realised in the previous financial year, and weaker results from joint venture companies. Group operating profit was higher due mainly to a decline in net fuel cost arising largely from the 41.3% fall in jet fuel prices, amidst a decline in revenue from yield contraction in the cargo and passenger businesses.

The major subsidiaries of the Group are SIAEC, SIA Cargo, SilkAir, Scoot and Tiger Airways. SIAEC is listed on the SGX-ST. The operating results of the main companies in the Group for the financial year ended 31 March 2016 are as follows:

Singapore Airlines	Operating profit of S$485 million (S$340 million operating profit in FY2015)
SIAEC	Operating profit of S$104 million (S$84 million operating profit in FY2015)
SIA Cargo	Operating loss of S$50 million (S$22 million operating loss in FY2015)
SilkAir	Operating profit of S$91 million (S$41 million operating profit in FY2015)
Scoot	Operating profit of S$28 million (S$67 million operating loss in FY2015)
Tiger Airways	Operating profit of S$14[3] million (S$40[4] million operating loss in FY2015)

A comprehensive list of awards won by the Group is set out on pages 60 to 61 of its Annual Report for the financial year ended 31 March 2016. Singapore Airlines ranks amongst the world's most awarded airlines. Singapore Airlines aims to be one of the favourite airlines among business and leisure travellers in numerous international rankings, highlighting its continued focus on product innovation and service excellence.

In addition to global and regional "Best Airline" awards which Singapore Airlines has won in rankings covering diverse markets, numerous other accolades have been received in categories such as in-flight entertainment, food and beverages, ground services, safety and company management.

2 Based on closing price of S$9.67 as at 31 December 2016.

3 Operating results differ from Tiger Airways' FY2016 announcement on 5 May 2016, due to alignment of Tiger Airways' classification to the Group.

4 The results presented here represent Tiger Airways' FY2015 results. Tiger Airways was consolidated as a subsidiary from October 2014.

PRINCIPAL ACTIVITIES OF SINGAPORE AIRLINES

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

The table below shows the contribution of various business units to the SIA Group's revenue for the financial years ended 31 March 2016 and 2015.

Analysis by business activity (SIA Group)

	Revenue		Operating Profit/(Loss)	
	Financial year ended 31st March			
	2016 (S$ million)	2015 (S$ million)	2016 (S$ million)	2015 (S$ million)
Airline operations	13,859.4	14,051.5	623.3	320.3
Engineering services	1,113.5	1,119.7	104.1	84.3
Cargo operations	2,045.0	2,240.8	(49.7)	(22.0)
Others	79.1	111.6	(2.1)	20.4
	17,097.0	17,523.6	675.6	403.0
Inter-segment transactions	(1,868.5)	(1,958.1)	5.6	6.4
Total	15,228.5	15,565.5	681.2	409.4

Source: Annual Report of the Company for the financial year ended 31 March 2016.

Passenger Airline Operations

The table below summarises certain key indicators of Singapore Airlines' passenger business for the financial years ended 31 March 2016, 2015, 2014, 2013 and 2012:

	Financial year ended 31 March				
	2016	2015	2014	2013	2012
Passengers carried (thousand)	19,029	18,737	18,628	18,210	17,155
Revenue passenger-km (million)	94,267.4	94,209.2	95,064.3	93,765.6	87,824.0
Available seat-km (million)	118,366.5	120,000.8	120,502.8	118,264.4	113,409.7
Passenger load factor (%)	79.6	78.5	78.9	79.3	77.4

Revenue passenger-km = Number of passengers carried x distance flown (in km)
Available seat-km = Number of available seats x distance flown (in km)
Passenger load factor = Revenue passenger-km expressed as a percentage of available seat-km

Source: Annual Report of the Company for the financial year ended 31 March 2016.

Singapore Airlines is one of the world's largest international passenger airlines. It was ranked 12th largest in terms of international revenue passenger kilometres ("**RPKs**") in 2015.

Ranking	Airline	International RPKs (million)
1	Emirates	251,190
2	United Airlines	145,543
3	Lufthansa	141,329
4	British Airways	137,455
5	Delta Airlines	133,949
6	Air France	131,281
7	Ryanair	125,194
8	American Airlines	113,965
9	Cathay Pacific Airways	108,868
10	Qatar Airways	108,327
11	Turkish Airlines	101,359
12	Singapore Airlines	93,623
13	KLM	93,159
14	Etihad Airways	83,227
15	easyJet	74,583

Source: IATA, World Air Transport Statistics, 60th Edition, 2016.

Singapore Airlines has a geographically diversified revenue base from passenger operations. For the financial year ended 31 March 2016, Singapore Airlines derived 65.4% of its passenger revenue from routes to destinations outside East Asia. This diversification has reduced reliance on a particular country or region and enabled Singapore Airlines to reallocate capacity when required and enhanced the stability of Singapore Airlines' revenue stream.

Singapore Airlines Passenger Revenue by Route Region[5,6]

	Financial year ended 31 March			
	2016 (S$ million)	%	2015 (S$ million)	%
East Asia	2,734.3	34.6	2,701.3	33.1
Americas	1,260.7	16.0	1,346.6	16.5
Europe	1,792.6	22.7	1,916.2	23.5
South West Pacific	1,388.5	17.6	1,488.4	18.3
West Asia and Africa	717.3	9.1	703.2	8.6
Passenger Revenue	7,893.4	100.0	8,155.7	100.0

Source: Annual Report of the Company for the financial year ended 31 March 2016.

5 Revenue by route region is defined as revenue derived from a route originating from Singapore with its final destination in countries covered by the region and *vice versa*. For example, Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region.

6 East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, South Korea, Malaysia, People's Republic of China, Myanmar, Philippines, Thailand, Taiwan and Vietnam. Americas comprises Brazil and USA. Europe consists of Denmark, England, France, Germany, Italy, Russia, Spain, Switzerland, The Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, India, Maldives, Saudi Arabia, South Africa, Sri Lanka and United Arab Emirates.

Passenger Revenue Share by Area of Original Sale[6,7]

	Financial year ended 31 March			
	2016 (S$ million)	**%**	**2015 (S$ million)**	**%**
East Asia	4,507.4	57.1	4,509.6	55.3
Americas	553.4	7.0	580.9	7.1
Europe	1,242.7	15.7	1,375.7	16.9
South West Pacific	1,172.4	14.9	1,304.9	16.0
West Asia and Africa	417.5	5.3	384.6	4.7
Passenger Revenue	7,893.4	100.0	8,155.7	100.0

Source: Annual Report of the Company for the financial year ended 31 March 2016.

Other Business Activities

Apart from airline operations, the SIA Group's other principal business activities are undertaken by its subsidiaries, as described in the section below titled "Major Subsidiaries".

STRATEGIC OVERVIEW

Business Strategy

Singapore Airlines' business strategies support and sustain its mission statement: "We are 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".

Singapore Airlines focuses on its core airline business, with key stakes in airline-related services in order to maintain high quality and safety standards. Singapore Airlines also supplements its organic growth through partnerships and strategic stakes in other airlines, and related businesses that provide alternative sources of income.

Singapore Airlines took full ownership of Tiger Airways following a general offer that closed on 4 March 2016 and Tiger Airways was subsequently delisted from the SGX-ST on 11 May 2016. The acquisition was intended to boost co-operation and integration of Tiger Airways with the other airlines within the group. Following the delisting of Tiger Airways, Singapore Airlines established Budget Aviation Holdings on 18 May 2016, a holding company to own and manage both Tiger Airways and Scoot. On 4 November 2016, Singapore Airlines announced the merger of Tiger Airways and Scoot under a single operating licence anticipated to be realised in the second half of 2017. The move will enable a more seamless travel experience for customers and allow both airlines to create synergies in operating costs and revenues.

In FY2016, Singapore Airlines and Lufthansa Group signed a wide-ranging partnership agreement that sees the two airline groups operating key routes between Singapore and Europe on a joint-venture business basis, in addition to significant codeshare expansions and deeper commercial co-operation. The joint venture was recently approved by the Competition Commission of Singapore and the Australian Competition and Consumer Commission.

Singapore Airlines holds a 20.0% stake in Virgin Australia Holdings Limited and has a 49% stake in Vistara, a joint venture airline with Tata Sons Limited in India. Singapore Airlines' fully owned subsidiary Scoot also has a joint venture airline in Thailand, NokScoot. Scoot has a 49% stake in NokScoot with the rest owned by Thai carrier Nok Air and related parties.

In FY2014, Singapore Airlines entered into a joint venture with Airbus for pilot training, the Airbus Asia Training Centre ("**AATC**"), which would be 55% owned by Airbus and 45% owned by Singapore Airlines. The AATC was officially opened in Singapore on 18 April 2016, and when fully operational will be Airbus' largest flight crew training facility and have the capacity to offer courses for more than 10,000 trainees per year.

7 Revenue by area of original sale is defined as revenue originating in the area in which the sale is made.

Singapore Airlines' key business strategies aim to:

- achieve steady capacity growth in a cyclical business and build a portfolio of airlines and a diversified route network to protect against regional business downturns;
- improve and upgrade customers' travel experience on the ground and in the air, through continual product and service improvements and fleet renewal;
- sustain growth with Singapore as the premier air hub with optimal flight connectivity for its customers;
- make effective use of alliances and other partnerships for greater marketing and distribution reach beyond the services that it operates;
- develop human resources, with a strong emphasis on training, to deliver superior customer service; and
- strive for sustainable improvements in cost efficiency through continuous focus on business processes.

Financial Strategy

Singapore Airlines' financial strategies are driven by the dual objectives to maintain a flexible and prudent financial structure that facilitates the commercial activities of the Company and to enhance shareholder value.

Singapore Airlines targets gearing and debt service levels that are, in the foreseeable future, consistent with or better than the best airlines among its peers globally, providing the Company with the financial flexibility to pursue its business strategies.

Maintenance of adequate liquidity for the Company's needs is a critical objective. Singapore Airlines retains liquidity in the form of cash and other liquid resources, committed credit facilities and access to other debt markets through the MTN Programme and/or similar structures. All aircraft on Singapore Airlines' balance sheet are unencumbered.

Singapore Airlines' operations carry certain financial and commodity risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and counterparty risks. Its overall risk management approach is to moderate the effects of such volatility on its financial performance. These financial risks are described in more detail in the section "Risk Factors".

The Board Executive Committee sets directions, policies and guidelines pertaining to financial strategy, including management of surplus funds, liquidity management, financing and financial risk management.

FLEET AND ROUTE NETWORK

Fleet

Singapore Airlines has a modern fleet with relatively few aircraft and engine types. Such fleet commonality reduces maintenance and training costs. As at 31 December 2016, SIA Group's operating fleet consisted of 182 aircraft, as follows:

Aircraft Type	Number of Aircraft	Average Age in Years (y) and Months (m)
Singapore Airlines:		
777-200	11	13 y 8 m
777-200ER	10	14 y 7 m
777-300	6	13 y 5 m
777-300ER	27	7 y 3 m
A380-800	19	6 y 9 m
A330-300	26	4 y 7 m
A350-900 XWB	9	0 y 5 m
Sub-total	108*	7 y 8 m
SIA Cargo:		
747-400F	8	14 y 0 m
SilkAir:		
A319-100	3	8 y 3 m
A320-200	11	6 y 8 m
737-800	17	1 y 10 m
Sub-total	31	4 y 2 m
Scoot:		
787-8	6	1 y 0 m
787-9	6	1 y 8 m
Sub-total	12	1 y 4 m
Tiger Airways:		
A319-100	2	7 y 11 m
A320-200	21	5y 5 m
Sub-total	23	5 y 8 m
Total	**182**	6 y 8 m

* This excludes three 777-200s on lease to other carriers, two 777-200ERs in storage and one A350-900 delivered in December 2016 but not inducted for operation yet.

Between 1 April 2016 and 31 December 2016, Singapore Airlines received the first ten of its Airbus A350-900 aircraft on order. The A350-900 fleet is deployed on long-haul routes to destinations in US and Europe and medium-haul routes to destinations in Asia. In the same period, SilkAir took delivery of three new Boeing 737-800 aircraft and Scoot took delivery of two new Boeing 787-8 aircraft, while SIA Cargo returned one Boeing 747-400 freighter to the aircraft's lessor.

New aircraft will be added to the fleet in the coming years. As at 31 December 2016, Singapore Airlines had firm orders for 92 aircraft, with options for a further 16 aircraft. The contractual aircraft delivery schedule is as follows:

- 57 A350-900XWB - Deliveries scheduled between 2017 and 2024.
- Five A380-800 - Deliveries scheduled between 2017 and 2018.
- 30 Boeing 787-10 - Deliveries starting from 2018.

On 7 February 2017, Singapore Airlines signed a letter of intent with Boeing for 20 777-9 and 19 additional 787-10 aircraft. The 777-9s are due for delivery between 2021 and 2022 and the 787-10s for delivery between 2020 and 2021.

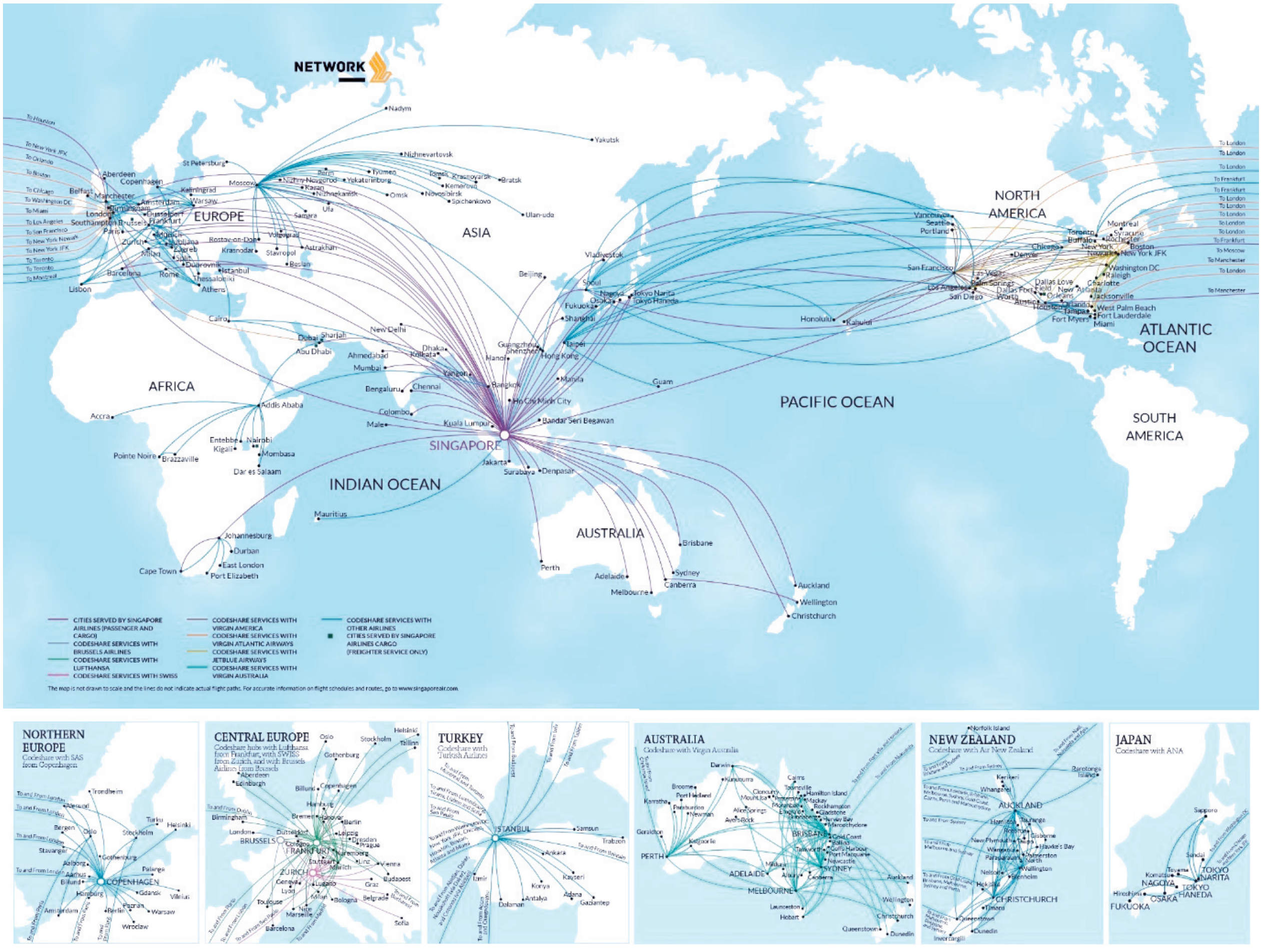
In addition, as at 31 December 2016, SilkAir had firm orders for 37 Boeing 737 family aircraft plus purchase rights for a further 14 such aircraft, Scoot had firm orders for 8 Boeing 787 aircraft, and Tiger Airways had firm orders for 39 Airbus A320NEOs plus options for a further 11 such aircraft.

The new aircraft will replace older aircraft, to ensure that Singapore Airlines Group maintains a modern and fuel-efficient fleet of aircraft, and to provide the airline with additional expansion opportunities to ensure that Singapore Airlines retain its industry-leading position.

To hedge its exposure to aircraft residual value risk, Singapore Airlines has, from June 1997, used the sale and leaseback market to dispose of some of its aircraft. In a sale and leaseback transaction, an investor purchases the aircraft and leases it back to Singapore Airlines via an operating lease for an agreed fixed term. In certain cases, aircraft are also acquired on direct operating leases. As at 31 December 2016, 78 aircraft in SIA Group's operating fleet were on operating leases, of which 39 were leased by the Company.

Route Network

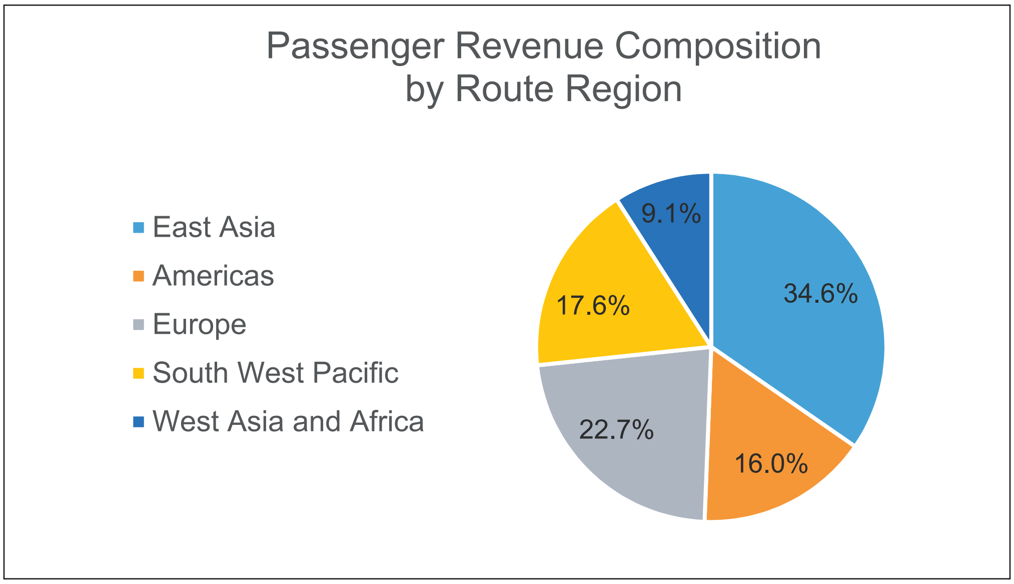
Singapore Airlines operates an extensive and well-connected international route network. As at 1 March 2017, Singapore Airlines' route network, including SIA Cargo, SilkAir and codeshare services, covered 327 destinations in 80 countries.



Singapore Airlines' network growth strategy is premised on pursuing sustainable, profitable growth across a well-diversified network. The network diversification minimises the impact of localised economic shock. In October 2015, Singapore Airlines announced the planned re-start of non-stop services to the United States as the launch customer of the new ultra-long-range variant of the Airbus A350 aircraft beginning in 2018. Singapore Airlines added Dusseldorf, Canberra and Wellington as new destinations in FY2016 and also commenced non-stop operations on the Singapore – San Francisco route.

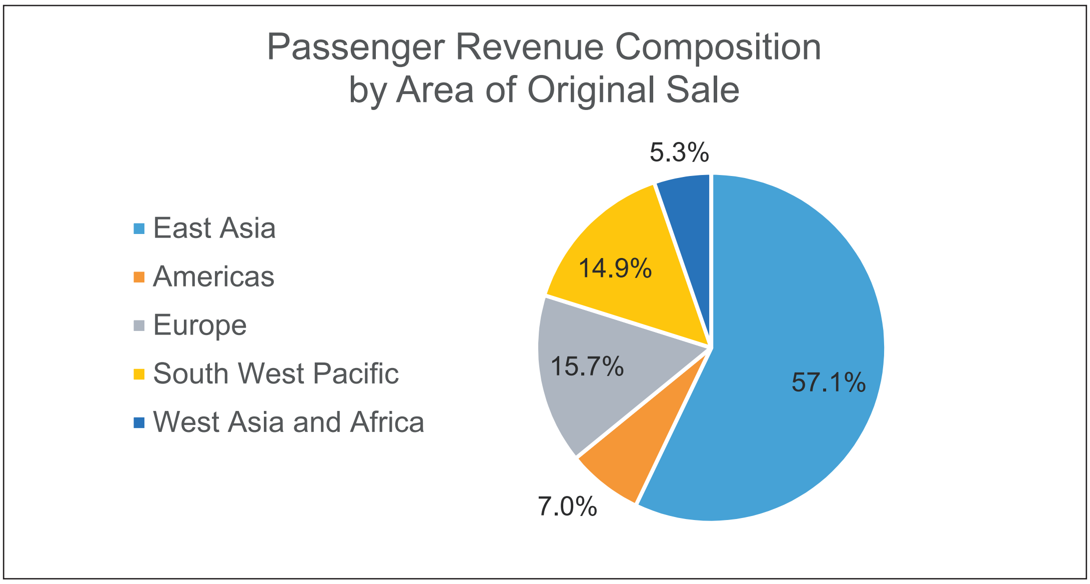
In FY2016, the split in passenger revenue from each route region was as follows:

Passenger Revenue Share by Route Region (FY2016)



Singapore Airlines has focused on developing Singapore's importance as a hub and carries a substantially larger traffic share than suggested by the size of its home market. Singapore's strategic geographical location places Singapore Airlines in a position to take advantage of strong growth in the Asia region and emerging markets such as China, India and Indonesia. A high frequency of services to key metro-city destinations, together with a dedication to offer premium service products, have helped to attract and retain higher yielding business travellers.

Passenger Revenue Share by Area of Original Sale (FY2016)



CUSTOMER SERVICE

Singapore Airlines' brand is designed to project a personality committed to success and excellence as embodied in the 'Singapore Girl' - Singapore Airlines' famous icon that symbolises the grace and warmth of its service to its customers. Singapore Airlines' focus on building its brand awareness and customer loyalty has contributed to its consistent growth. By adhering to its longstanding policy of maintaining a young and modern fleet, together with an award winning service, Singapore Airlines believes in providing customers with a superior air travel experience and focuses on constantly improving standards in all classes of travel.

Singapore Airlines launched its next generation of cabin products in July 2013, establishing a new industry benchmark for premium air travel. Special attention has been given to ergonomics and lighting, comfort, convenience and design, based on extensive customer feedback.

Singapore Airlines introduced the first refreshed A380 Suites in June 2014. Designed by Coste Design, the seat and ottoman have been re-upholstered with new leather colours and stitching detailing to reflect a more modern and contemporary look. In-suite lighting has also been improved to enhance the overall reading and dining experience.

To coincide with the launch of Singapore Airlines' next batch of Airbus A380s featuring all-new cabin products, Singapore Airlines will partner with French luxury brand Lalique to enhance the travelling experience in SIA's Suites and First Class cabins. The two partners intend to offer co-branded items such as amenity kits, toiletries, glassware, loungewear and beddings to SIA's premium customers.

In May 2014, the Airline made an announcement on plans for a new travel class, Premium Economy, which was met with generally positive public feedback. Suggestions were later incorporated into plans for the new product offerings. Premium Economy Class was launched in August 2015, welcoming customers with a contemporary and stylish design. Each seat has a width of either 18.5 or 19.5 inches with an eight-inch recline and a seat pitch of 38 inches. It also features the next-generation KrisWorld, Singapore Airlines' award-winning inflight entertainment system, with a 13.3-inch full HD monitor, the largest in its class. Customers can choose from a more extensive range of food and beverage offerings including the Premium Economy Book-the-Cook service. There is also priority check-in and baggage handling. Premium Economy Class was introduced on flights to Sydney, and has since been progressively introduced to other points including Beijing, Frankfurt, Hong Kong, London, Mumbai, New Delhi, New York, Shanghai, Tokyo and Zurich.

Complementing the cabin experience is the new in-flight entertainment ("**IFE**") Graphical User Interface ("**GUI**"). It has been redesigned to enhance customers' experience when accessing the seatback IFE system and handset for media content and applications. Additional features include a search function for media content using keywords, and playing of TV episodes and music tracks sequentially when selected as part of the favourite playlist. The new IFE GUI adopts a modern look and feel with its darker colour tones.

Raising the experience to an exciting new level is the introduction of a first-of-its-kind mobile application, KrisWorld Companion App, which offers customers greater control over their IFE experience both on the ground and on board the aircraft. It enables customers to review IFE video and audio content that will be available on their flight, create pre-selected favourites playlist, and control the seat-back IFE system – all using their own personal electronic devices.

The in-flight connectivity that is supported by Panasonic and SITAONAIR covers approximately 50% of the airline's fleet. It enables customers to connect to the Internet and mobile services. Customers can surf the Internet, send and receive emails on their electronic devices, and receive SMS text messages with their GSM-compatible mobile phones.

In terms of inflight dining, the world acclaimed Singapore Airlines International Culinary Panel continues to enjoy a leadership position in the industry with 8 award-winning international chefs of global stature, while Singapore Airlines' illustrious panel of wine consultants continues to assist it in rolling out excellent in-flight pours. Aside from a refresh of its 'Popular Local Fare' programme, Singapore Airlines recently introduced its 'Deliciously Wholesome' programme, through which it is able to cater to the needs of an increasing number of health-conscious travellers by providing meals designed to restore and rejuvenate the body. In addition, Korean cuisine was recently added to Singapore Airlines' line-up of traditionally-prepared ethnic meals, which also encompasses Chinese, Indian and Japanese cuisines.

In December 2013, Singapore Airlines unveiled its new-concept SilverKris Lounge in Sydney, as part of a multi-million dollar investment programme to progressively upgrade all of its airport lounges in 15 cities around the world over the next five years. Following the launch of the new-concept lounge in Sydney, new-concept lounges in Brisbane, Hong Kong, London and Manila were also launched, with an upcoming one in Bangkok scheduled for launch by the second quarter of calendar year 2017. Designed by renowned architectural and interior design firm Ong&Ong, the new-concept lounge has an underlying theme of 'Being Home', and aims to redefine the ground experience for the Singapore Airlines traveller. Lounge customers can look forward to distinct personal spaces that provide a sense of being in a 'home away from home', as well as more personalised services from lounge staff and a delectable selection of food and beverages. The new-concept lounge has been generally well received, with many compliments for its design and offerings.

MAJOR SUBSIDIARIES

Singapore Airlines conducts its other principal business activities through the subsidiaries described below. Details on the financial results of SIAEC, SIA Cargo, SilkAir, Scoot and Tiger Airways for the financial year ended 31 March 2016 can be found in Appendix II.

SIAEC GROUP

	FY2016 S$ million	FY2015 S$ million	Change %
Total revenue	1,113.5	1,119.7	- 0.6
Total expenditure	1,009.4	1,035.4	- 2.5
Operating profit	104.1	84.3	+ 23.5
Profit attributable to equity holders of the company	174.9	185.0	- 5.5

SIAEC is a major provider of aircraft maintenance, repair and overhaul ("**MRO**") services in the Asia-Pacific region. SIAEC has a client base of more than 80 international carriers and aerospace equipment manufacturers. It provides line maintenance services at 35 airports in 7 countries, as well as airframe and component services on some of the most advanced and widely used commercial aircraft in the world. Apart from MRO services, SIAEC also offers a comprehensive and integrated suite of solutions under its fleet management services.

SIAEC was listed on the SGX-ST on 12 May 2000. Its market capitalisation as at 31 March 2016 was S$4.0 billion[8]. Singapore Airlines held 77.6% of the total share capital of SIAEC as at 31 March 2016.

As at 31 March 2016, SIAEC derived about 30% to 35% of its revenues from non-SIA Group companies and the remainder from the SIA Group.

A key business strategy of SIAEC is to extend its ability to provide a broad range of maintenance, repair and overhaul services to its customers through alliances and partnerships. As at 31 March 2016, SIAEC had 28 subsidiary, joint venture and associated companies, 23 of which were established in partnership with well-established aerospace companies and other strategic partners. These strategic partnerships include joint ventures with the world's leading aircraft manufacturers Airbus and Boeing for heavy maintenance and fleet management services respectively.

8 Based on closing price of S$3.60 as at 31 March 2016.

SIA CARGO

	FY2016 S$ million	FY2015 S$ million	Change %
Total revenue	2,045.0	2,240.8	- 8.7
Total expenditure	2,094.7	2,262.8	- 7.4
Operating (loss)/profit	(49.7)	(22.0)	- 125.9
Exceptional items	–	(83.3)	n.m.
Profit/(Loss) after taxation	90.3	(99.7)	n.m.

SIA Cargo operated as a division of Singapore Airlines until 30 June 2001 when it was incorporated as a wholly-owned subsidiary of Singapore Airlines. It operated a fleet of 9 B747-400 freighters as at 31 March 2016. It has also contracted to buy the entire cargo capacity of Singapore Airlines', SilkAir's and Scoot's passenger operations and is marketing these capacities.

SIA Cargo's operation was ranked eighth largest in the world in 2015 measured by international freight-tonne-kilometres ("**FTKs**") flown.

Ranking	Airline	International FTKs (million)
1	Emirates	12,157
2	Cathay Pacific Airways	9,935
3	Korean Air	7,733
4	Qatar Airways	7,660
5	Federal Express	7,242
6	Lufthansa	6,884
7	Cargolux	6,309
8	Singapore Airlines	6,083

Source: IATA, World Air Transport Statistics, 60th Edition, 2016.

SIA Cargo's key service capabilities include the following areas:

- superior and highly reliable uplift and delivery for both small and large shipments, including guaranteed uplift services to meet customers' time-sensitive needs;

- expertise in transporting various specialised commodities such as race cars for Formula One, aerospace engines, odd-sized oil and gas equipment, as well as live animals including horses for races around the world;

- professional and safe handling of time and temperature sensitive shipments via its CEIV Pharma certified network and Coolport at its Singapore hub;

- an extensive global network offering delivery capabilities to major destinations worldwide;

- continuous enhancement of information technology applications to improve information handling and efficiency and increased shipment visibility for its customers; and

- short and efficient connection for flights at its hub in Singapore to ensure minimal time spent for shipments getting across the world.

The exceptional items in FY2015 included a provision of US$10 million (S$13.7 million) for the settlement with a customer to resolve all pending and potential future civil damage claims regarding air cargo issues. The exceptional items also included an impairment loss of S$63.6 million on the Company's investment in China Cargo Airlines to fully write down its carrying value.

SIA Cargo was named “Best Air Cargo Carrier in Asia” at the 2016 Asian Freight, Logistics and Supply Chain Awards and “Carrier of the Year” in Supply Chain Asia Industry Night 2016.

As at 31 March 2016, SIA Cargo served over 100 cities in more than 30 countries.

SILKAIR

	FY2016 S$ million	FY2015 S$ million	Change %
Total revenue	965.7	902.5	+ 7.0
Total expenditure	875.1	861.7	+ 1.6
Operating profit	90.6	40.8	+ 122.1
Profit after taxation	122.0	53.7	+ 127.2

SilkAir is a Singapore-based regional airline that serves destinations in the Asia-Pacific region from its base at Changi International Airport. As the regional wing of Singapore Airlines, SilkAir extends the Group’s footprint in Asia by offering connections from Singapore to many diverse points in the region with its fleet of narrow-bodied A320/A319 and Boeing 737-800NG aircraft. In its 27th year of operation, as at 31 March 2016, SilkAir’s network had matured steadily with more than 370 scheduled services per week between Singapore and 48 points in Australia, Indonesia, Cambodia, China, India, Malaysia, Maldives, Myanmar, Nepal, Philippines, Thailand and Vietnam.

The SilkAir network is fully integrated with that of Singapore Airlines, offering optimum flight connectivity through Singapore. SilkAir’s business strategy is to offer a two-class, full service product of the highest quality, while applying the best industry cost management practices to maximise operating margins. SilkAir operated, as at 31 March 2016, a fleet of 11 A320, 4 A319 and 14 Boeing 737-800NG aircraft; with 3 Boeing 737-800NG and 37 Boeing 737-8MAX aircraft on firm order.

SCOOT

	FY2016 S$ million	FY2015 S$ million	Change %
Total revenue	516.2	396.7	+ 30.1
Total expenditure	487.8	464.1	+ 5.1
Operating profit/(loss)	28.4	(67.4)	n.m.
Profit/(Loss) after taxation	21.1	(55.3)	n.m.

Scoot is a Singapore-based low-cost, long-haul two-class all Boeing 787 aircraft airline that launched flights in 2012. As at 31 March 2016, Scoot’s network has increased with more than 81 scheduled services per week between Singapore and 17 points in Australia, China, Japan, Taiwan, South Korea, Hong Kong and Thailand.

Scoot established its new long haul carrier in Thailand, NokScoot, a joint venture between Scoot and Nok Air which started commercial flights from Bangkok’s Don Mueang airport in the second half of 2014. Nok Air and its related parties own 51% of NokScoot while Scoot owns the remaining 49%. NokScoot received its Air Operator Certificate in October 2014.

Scoot’s relentless drive for innovation was rewarded with a number of accolades. Airlineratings.com ranked Scoot the best low cost carrier (“**LCC**”) in Asia Pacific for two years running in 2015 and 2016, ST Readers’ Choice voted Scoot as the Best Budget Airline in 2014 and 2015, while Skytrax considers Scoot one of the world’s top 10 LCCs.

Scoot operated, as at 31 March 2016, a fleet of 10 Boeing 787 family aircraft; with 10 on firm order.

TIGER AIRWAYS

	FY2016[9] S$ million	FY2015 S$ million	Change %
Total revenue	703.2	677.4	+ 3.8
Total expenditure	689.6	717.3	- 3.9
Operating profit/(loss)	13.6	(39.9)	n.m.
Profit/(Loss) after taxation	0.3	(264.2)	n.m.

Tiger Airways was founded as an independent airline in 2003 which operates services to regional destinations in China, India and Southeast Asia. It was previously listed on the SGX-ST under the Tiger Airways Holdings name in 2010 and became a subsidiary of the Company in October 2014 when the Company took a 56% ownership stake.

The execution of an aggressive turnaround plan in FY2015 delivered encouraging results as losses were narrowed and load factor and yields improved. The sublease and sale of surplus aircraft also enabled Tiger Airways to reduce excess capacity significantly and reached its optimal fleet size. The strengthening of Tiger Airways' balance sheet through the rights issue completed in January 2015 placed the airline on a firmer footing to execute its turnaround plan. The rights issue exercise garnered strong support from shareholders and net proceeds of the rights issue amounted to approximately S$227.4 million.

Tiger Airways operated, as at 31 March 2016, a fleet of two A319 and 21 A320 aircraft; with 39 A320NEOs aircraft on firm order.

9 Operating results differ from Tiger Airways' FY2016 announcement on 5 May 2016, due to alignment of Tiger Airways' classification to the Group.

SELECTED FINANCIAL INFORMATION

The following tables present selected financial information for the SIA Group and the Company for the past four financial years ended and as at 31 March 2016, 2015, 2014 and 2013.

SIA Group

Profit and Loss Statement:

	For the financial year ended 31 March			
S$ million	**2016**	**2015**	**2014**	**2013**
Total Revenue	15,228.5	15,565.5	15,243.9	15,098.2
Expenditure	14,547.3	15,156.1	14,984.6	14,869.0
Operating Profit	681.2	409.4	259.3	229.2
Profit Before Tax	972.4	442.9	367.9	469.6
Profit Attributable to Equity Holders	804.4	367.9	359.5	378.9

Balance Sheet:

	As at 31 March			
S$ million	**2016**	**2015**	**2014**	**2013**
Cash and Bank Balances	3,972.4	5,042.7	4,883.9	5,059.6
Total Assets	23,769.7	23,921.6	22,642.5	22,428.1
Equity Holders' Funds	12,754.7	12,463.6	13,237.2	13,089.5

Singapore Airlines (Company)

Profit and Loss Statement:

	For the financial year ended 31 March			
S$ million	**2016**	**2015**	**2014**	**2013**
Total Revenue	11,686.1	12,418.4	12,479.7	12,387.0
Expenditure	11,201.0	12,078.2	12,224.1	12,199.8
Operating Profit/(Loss)	485.1	340.2	255.6	187.2
(Loss)/Profit Before Tax	766.2	563.1	536.4	(682.4)
(Loss)/Profit After Tax	672.0	540.3	538.5	(694.1)

Balance Sheet:

	As at 31 March			
S$ million	**2016**	**2015**	**2014**	**2013**
Cash and Bank Balances	3,239.2	4,435.1	4,623.8	4,834.3
Total Assets	21,853.0	21,466.2	20,865.7	20,738.9
Equity Holders' Funds	12,008.2	11,579.3	12,112.1	11,958.6

FINANCIAL REVIEW

The following sets out a financial review for each of the past three financial years ended 31 March 2016, 2015 and 2014.

Financial year ended 31 March 2014 compared with financial year ended 31 March 2013 Singapore Airlines (Company)

	FY2014 (S$ million)	FY2013 (S$ million)	Change %
Revenue	12,479.7	12,387.0	+ 0.7
Expenditure	12,224.1	12,199.8	+ 0.2
Operating Profit	255.6	187.2	+ 36.5
Non-operating items	240.5	(869.6)	n.m.
Profit/(Loss) before taxation and exceptional items	496.1	(682.4)	n.m.
Exceptional items	40.3	–	n.m.
Profit/(Loss) before taxation	536.4	(682.4)	n.m.
Taxation	2.1	(11.7)	n.m.
Profit/(Loss) after taxation	538.5	(694.1)	n.m.

Company Revenue

The Company's revenue increased by 0.7 per cent to S$12,480 million, largely from an 11.1 per cent increase in other operating revenue, partially offset by lower passenger revenue arising from a 3.4% weaker passenger yield (excluding fuel surcharge) mitigated by a 1.4% increase in passenger carriage. The decrease in passenger yield was mainly due to lower local currency yields and the effect of a weaker Singapore Dollar.

Company Operating Expenditure

The Company's operating expenditure in FY2014 increased by 0.2 per cent, to S$12,224 million, substantially attributable to increased aircraft maintenance and overhaul costs and rentals on leased aircraft.

Aircraft maintenance and overhaul costs increased by S$99 million (+17.2 per cent) largely due to higher provision for return conditions for aircraft and T800 engines on lease, and more maintenance checks. Rentals on leased aircraft increased by S$79 million (+16.3 per cent), mainly due to more aircraft on lease. This was partly mitigated by lower staff cost of $43 million (-2.7 per cent), mainly from lower staff strength and cadet training expenses.

Company Operating Profit

The Company's operating profit increased from S$187.2 million in FY2013 to S$255.6 million in FY2014.

Group Earnings and Financial Position

During the financial year, operating conditions in the air transportation industry in Asia Pacific continued to be tough with intense competition and overcapacity, thereby placing downward pressure on yields, as tactical promotions were carried out to bolster loads. The depreciation of key revenue generating currencies, in particular AUD, JPY and INR against the SGD, compressed yields further. Moreover, fuel prices remained elevated and range bound, limiting improvement on the Group's bottom line as fuel cost constituted the largest component, about 38 per cent of the Group's operating expenditure.

Group revenue grew S$146 million (+1.0 per cent) to S$15,244 million, mainly from airline operations, as a result of higher incidental revenue and stronger passenger carriage, albeit at lower yields. This was partially offset by lower cargo revenue from reduction in capacity, and weaker air freight demand and yields.

Group expenditure increased by S$116 million (+0.8 per cent) to S$14,985 million, primarily from higher rentals on leased aircraft and ex-fuel variable costs, partly mitigated by a lower fuel bill. Rentals on leased aircraft increased as there were more aircraft on lease while the increase in non-fuel variable costs, such as aircraft maintenance and overhaul costs, passenger costs and handling charges, was largely driven by the capacity expansion during the financial year. Fuel cost fell mainly from lower fuel prices, partially offset by stronger USD against SGD and higher uplifted fuel volume.

Consequently, the Group's operating profit improved by S$30 million to S$259 million for the financial year ended 31 March 2014. Except for Singapore Airlines and SIA Cargo, operating performance for all the major companies in the Group deteriorated from the preceding year. The Company recorded an operating profit of S$256 million in the financial year, an improvement of S$69 million (+36.5 per cent) from a year ago. SIA Cargo narrowed its operating loss by S$67 million year-on-year, largely attributable to its capacity rationalisation effort in response to the continued weak air freight demand.

Despite recording a higher operating profit, Group profit attributable to equity holders fell S$20 million (-5.3%) to S$359 million. This was mainly due to exceptional items (-S$38 million loss)[10] and weaker share of results from associated companies (down S$96 million), partially offset by recognition of tax credits. The weaker share of results from associated companies arose primarily from losses of Tiger Airways, of which the Group's share was S$118 million for the year, an increase of S$109 million.

As at 31 March 2014, equity attributable to owners of the Company increased by S$148 million or 1.1 per cent to S$13,237 million due mainly to profit for the financial year (+S$359 million) and realisation of reserves from disposal of Virgin Atlantic Limited (+S$117 million), partially offset by the payment of final dividend of FY2013 (-S$200 million) and payment of FY2014 interim dividend (-S$118 million).

The Group's total assets increased by S$215 million or 1.0 per cent to S$22,643 million as at 31 March 2014 mainly due to higher long-term investments (+S$418 million) and investment in associated companies (+S$175 million), partially offset by a decrease in cash and bank balances (-S$176 million) and other receivables (-S$122 million). The increase in long-term investments and investment in associated companies was driven by purchase of additional shares and participation in the fund raising exercises for Virgin Australia Holdings Limited and Tiger Airways respectively. These were largely funded by cashflow from operations and other cash resources. Net asset value per share was up 1.1 per cent to S$11.26.

The Group's net liquid assets decreased by S$189 million to S$4,206 million as at 31 March 2014, largely due to lower cash and bank balances (-S$176 million). The lower cash and bank balances was primarily due to capital expenditure, purchase of long-term investments, dividend payments and investment in associated companies, and partially offset by proceeds from disposal of fixed assets and Virgin Atlantic Limited, and operational cash flows. Total debt to equity ratio decreased by 0.01 times to 0.07 times as at 31 March 2014.

For the financial year ended 31 March 2014, the Board recommended a final dividend of 11 cents per share. After considering the liquidity position of the Company, which is adequate to grow its business organically and to pursue strategic opportunities, the Board recommended a special dividend of 25 cents per share. Including the interim dividend of 10 cents per share paid on 3 December 2013, the total dividend for FY2014 was 46 cents per share. This amounted to a payout of approximately S$541 million based on the number of issued shares as at 31 March 2014. Excluding the special dividend, the total ordinary dividend per share of 21 cents translated to a payout ratio of 68.7 per cent, a decrease of 2.6 percentage points compared to the FY2013 payout ratio of 71.3 per cent.

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10 The exceptional items of S$38 million recognised in FY2014 pertained mainly to an impairment loss of $293 million on four surplus freighters that have been removed from the operating fleet and marked for sale, provisions for settlements between SIA Cargo and the plaintiffs in the United States air cargo class action (S$78 million) and the plaintiffs in the Australian air cargo class action (S$6 million) and a loss of S$29 million pertaining mainly to impairment of Singapore Flying College's property, plant and equipment. These were partly offset by a gain of S$372 million upon completion of the sale of Virgin Atlantic Limited to Delta Air Lines, Inc.

Capital expenditure was S$2,575 million, 37.3 per cent higher than last year. About 97 per cent of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of S$3,222 million (+12.7 per cent) was 1.25 times of capital expenditure. The increase in internally generated cash flow was primarily due to cash flow from operations and higher proceeds from disposal of aircraft, spares and spare engines.

Financial year ended 31 March 2015 compared with financial year ended 31 March 2014 Singapore Airlines (Company)

	FY2015 (S$ million)	FY2014 (S$ million)	Change %
Revenue	12,418.4	12,479.7	- 0.5
Expenditure	12,078.2	12,224.1	- 1.2
Operating Profit	340.2	255.6	+ 33.1
Non-operating items	227.0	240.5	- 5.6
Profit/(Loss) before taxation and exceptional items	567.2	496.1	+ 14.3
Exceptional items	(4.1)	40.3	n.m.
Profit/(Loss) before taxation	563.1	536.4	+ 5.0
Taxation	(22.8)	2.1	n.m.
Profit/(Loss) after taxation	540.3	538.5	+ 0.3

Company Revenue

The Company's revenue declined marginally by 0.5 per cent to S$12,418 million. This is largely attributable to decrease in passenger revenue and other revenue. The decrease in passenger revenue was due to a 0.9 per cent drop in passenger traffic, partly offset by a 1.2 per cent increase in passenger yield (excluding fuel surcharge), while other revenue was down mainly from lower aircraft leasing income and compensation pertaining to changes in aircraft delivery slots.

Company Operating Expenditure

The Company's operating expenditure in FY2015 decreased by 1.2 per cent to S$12,078 million, substantially attributable to decrease in fuel and staff costs. Expenditure on fuel (before hedging) fell S$764 million due to a 15.4 per cent decrease in the weighted average fuel price and 1.9 per cent decrease in fuel consumption, offset by the strengthening of US Dollar. Staff costs fell S$27 million (-1.7 per cent) mainly due to lower staff strength and allowances.

Company Operating Profit

The Company's operating profit increased from S$255.6 million in FY2014 to S$340.2 million in FY2015.

Exceptional items

The exceptional items in FY2015 pertained to the provision for settlement with plaintiffs in the Transpacific Class Action (S$11.4 million), partly offset by additional gain on sale of Virgin Atlantic Limited (S$7.3 million).

Group Earnings and Financial Position

During the financial year, the operating landscape for the aviation industry remained challenging with economic and political instability in key markets, intense competition, and currency fluctuations. Yields remained soft as tactical promotions were launched to boost loads. Unfavourable foreign exchange movements for revenue-generating currencies against the Singapore Dollar pushed yields down, while the strengthening of the US Dollar against the Singapore Dollar adversely impacted the Group's expenditure. These were partially mitigated by the steep fall in fuel prices in the second half of the financial year.

With effect from October 2014, Tiger Airways became a subsidiary of the Group, and recorded an operating deficit of $9 million since consolidation.

Excluding Tiger Airways, the Group's revenue declined marginally to S$15,209 million (-0.2 per cent). Passenger revenue rose as passenger carriage and yields saw improvement of 0.2 per cent and 0.9 per cent respectively. Cargo revenue was lower, largely due to a 2.4 per cent reduction in capacity. Engineering services revenue declined with reduced overhaul activities, as did incidental revenue with a reduction in aircraft leasing income and lower compensation pertaining to changes in aircraft delivery slots.

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

Consequently, the Group's operating profit excluding Tiger Airways improved by S$160 million to S$419 million for FY2015. Except for SIAEC, operating performance for all the major companies in the Group improved from the preceding year. The Company recorded an operating profit of S$340 million in the financial year, an improvement of S$84 million from a year ago. SIAEC Group's operating profit was S$32 million lower, as the reduction in revenue (-S$59 million) outstripped the reduction in expenditure (-S$27 million). SIA Cargo narrowed its full year operating loss by S$78 million to S$22 million, largely attributable to its capacity rationalisation effort in response to excess capacity in the air cargo market.

Group net profit attributable to equity holders increased by a modest S$9 million (+2.5%) to S$368 million for the year ended 31 March 2015. The improved operating result was eroded by weaker share of results from joint venture and associated companies (-S$126 million) and an absence of tax credits (-S$93 million), partly offset by a net exceptional gain[11] compared to a net exceptional loss last year (+S$73 million).

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

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

11 Exceptional items recognised in FY2015 primarily arose from the remeasurement gain of S$120 million upon the consolidation of Tiger Airways as a subsidiary, partially offset by the impairment of SIA Cargo's investment in China Cargo Airlines (S$64 million).

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

For the financial year ended 31 March 2015, the Board recommended a final dividend of 17 cents per share. Including the interim dividend of 5 cents per share paid on 27 November 2014, the total dividend for FY2015 was 22 cents per share. This amounted to a payout of approximately S$257 million based on the number of issued shares as at 31 March 2015. The total ordinary dividend per share of 22 cents translated to a payout ratio of 69.9 per cent, an increase of 1.2 percentage points compared to the 2013/14 payout ratio of 68.7 per cent.

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

Financial year ended 31 March 2016 compared with financial year ended 31 March 2015 Singapore Airlines (Company)

	FY2016 (S$ million)	FY2015 (S$ million)	Change %
Revenue	11,686.1	12,418.4	- 5.9
Expenditure	11,201.0	12,078.2	- 7.3
Operating Profit	485.1	340.2	+ 42.6
Non-operating items	281.1	227.0	+ 23.8
Profit/(Loss) before taxation and exceptional items	766.2	567.2	+ 35.1
Exceptional items	–	(4.1)	n.m.
Profit/(Loss) before taxation	766.2	563.1	+ 36.1
Taxation	(94.2)	(22.8)	n.m.
Profit/(Loss) after taxation	672.0	540.3	+ 24.4

Company Revenue

The Company's revenue decreased by 5.9 per cent to S$11,686 million mainly due to lower passenger revenue and other incidental revenue. The decrease in passenger revenue was the result of a 3.4 per cent reduction in passenger yield (excluding fuel surcharge), partly offset by a 0.1 per cent increase in passenger traffic.

Company Operating Expenditure

The Company's operating expenditure in FY2016 decreased by 7.3 per cent, to S$11,201 million, substantially attributable to lower fuel costs. Expenditure on fuel (before hedging) was S$1,443 million lower due to a 40.9 per cent decrease in the weighted average fuel price, partly offset by the strengthening of US Dollar against Singapore Dollar.

Company Operating Profit

The Company's operating profit increased from S$340.2 million in FY2015 to S$485.1 million in FY2016.

Non-Operating Items

Non-operating items comprised mainly dividends from subsidiaries, associated companies and long-term investments, and impairment losses. The increase of 23.8 per cent in FY2016 was principally due to an absence of impairment losses on the Company's investment in Singapore Flying College Pte Ltd (S$43 million), and two grounded 777-200 aircraft (S$22 million) that were accounted for in FY2015.

Group Earnings and Financial Position

The Group continued to face strong headwinds during the financial year with intense competition in key markets, caused in part by weak economic activity and relatively rapid capacity growth in the industry, placing downward pressure on yields as evident from aggressive fare promotional activities.

Jet fuel prices fell 41.3 per cent year-on-year to an average of USD62 per barrel, translating to substantial cost relief for the Group amidst a weak yield environment.

The Group's revenue fell S$338 million against last year to S$15,228 million, mainly attributable to lower revenue from cargo and airline operations. Cargo revenue deteriorated largely from yield contraction (-11.6 per cent), partially cushioned by higher load carried (+2.6 per cent). Revenue from airline operations was lower, weighed down by a decline in passenger revenue from the Company, on the back of softer yields, and other incidental revenue. On the other hand, higher passenger revenue from Scoot and SilkAir from expanded operations, coupled with the incorporation of Tiger Airways' full year results in FY2016 mitigated some of the decline. Engineering services revenue fell mainly as a result of lower overhaul activities.

The Group's expenditure decreased by S$609 million (-4.0 per cent) year-on-year to S$14,547 million, primarily from a S$1,053 million reduction in net fuel cost. Average jet fuel price before hedging tumbled 41.3 per cent against last year, translating into fuel cost savings of S$2,152 million. Higher fuel hedging loss (-S$591 million), strengthening of the US Dollar against the Singapore Dollar (-S$298 million), and a 4.0 per cent increase in uplifted fuel volume (-S$210 million) partially eroded the fuel cost savings. Non-fuel costs increased S$444 million (+4.6 per cent), mainly attributable to an increase in aircraft maintenance and overhaul costs, staff costs, and expenditure arising from SilkAir's and Scoot's capacity growth.

Consequently, the Group's operating profit improved by S$271 million (+66.4 per cent) to S$681 million for FY2016. Except for SIA Cargo, operating performance for all the major companies in the Group improved over last year. The Company earned an operating profit of S$485 million in the financial year, up S$145 million compared to last year. SIA Cargo's operating loss widened by S$28 million compared to the prior year, largely from yield erosion on the back of the weak air freight market, partially alleviated by lower fuel costs.

The Group reported a net profit attributable to equity holders of S$804 million in FY2016, a S$436 million or 118.5 per cent improvement over the net profit recorded in FY2015. Group operating profit increased S$271 million (+66.1%) year-on-year to $681 million. Dividends received from long-term investments were higher (+S$102 million)[12], while the Group's share of losses of associated companies were reduced by S$118 million In addition, there was a refund for a fine paid by SIA Cargo in a prior year (+S$117 million). These favourable factors were partly offset by higher tax expenses in the year (-S$84 million), an absence of exceptional gains (-S$35 million) realised in the last financial year, and weaker results from joint venture companies (-S$29 million).

12 Dividends from long-term investments were $90 million higher, primarily attributable to special dividend declared by Everest Investment Holdings Limited, formerly known as Abacus International Holdings Limited, following sale of its 65.0 per cent investment in Abacus International Pte Ltd to Sabre Technology Enterprises II Ltd.

As at 31 March 2016, equity attributable to owners of the Company increased by S$291 million or 2.3 per cent to S$12,755 million, largely due to profit for the financial year (+S$804 million), and fair value movements on cash flow hedges (+S$121 million) and available-for-sale financial assets (+S$109 million). These were partially offset by acquisition of a non-controlling interest in Tiger Airways (-S$335 million), payment of dividends (-S$315 million) and purchase of treasury shares (-S$85 million). The fair value change on cash flow hedges was primarily attributable to fair value changes on fuel hedges, while the movement on available-for-sale financial assets was mainly due to a fair value adjustment for SIAEC'S interest in Hong Kong Aero Engine Services Ltd ("**HAESL**") arising from the proposed divestment of its 10 per cent stake in HAESL to Rolls-Royce Overseas Holdings Limited and Hong Kong Aircraft Engineering Company Limited.

The Group's total assets decreased by S$152 million or 0.6 per cent to S$23,770 million as at 31 March 2016, mainly attributable to a decrease in cash balances (-S$1,070 million) and trade debtors (-S$270 million), partially offset by increase in property, plant and equipment (+S$620 million), investments (+S$345 million) and a loan to an associated company (+S$62 million). The decrease in cash balances largely arose from capital expenditure (-S$2,909 million), additional investment in Tiger Airways in the Voluntary General Offer (-S$458 million), redemption of the five-year retail bonds (-S$300 million), and payment of dividends (-S$315 million), partially funded by operational cash inflows (+S$3,005 million). Net asset value per share increased 2.8 per cent to S$10.96.

The Group's total liabilities decreased by S$355 million or 3.2 per cent to S$10,637 million as at 31 March 2016. The decrease was attributable to the repayment of the retail bonds (-S$300 million) and reduction in derivative liabilities (-S$292 million), partially offset by an increase in sales in advance of carriage (+S$162 million), deferred account (+S$84 million) and deferred taxation (+S$82 million).

The Group's net liquid assets decreased by S$179 million to S$3,293 million as at 31 March 2016, attributable to a reduction in cash and bank balances (-S$1,070 million), partially offset by higher short-term investments (+S$499 million), and reduction in total debt (+S$392 million) arising primarily from the redemption of the S$300 million retail bonds. Total debt to equity ratio decreased by 0.03 times to 0.11 times as at 31 March 2016.

For the financial year ended 31 March 2016, the Board recommended a final dividend of 35 cents per share. Including the interim dividend of 10 cents per share paid on 27 November 2015, the total dividend for the 2015/16 financial year was 45 cents per share. This amounted to a payout of approximately S$524 million based on the number of issued shares as at 31 March 2016. The total ordinary dividend per share of 45 cents translated to a payout ratio of 65.1 per cent, a decrease of 4.9 percentage points compared to FY2015 payout ratio of 70.0 per cent.

Capital expenditure was S$2,909 million, 11.9 per cent higher than last year. About 98 per cent of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of S$3,501 million (+5.9 per cent) was 1.2 times of capital expenditure. The increase in internally generated cash flow was mainly attributable to higher cash flow from operations, partially offset by lower proceeds from disposal of aircraft, spares and spare engines, and dividends received from associated and joint venture companies.

BOARD OF DIRECTORS AND EMPLOYEES OF SINGAPORE AIRLINES

BOARD MEMBERS

The Board of Directors comprises seven members who are responsible for supervising the management (the "**Management**") of Singapore Airlines. The Board meets at least four times a year. It holds separate Strategy Sessions to assist the Management in developing its plans and strategies for the year. The Board of Directors has five standing Board Committees: the Board Executive Committee, the Board Audit Committee, the Board Compensation and Industrial Relations Committee, the Board Nominating Committee and the Board Safety and Risk Committee. These Committees have written charters.

Peter Seah Lim Huat
Chairman

Appointed Director and Deputy Chairman on 1 September 2015, and Chairman on 1 January 2017. Mr Seah is the Chairman of DBS Bank Ltd, DBS Group Holdings Ltd, Singapore Health Services Ltd and LaSalle College of the Arts Limited. A banker for more than 30 years, Mr Seah was with former Overseas Union Bank between 1977 and 2001, retiring as Vice-Chairman and CEO. Prior to that, he was with Citibank N.A. Between December 2001 and December 2004, Mr Seah served as President & CEO of Singapore Technologies Pte Ltd. Mr Seah was awarded the Distinguished Service Order in 2012 and the Public Service Star (Bintang Bakti Masyarakat) in 1999, and made a Justice of the Peace in 2003.

Goh Choon Phong
Director and Chief Executive Officer

Appointed Director on 1 October 2010 and Chief Executive Officer on 1 January 2011. Mr Goh joined the Company in 1990 and has held senior management positions in various divisions in Singapore and overseas, ranging from Marketing to Information Technology to Finance and Cargo. Prior to his appointment as Chief Executive Officer, Mr Goh was Executive Vice President for Marketing and the Regions and also served as President of Singapore Airlines Cargo Pte Ltd from 2006 to 2010, Senior Vice President Finance, from 2004 to 2006, and Senior Vice President Information Technology, from 2003 to 2004. Mr Goh's other directorships and appointments include Chairman of Budget Aviation Holdings Pte Ltd, which owns and manages Scoot and Tiger Airways, Director of SIA Engineering Company Limited, Member of the National University of Singapore Board of Trustees and Chairman-elect of the Board of Governors of the International Air Transport Association, of which he is a Member of the Strategy and Policy Committee, Chair Committee and Audit Committee. He was a Board Member of Mount Alvernia Hospital, from 2006 to 2015, and Virgin Australia Holdings Limited, from 2014 to 2015. Mr Goh was the 2015 recipient of the Centre for Aviation's 'Asia-Pacific Airline CEO of the Year Award'. In 2016 he received the 'CEO Lifetime Achievement Award' from the Airline Passenger Experience Association as well as the 'Eisenhower Global Innovation Award' from the Business Council for International Understanding.

Gautam Banerjee
Director

Appointed Director on 1 January 2013. Mr Banerjee is the Senior Managing Director of Blackstone Group and the Chairman of Blackstone Singapore. He was with professional services firm PricewaterhouseCoopers ("**PwC**") Singapore for over 30 years, including as its Executive Chairman and Chief Operating Officer for the Asia Pacific region. Mr Banerjee retired from PwC Singapore on 31 December 2012. Apart from his executive role in Blackstone, he serves as Vice Chairman of the Singapore Business Federation, Chairman of raiSE and Listings Advisory Committee of the Singapore Exchange, and is a Board Member of Piramal Enterprises Limited, India, The Indian Hotels Company Limited, EDBI Pte Ltd and GIC Private Limited. He served on the Corporate Governance Council of the Monetary Authority of Singapore, Companies Act Reform Steering Committee and the Economic Strategies Committee chaired by the Finance Minister of Singapore from 2009 to 2010. Mr Banerjee was a Nominated Member of Parliament in Singapore between 2007 and 2009. In 2014, Mr Banerjee was awarded the Public Service Medal by the Singapore Government and an Honorary Doctor of Laws by the University of Warwick, England.

William Fung Kwok Lun
Director

Appointed Director on 1 December 2009. Dr Fung is the Group Chairman of Li & Fung Limited, a multinational group of companies headquartered in Hong Kong. Dr Fung has held key positions in major trade and business associations. He was the Chairman of the Hong Kong General Chamber of Commerce (1994 to 1996), Hong Kong Exporters' Association (1989 to 1991) and Hong Kong Committee for the Pacific Economic Cooperation (1993 to 2002). Dr Fung has received numerous awards and accolades for his business contributions including the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2008. He was also conferred the Honorary Degrees of Doctor of Business Administration by the Hong Kong University of Science & Technology and by the Hong Kong Polytechnic University.

Hsieh Tsun-Yan
Director

Appointed Director on 1 September 2012. Mr Hsieh is the Chairman and Lead Counselor of LinHart Group, a leadership advisory and counselling firm founded by Mr Hsieh in 2008. Mr Hsieh has extensive experience in international business, leadership development and corporate transformation. He was with management consulting firm, McKinsey & Company, for 28 years and held posts in Singapore, Toronto and Copenhagen. He holds joint appointment as Provost Chair Professor (Practice) at the National University of Singapore Business School and the Lee Kuan Yew School of Public Policy. He contributes to the community with board roles current and past including the Institute of Policy Studies, the Singapore International Foundation, the Singapore Symphony Orchestra, Covenant House Canada and the University Health Network Foundation in Toronto.

Helmut Gunter Wilhelm Panke
Director

Appointed Director on 1 September 2009. Dr Panke, a trained nuclear engineer, was with BMW AG from 1982 to 2006. During this time, he served in a number of senior positions, including Executive Chairman of the Board of Management from May 2002 through August 2006. Among other positions held, from 1993 through 1996, he served as Chairman and CEO of BMW (US) Holding Corp, responsible for the carmaker's North American activities. Dr Panke played a key role in the building of the first BMW plant in the USA in Spartanburg, South Carolina.

Lee Kim Shin
Director

Appointed Director on 1 September 2016. Mr Lee has 30 years of experience in the legal profession and is Managing Partner of Allen & Gledhill LLP. He first held that position between August 2012 and December 2013, returning to it in early 2015 after a one-year post as a Judicial Commissioner with the High Court of Singapore. Mr Lee has a Bachelor of Laws (Hons) degree from the National University of Singapore. He is a Member of the Governing Board of Duke-NUS Medical School Singapore, and a Member of the Governing Council of the Singapore Institute of Directors. Previous directorships had been with the Accounting and Corporate Regulatory Authority, Community Cancer Fund, SIA Engineering Company, Singex Holdings and Wildlife Reserves Singapore, among others.

EMPLOYEES

As at 31 March 2016, the SIA Group had a staff strength of 24,574 around the world, including the staff strength of Singapore Airlines of 14,046.

The Company has put in place long term incentive plans, which are share based remuneration programmes as part of its plan to motivate and retain senior executives and management responsible for planning and executing on the Company's strategic objectives and align their interests with the interests of shareholders. The plans comprise the SIA Performance Share Plan 2014 ("**PSP 2014**"), the SIA Restricted Share Plan 2014 ("**RSP 2014**"), and the SIA Deferred Share Award ("**DSA**"), which is a contingent share award under RSP 2014. The Company had introduced the Employee Share Option Plan (ESOP) in 2000, and the plan had expired with the last grant of share options in 2010.

The original Performance Share Plan ("**PSP**") is targeted at a select group of Senior Management who shoulder the responsibility for the Company's performance and drive its growth. The original Restricted Share Plan ("**RSP**") serves as an additional motivational tool to recruit and retain talented senior executives as well as reward employees for the Company's and their own individual performance. The duration of the PSP and RSP, each introduced in 2005, was 10 years, 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 duration of the RSP 2014 and PSP 2014 is 10 years each, commencing 30 July 2014.

The PSP 2014 is a share-based incentive scheme established with the objective of rewarding, motivating, and retaining a select group of key Senior Management staff who shoulder the responsibility for the Group's performance and who are able to drive the growth of the Group through innovation, creativity and superior performance. Awards under the PSP 2014 are performance-based, with stretched targets. The RSP 2014 is targeted at a broader base of senior executives and enhances the Company's ability to recruit and retain talented senior executives, as well as to reward individual performance. To retain key executives, an extended vesting period of a further two years is imposed beyond the initial two-year performance period. As part of the Company's Strategic Initiatives Incentive Plan the DSA is a share award established with the objective of rewarding, motivating and retaining Senior Management, who are responsible for strategic initiatives. The final award, which includes the accumulated dividend yield (based on the sum of the Company's share dividend yields declared with ex-dividend dates occurring during the vesting period), will cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition, and provided that individual performance remains satisfactory. Depending on the achievement of pre-determined performance targets over a two year period for the RSP, and a three year period for the PSP, the final number of shares awarded under the RSP and the PSP could range between 0% and 150% of the number of shares initially granted under the RSP and between 0% and 200% of the number of shares initially granted under the PSP. The number of outstanding shares granted under the RSP / RSP 2014 and PSP / PSP 2014 were 1,692,528 and 716,693 respectively, as at 31 March 2016.

A special time-based RSP was awarded to Senior Management in FY2011. This one-off grant of time-based RSP shares will be issued on the vesting dates. For retirees, 50% of the shares will vest on the retirement dates and the remaining 50% one year after the retirement date. For employees still in service, 50% of the shares will vest in 2013 and the balance will vest equally in 2014 and 2015. The number of outstanding shares granted under the time-based RSP was 5,426 as at 31 March 2016.

Options have been granted under the ESOP, and remain outstanding, in respect of 21,113,197 ordinary shares of Singapore Airlines as at 31 March 2016.

USE OF PROCEEDS

The MTN Programme will provide the Company the flexibility to procure funding at competitive rates as and when the opportunity and/or the need arises. The net proceeds of each issue of Notes under the MTN Programme will be used for general corporate or working capital purposes, or such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

INTRODUCTION

Investors in the Notes may hold the Notes through any of Euroclear or Clearstream or through CDP. Initial settlement and all secondary trades will settle as described below.

(1) CLEARANCE AND SETTLEMENT UNDER EUROCLEAR AND/OR CLEARSTREAM

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream participants are financial institutions from around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a direct or indirect custodial relationship with a Euroclear or Clearstream participant.

A participant's overall contractual relations with either Euroclear or Clearstream are governed by the respective rules and operating procedures of Euroclear or Clearstream and any applicable laws. Both Euroclear and Clearstream act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the relevant Issuing and Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

(2) CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third Business Day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Securities and Futures Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, the Singapore Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

SINGAPORE TAXATION ON THE NOTES

The statements below are general in nature and are based on certain aspects of tax laws in Singapore and administrative guidelines and circulars issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Company, the Arrangers nor any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

1. INTEREST AND OTHER PAYMENTS

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(i) interest from debt securities derived on or after 1 January 2004;

(ii) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(iii) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

> "**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
>
> "**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
>
> "**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

In addition, as the MTN Programme as a whole was arranged by CIBSL and DBS in Singapore, each of which was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) at such time, any tranche of the Notes issued as debt securities during the period from the date of this Information Memorandum to 31 December 2018 (the "**Relevant Notes**") would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Company, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require and the inclusion by the Company in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for QDS shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Company, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Specified Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10%; and

(iii) subject to:

(aa) the Company including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing by the Company, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Specified Income derived from the Relevant Notes are not subject to withholding of tax by the Company.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four (4) persons and 50% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Company, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Company, Specified Income derived from such Relevant Notes held by:

(i) any related party of the Company; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Company,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds from such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as the MAS may specify and such other particulars in connection with the QDS as the MAS may require), income tax exemption is granted on Specified Income derived by any investor from QDS (excluding Singapore Government Securities) which:-

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) either –

(i) if they are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or

(ii) if they are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Company, Specified Income from such Relevant Notes derived by:

(aa) any related party of the Company; or

(bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Company,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. CAPITAL GAINS

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 treatment for Singapore income tax purposes".

3. ADOPTION OF FRS 39 TREATMENT FOR SINGAPORE INCOME TAX PURPOSES

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. ESTATE DUTY

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Company and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Company pursuant to the Programme Agreement.

1. United States

(A) The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold the Notes of any identifiable tranche, and shall offer and sell the Notes of any identifiable tranche (i) as part of their distribution at any time and (ii) otherwise until 40 days after completion of the distribution of such tranche as determined, and certified to the Company and each Relevant Dealer, by the Issuing and Paying Agent or, in the case of a syndicated issue, the Lead Manager, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and shall comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed to notify the Issuing and Paying Agent or, in the case of a syndicated issue, the Lead Manager when it has completed the distribution of its portion of the Notes of any identifiable tranche so that the Issuing and Paying Agent, or in the case of a syndicated issue, the Lead Manager may determine the completion of the distribution of all Notes of that tranche and notify the other Relevant Dealers of the end of the distribution compliance period. Each Dealer has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable tranche of the Notes as determined, and certified to the Company and the Relevant Dealers, by [[AGENT]/[LEAD MANAGER]], except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S.

(B) In addition, unless the Pricing Supplement or the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either "C Rules" or "not applicable", each Dealer has represented and agreed in relation to each Tranche of bearer Notes:

(i) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**"):

(a) it has not offered or sold, and during a 40-day restricted period shall not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person; and

(b) it has not delivered and shall not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(ii) it has and throughout the restricted period shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes in bearer form may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(iii) if it is a United States person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it shall only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and

(iv) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either (a) repeats and confirms the representations contained in sub-paragraphs (i), (ii) and (iii) on behalf of such affiliate or (b) agrees that it shall obtain from such affiliate for the benefit of the Company the representations contained in sub-paragraphs (i), (ii) and (iii).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

(C) In addition, to the extent that the Pricing Supplement and the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is "C Rules", under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**"), Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer has represented and agreed that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Notes within the United States or its possessions in connection with their original issuance. Further, in connection with their original issuance of Notes, it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the C Rules.

2. <u>United Kingdom</u>

Each Dealer has represented, warranted and undertaken to the Company and each other Dealer (if any) that:

(i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Company;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

3. Hong Kong

Each Dealer has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance, Chapter 571 of Hong Kong (the "**Securities and Futures Ordinance**") and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of Hong Kong (the "**Companies Ordinance**"), or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and

(ii) it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purpose of issue, any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance and any rules made thereunder.

4. Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, (ii) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

5. General

The selling restrictions contained in the Programme Agreement may be modified, varied or amended from time to time by notification from the Company to the Dealers and each Dealer has undertaken that it will at all times comply with all such selling restrictions.

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Notes or any interest therein or rights in respect thereof, the Company shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

Any person who may be in doubt as to the restrictions set out in the Securities and Futures Act or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL INFORMATION

1. Material Change

Save as disclosed in this Information Memorandum, there has been no material adverse change in the financial position or business of the Company since 31 March 2016.

2. Working Capital

The Company is of the opinion that, after taking into account the present banking facilities, the Company has adequate working capital for its present requirements.

3. Changes in Accounting Policies

The Group has adopted accounting policies and methods of computation in the preparation of the financial statements for the financial year ending 31 March 2016 which are consistent with the accounting policies and methods of computation applied in respect of the audited financial statements as at 31 March 2015 except for the adoption of all the new and revised Financial Reporting Standards ("**FRS**") and Interpretations of FRS ("**INT FRS**") that are effective for the financial year beginning on or after 1 April 2015. The adoption of these standards and interpretation has no material effect on the financial performance or position of the Group. The Group has early adopted FRS 109 Financial Instruments with a date of initial application of 1 October 2016. Please refer to page 14 of Appendix III for more details.

4. Litigation

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

In 2006 and thereafter, Singapore Airlines Cargo Pte Ltd ("**SIA Cargo**") and Singapore Airlines Limited (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 (S$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 exceptional items in the Group's accounts in FY2011. 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 (S$119.1 million) comprising of the fine amount and returns thereon was refunded to SIA Cargo. This refund is reflected as a non-operating item in the Group's 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 (S$111.8 million) against SIA Cargo and the Company. SIA Cargo will study the grounds of the decision, after which it will consider an appropriate course of action. The amount may be reflected as a non-operating item in the Group's accounts in FY2017.

In January 2014, the Swiss Competition Commission announced a fine against SIA Cargo and the Company of CHF1.7 million (S$2.3 million) in respect of the air cargo issues. This amount was reflected as an exceptional item in the Group's accounts in FY2014. 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. In September 2016, a freight forwarder filed a claim in a United States District Court against SIA Cargo and other airlines. SIA Cargo is defending both proceedings.

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

Apart from Canada, the United States and Australia, the filed cases remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

Apart from the exceptional items noted above, it is premature to make a provision in the financial statements for the other pending investigations, court proceedings, civil suits, or threatened claims as the outcome is uncertain.

(b) Passengers: Civil Class Actions

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

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

5. Consent

KPMG LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the inclusion of, and references herein to its name and its report for the financial year ended 31 March 2016 in the form and context in which it appears in this Information Memorandum.

6. Documents for Inspection

As long as any of the Notes is outstanding, copies of the following documents may be inspected at the specified offices of each of the Principal Issuing and Paying Agent and the Singapore Issuing and Paying Agent during usual business hours on any weekday (public holidays excepted):

(i) the Memorandum and Articles of Association of the Company;

(ii) the documents set out in sub-paragraphs (1), (2) and (3) of the first paragraph of the section "Documents Incorporated by Reference";

(iii) the Agency Agreement;

(iv) the Trust Deed; and

(v) the Supplemental Trust Deed.

CORPORATE STRUCTURE OF SINGAPORE AIRLINES LIMITED AS AT 31 DECEMBER 2016

SINGAPORE AIRLINES LIMITED

- **100%** Singapore Airlines Cargo Pte Ltd
  - **51%** Cargo Community Network Pte Ltd
    - **100%** Cargo Community (Shanghai) Co Ltd
- **100%** SilkAir (Singapore) Private Limited
  - **100%** Tradewinds Tours & Travel Private Limited
- **100%** Budget Aviation Holdings Pte Ltd
  - **100%** Scoot Pte. Ltd.
    - **49%** NokScoot Airlines Co., Ltd
    - **15%** Air Black Box Asia Pacific Pte Ltd (Singapore)
  - **100%** Tiger Airways Holdings Limited
    - **100%** Tiger Airways Singapore Pte. Ltd.
    - **100%** Roar Aviation Pte Ltd
    - **100%** Roar Aviation II Pte Ltd
    - **100%** Roar Aviation III Pte Ltd
    - **100%** Falcon Aircraft Limited
    - **100%** Winnie Aircraft Limited
    - **100%** Simple Holidays Pte. Ltd.
- **100%** SIA (Mauritius) Ltd
- **100%** Sing-Bi Funds Private Limited
- **100%** Singapore Aviation and General Insurance Company (Pte) Limited
- **100%** Singapore Flying College Pte Ltd
- **77.6%** SIA Engineering Company Limited
  - **100%** Aircraft Maintenance Services Australia Pty Ltd
  - **100%** NexGen Network (1) Holding Pte Ltd
  - **100%** NexGen Network (2) Holding Pte Ltd
  - **100%** SIAEC Global Pte Ltd
  - **100%** SIA Engineering (USA), Inc.
  - **80%** Singapore Jamco Services Private Limited
  - **65%** Heavy Maintenance Singapore Services Pte Ltd
  - **65%** SIA Engineering (Philippines) Corporation
  - **51%** Aerospace Component Engineering Services Pte Limited
  - **51%** Aviation Partnership (Philippines) Corporation
  - **50%** Singapore Aero Engine Services Pte Ltd
    - **100%** International Engine Component Overhaul Pte Ltd
  - **49%** Boeing Asia Pacific Aviation Services Pte Ltd
  - **49%** Eagle Services Asia Private Limited
  - **49%** Fuel Accessory Service Technologies Pte Ltd
  - **49%** PT JAS Aero-Engineering Services
  - **49%** Southern Airports Aircraft Maintenance Services Company Limited
  - **47.1%** Pan Asia Pacific Aviation Services Ltd
  - **46%** Combustor Airmotive Services Pted Ltd
  - **45%** Jamco Aero Design & Engineering Pte Ltd
  - **42.5%** Panasonic Avionic Services Singapore Private Limited
  - **40%** Goodrich Aerostructures Service Centre- Asia Pte Ltd
  - **40%** Safran Electronics Asia Pte Ltd
  - **40%** Safran Landing Systems Services Singapore Pte. Ltd.
  - **39.2%** Asian Surface Technologies Pte Ltd
  - **33.3%** International Aerospace Tubes-Asia Pte Ltd
  - **24.5%** Asian Compressor Technology Services Co Ltd
  - **24.5%** Turbine Coating Services Private Limited
  - **20%** Jamco Singapore Pte Ltd
- **76%** Singapore Airport Duty-Free Emporium (Private) Limited
- **49%** Tata SIA Airlines Limited
- **45%** Airbus Asia Training Centre Pte. Ltd.
- **20%** Virgin Australia Holdings Limited
- **20%** Ritz-Carlton, Millenia Singapore Properties Private Limited

EXTRACTS OF THE ANNUAL REPORT OF SINGAPORE AIRLINES LIMITED FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

The information in this Appendix II has been extracted and reproduced from the annual report of the Company for the financial year ended 31 March 2016 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are those as reproduced from the annual report of the Company for the financial year ended 31 March 2016.

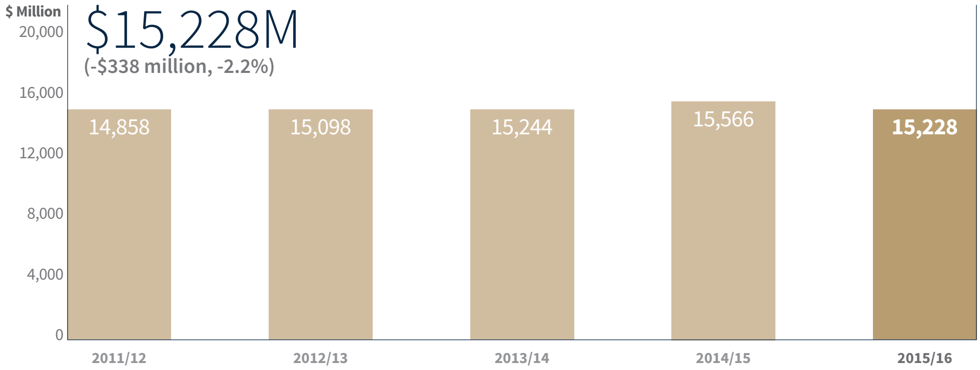
Contents of the Extracts from the Annual Report

Contents Page

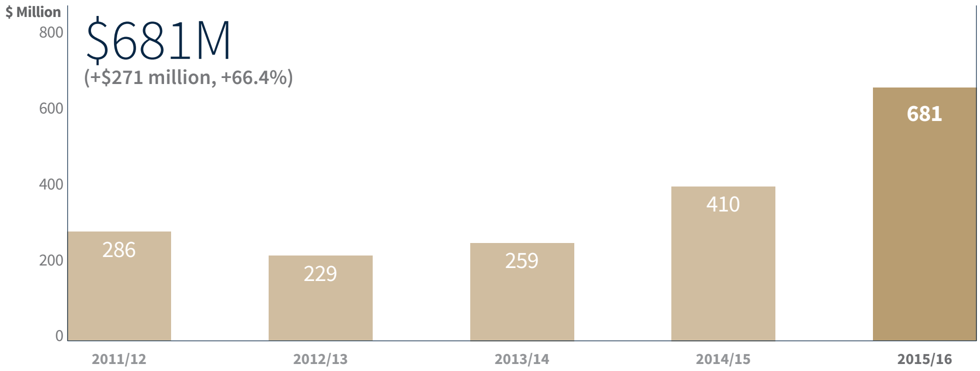
Financial Review

Highlights of the Group's Performance

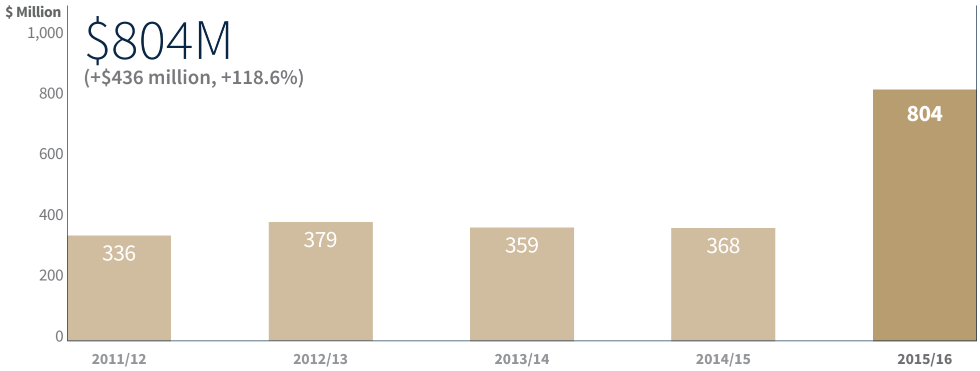
Revenue



Operating Profit



Profit attributable to owners of the Parent



Performance of the Group

Key Financial Highlights

	2015/16	2014/15	% Change
Earnings For The Year ($ million)			
Revenue	**15,228.5**	15,565.5	– 2.2
Expenditure	**14,547.3**	15,156.1	– 4.0
Operating profit	**681.2**	409.4	+ 66.4
Profit attributable to owners of the Parent	**804.4**	367.9	+ 118.6
Per Share Data (cents)			
Earnings per share – basic	**69.0**	31.4	+ 119.7
Ordinary dividend per share	**45.0**	22.0	+ 104.5
Ratios (%)			
Return on equity holders' funds	**6.4**	2.9	+ 3.5 points
Return on total assets	**3.6**	1.7	+ 1.9 points

Group Earnings

The Group continued to face strong headwinds during the financial year with intense competition in key markets, caused in part by weak economic activity and relatively rapid capacity growth in the industry, placing downward pressure on yields as evident from aggressive fare promotional activities.

Jet fuel prices fell 41.3 per cent year-on-year to an average USD62 per barrel, translating to substantial cost relief for the Group amidst a weak yield environment.

Group revenue fell $338 million against last year to $15,228 million, mainly attributable to lower revenue from cargo and airline operations. Cargo revenue deteriorated largely from yield contraction (-11.6 per cent), partially cushioned by higher load carried (+2.6 per cent). Revenue from airline operations was lower, weighed down by a decline in passenger revenue from Singapore Airlines Limited ("the Parent Airline Company" or "the Company") on the back of softer yields, and other incidental revenue. On the other hand, higher passenger revenue from Scoot Pte. Ltd. ("Scoot") and SilkAir (Singapore) Private Limited ("SilkAir") from expanded operations, coupled with the incorporation of Tiger Airways Holdings Limited's ("Tiger Airways") full year results[R1] in 2015/16 financial year mitigated some of the decline. Engineering services revenue fell mainly as a result of lower overhaul activities. The Group's revenue by business segment is shown below:

	2015/16 $ million	2014/15 $ million
Airline operations	**12,775.0**	12,855.7
Cargo operations	**2,037.1**	2,234.8
Engineering services	**395.8**	437.8
Others	**20.6**	37.2
Total revenue	**15,228.5**	15,565.5

R1 Tiger Airways was consolidated as a subsidiary with effect from October 2014.

Financial Review

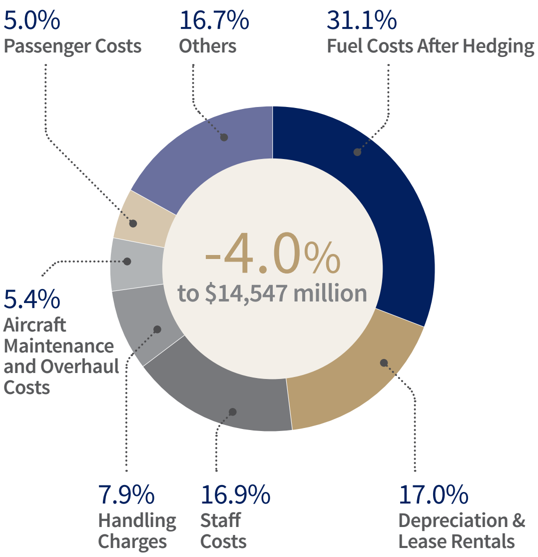
Performance of the Group
(continued)

Group Earnings (continued)

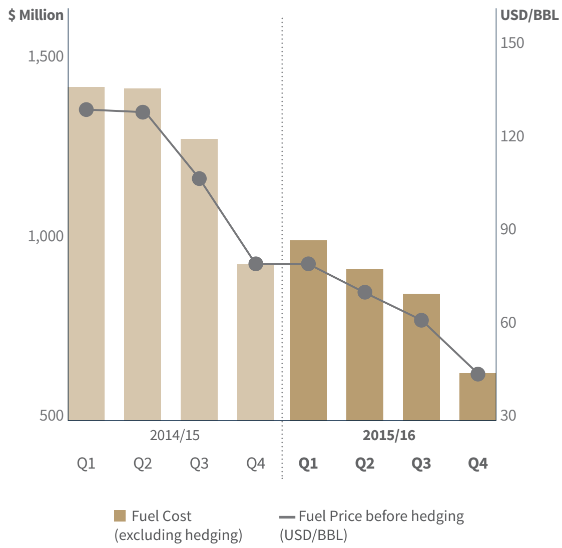
Group expenditure decreased by $609 million (-4.0 per cent) year-on-year to $14,547 million, primarily from a $1,053 million reduction in net fuel cost. Average jet fuel price before hedging tumbled 41.3 per cent against last year, translating into fuel cost savings of $2,152 million. Higher fuel hedging loss ($591 million), strengthening of the US Dollar against the Singapore Dollar ($298 million), and a 4.0 per cent increase in fuel volume uplifted ($210 million) partially eroded the fuel cost savings. Non-fuel costs increased $444 million (+4.6 per cent), mainly attributable to an increase in aircraft maintenance and overhaul costs, staff costs, and expenditure arising from SilkAir's and Scoot's capacity growth.

Consequently, the Group's operating profit improved $271 million (+66.4 per cent) to $681 million for the financial year ended 31 March 2016. Except for Singapore Airlines Cargo Pte Ltd ("SIA Cargo"), operating performance for all the major companies in the Group improved over last year. The Parent Airline Company earned an operating profit of $485 million in the financial year, up $145 million compared to last year. SIA Cargo's operating loss widened by $28 million compared to the prior year, largely from yield erosion on the back of the weak air freight market, partially alleviated by lower fuel costs. Please refer to the review of the Company and subsidiary companies for further details.

Group Expenditure



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



Financial Position

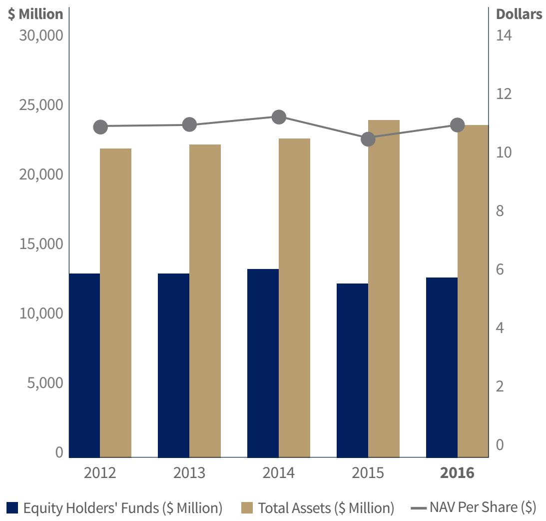
As at 31 March 2016, equity attributable to owners of the Parent increased by $291 million or 2.3 per cent to $12,755 million, largely due to profit for the financial year (+$804 million), and fair value movements on cash flow hedges (+$121 million) and available-for-sale financial assets (+$109 million).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

Total Group assets decreased by $152 million or 0.6 per cent to $23,770 million as at 31 March 2016, mainly attributable to a decrease in cash balances (-$1,070 million) and trade debtors (-$270 million), partially offset by increase in property, plant and equipment (+$620 million), investments (+$345 million) and a loan to an associated company (+$62 million). The decrease in cash balances largely arose from capital expenditure (-$2,909 million), additional investment in Tiger Airways in the Voluntary General Offer (-$458 million), redemption of the five-year retail bonds (-$300 million), and payment of dividends (-$315 million), partially funded by operational cash inflows (+$3,005 million). Net asset value per share increased 2.8 per cent to $10.96.

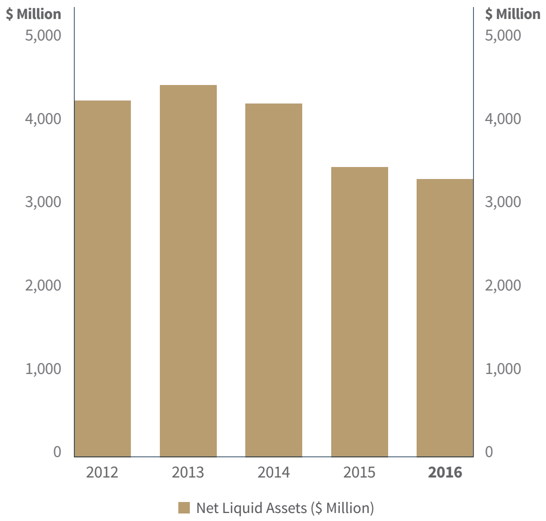
Total Group liabilities decreased by $355 million or 3.2 per cent to $10,637 million as at 31 March 2016. The decrease was attributable to the repayment of the retail bonds (-$300 million) and reduction in derivative liabilities (-$292 million), partially offset by an increase in sales in advance of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

The Group's net liquid assets[R2] decreased by $179 million to $3,293 million as at 31 March 2016, attributable to a reduction in cash and bank balances (-$1,070 million), partially offset by higher short-term investments (+$499 million), and reduction in total debt (+$392 million) arising primarily from the redemption of the $300 million retail bonds. Total debt to equity ratio decreased by 0.03 times to 0.11 times as at 31 March 2016.

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



Group Net Liquid Assets



[R2] Net liquid assets is defined as the sum of cash and bank balances, and short-term investments, net of finance lease commitments, loans and bonds issued.

Financial Review

Performance of the Group
(continued)

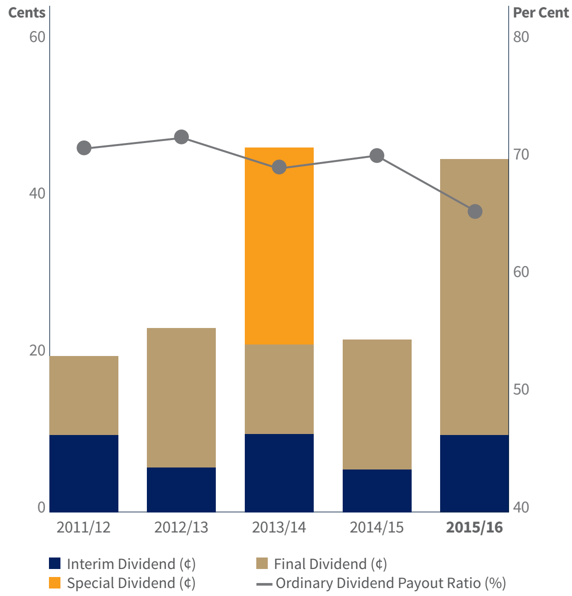
Dividends

For the financial year ended 31 March 2016, the Board recommends a final dividend of 35 cents per share. Including the interim dividend of 10 cents per share paid on 27 November 2015, the total dividend for the 2015/16 financial year will be 45 cents per share. This amounts to a payout of approximately $524 million based on the number of issued shares as at 31 March 2016. The total ordinary dividend per share of 45 cents translates to a payout ratio of 65.1 per cent, a decrease of 4.9 percentage points compared to the 2014/15 payout ratio of 70.0 per cent.

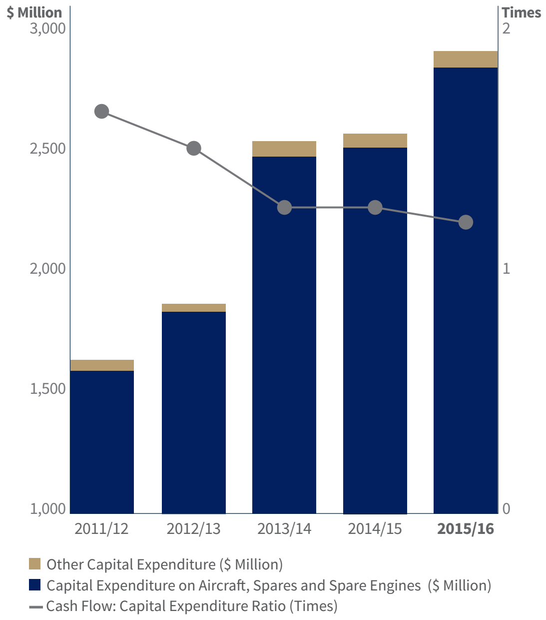
Capital Expenditure and Cash Flow of the Group

Capital expenditure was $2,909 million, 11.9 per cent higher than last year. About 98 per cent of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of $3,501 million (+5.9 per cent) was 1.2 times of capital expenditure. The increase in internally generated cash flow was mainly attributable to higher cash flow from operations, partially offset by lower proceeds from disposal of aircraft, spares and spare engines, and dividends received from associated and joint venture companies.

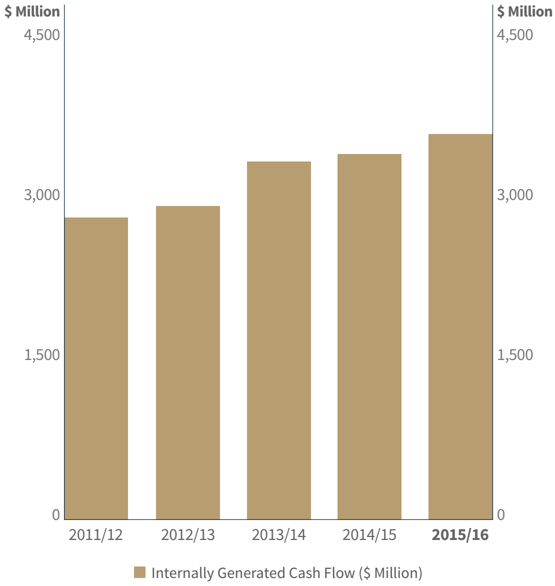
Dividend Payout



Group Capital Expenditure



Internally Generated Cash Flow



Group Staff Strength and Productivity

The Group's staff strength as at 31 March 2016 was as follows:

	31 March 2016	2015	% Change
Singapore Airlines	**14,046**	13,920	+ 0.9
SIAEC	**6,177**	6,198	– 0.3
SilkAir	**1,573**	1,452	+ 8.3
SIA Cargo	**886**	882	+ 0.5
Scoot	**895**	604	+ 48.2
Tiger Airways	**825**	840	– 1.8
Others	**172**	230	– 25.2
	24,574	24,126	+ 1.9

Average staff productivity was as follows:

	2015/16	2014/15	% Change
Revenue per employee ($)	**625,400**	649,564	– 3.7
Value added per employee ($)	**206,986**	183,483	+ 12.8

Financial Review

Performance of the Group
(continued)

Statements of Value Added and its Distribution

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

	2015/16 $ million	2014/15 $ million
Total revenue	**15,228.5**	15,565.5
Less: Purchase of goods and services	**(10,500.0)**	(11,254.7)
	4,728.5	4,310.8
Add:		
Interest income	**70.7**	74.9
Surplus on disposal of aircraft, spares and spare engines	**52.7**	51.9
Dividends from long-term investments	**115.3**	13.2
Other non-operating items	**91.1**	(14.3)
Share of profits of joint venture companies	**22.9**	52.6
Share of losses of associated companies	**(41.1)**	(126.8)
Exceptional items	**–**	34.5
Total value added for distribution	**5,040.1**	4,396.8
Applied as follows:		
To employees:		
– Salaries and other staff cost	**2,461.0**	2,335.2
To government:		
– Corporation taxes	**90.7**	39.1
To suppliers of capital:		
– Interim and proposed dividends	**523.6**	257.5
– Finance charges	**50.3**	49.6
– Non-controlling interests	**47.4**	38.8
Retained for future capital requirements:		
– Depreciation and amortisation	**1,586.3**	1,566.2
– Retained profit	**280.8**	110.4
Total value added	**5,040.1**	4,396.8
Value added per $ revenue ($)	**0.33**	0.28
Value added per $ employment cost ($)	**2.05**	1.88
Value added per $ investment in property, plant and equipment ($)	**0.19**	0.18

Performance of the Company

Operating Performance

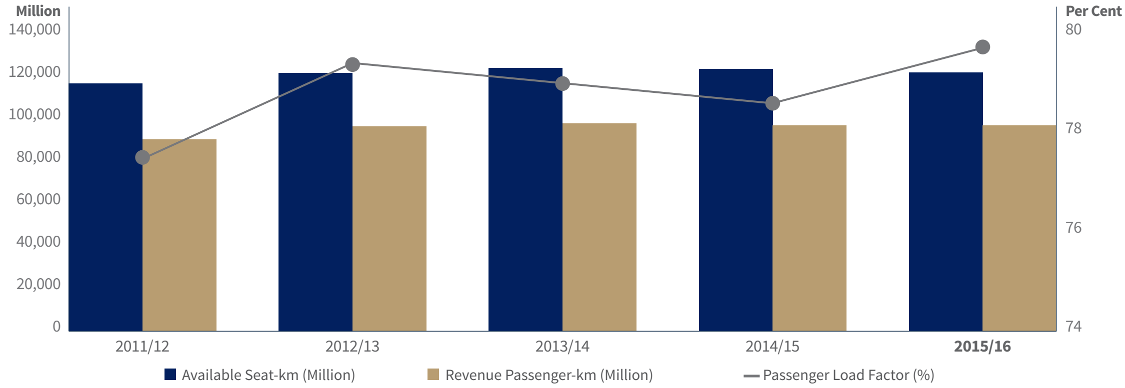
	2015/16	2014/15	% Change
Passengers carried (thousand)	**19,029**	18,737	+ 1.6
Available seat-km (million)	**118,366.5**	120,000.8	– 1.4
Revenue passenger-km (million)	**94,267.4**	94,209.2	+ 0.1
Passenger load factor (%)	**79.6**	78.5	+ 1.1 points
Passenger yield (¢/pkm)	**10.6**	11.2	– 5.4
Passenger unit cost (¢/ask)	**8.5**	8.9	– 4.5
Passenger breakeven load factor (%)	**80.2**	79.5	+ 0.7 points

The operating landscape remained challenging during the financial year with intense competition and economic uncertainties in key markets. Tactical promotions launched to boost loads pushed yields down, which shrank 5.4 per cent year-on-year to a five-year low.

Passenger load factor improved 1.1 percentage points over last year to 79.6 per cent, mainly resulting from capacity reduction (-1.4 per cent). Passenger carriage was almost flat against last year (+0.1 per cent).

The Company launched the new Premium Economy class on its Singapore-Sydney route on 9 August 2015, and has since progressively added the new cabin class on flights to 16 other destinations.

Available Seat Capacity, Passenger Traffic and Load Factor



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

	By Route Region[R3] (2015/16 against 2014/15) Passengers Carried Change (thousand)	Revenue Passenger KM % Change	Available Seat KM % Change
East Asia	+ 259	+ 2.3	+ 0.8
Americas	– 6	– 0.7	– 0.9
Europe	– 117	– 1.4	– 0.4
South West Pacific	+ 26	– 1.0	– 5.3
West Asia and Africa	+ 130	+ 1.5	– 2.0
Systemwide	+ 292	+ 0.1	– 1.4

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

Financial Review

Performance of the Company
(continued)

Operating Performance (continued)

Passenger load factor by route region was as follows:

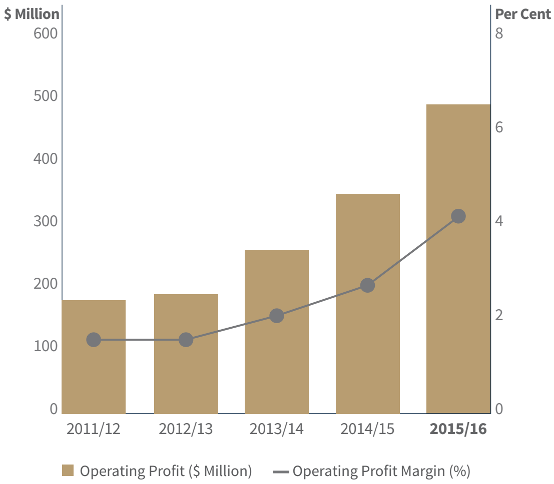
	Passenger Load Factor (%) 2015/16	2014/15	% Change points
East Asia	**77.3**	76.1	+ 1.2
Americas	**79.8**	79.6	+ 0.2
Europe	**78.7**	79.6	– 0.9
South West Pacific	**86.5**	82.7	+ 3.8
West Asia and Africa	**74.8**	72.2	+ 2.6
Systemwide	**79.6**	78.5	+ 1.1

Earnings

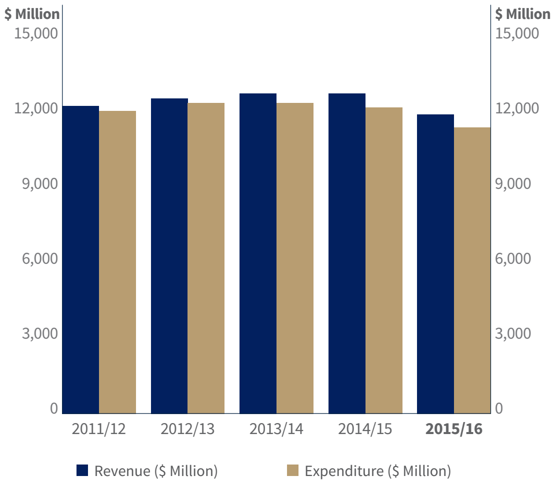
	2015/16 $ million	2014/15 $ million	% Change
Revenue	**11,686.1**	12,418.4	– 5.9
Expenditure	**11,201.0**	12,078.2	– 7.3
Operating profit	**485.1**	340.2	+ 42.6
Finance charges	**(42.0)**	(44.0)	– 4.5
Interest income	**87.1**	79.3	+ 9.8
Surplus on disposal of aircraft, spares and spare engines	**3.7**	36.8	– 89.9
Dividends from subsidiary and associated companies	**135.2**	215.2	– 37.2
Dividends from long-term investments	**95.2**	4.9	n.m.
Other non-operating items	**1.9**	(65.2)	n.m.
Profit before exceptional items	**766.2**	567.2	+ 35.1
Exceptional items [R4]	**–**	(4.1)	n.m.
Profit before taxation	**766.2**	563.1	+ 36.1
Taxation	**(94.2)**	(22.8)	n.m.
Profit after taxation	**672.0**	540.3	+ 24.4

n.m. not meaningful

Operating Profit and Operating Profit Margin



Company Revenue and Expenditure



[R4] The exceptional items in FY2014/15 pertained to provision for settlement with plaintiffs in the Transpacific Class Action ($11.4 million), partly offset by additional gain on sale of Virgin Atlantic Limited ($7.3 million).

Revenue

The Company's revenue declined 5.9 per cent to $11,686 million as follows:

	2015/16 $ million	2014/15 $ million	Change $ million	Change %
Passenger revenue	**7,893.4**	8,155.7	– 262.3	– 3.2
Bellyhold revenue from SIA Cargo	**999.4**	1,120.6	– 121.2	– 10.8
Others	**2,793.3**	3,142.1	– 348.8	– 11.1
Total operating revenue	**11,686.1**	12,418.4	– 732.3	– 5.9

The Company's passenger revenue decreased in 2015/16, as a result of:

	$ million	$ million
0.1% increase in passenger traffic:		+ 5.0
3.4% decrease in passenger yield (excluding fuel surcharge):		
Lower local currency yields	– 296.1	
Foreign exchange	– 79.1	
Change in passenger mix	+ 107.9	– 267.3
Decrease in passenger revenue		– 262.3

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

	$ million
1.0% point change in passenger load factor, if yield and seat capacity remain constant	99.2
1.0% change in passenger yield, if passenger traffic remains constant	78.9

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

	By Route Region ($ million)			By Area of Original Sale[R5] ($ million)		
	2015/16	2014/15	% Change	2015/16	2014/15	% Change
East Asia	**2,734.3**	2,701.3	+ 1.2	**4,507.4**	4,509.6	–
Americas	**1,260.7**	1,346.6	– 6.4	**553.4**	580.9	– 4.7
Europe	**1,792.6**	1,916.2	– 6.5	**1,242.7**	1,375.7	– 9.7
South West Pacific	**1,388.5**	1,488.4	– 6.7	**1,172.4**	1,304.9	– 10.2
West Asia and Africa	**717.3**	703.2	+ 2.0	**417.5**	384.6	+ 8.6
Systemwide	**7,893.4**	8,155.7	– 3.2	**7,893.4**	8,155.7	– 3.2

[R5] Each area of original sale comprises countries within a region from which the sale is made.

Financial Review

Performance of the Company
(continued)

Expenditure

The Company's expenditure declined 7.3 per cent to $11,201 million in 2015/16.

	2015/16		2014/15		%	
	$ million	%	$ million	%	Change	
Fuel costs	**3,563.3**	31.8	4,536.2	37.5	–	21.4
Staff costs	**1,596.0**	14.3	1,540.2	12.8	+	3.6
Depreciation R6	**1,257.4**	11.2	1,264.0	10.5	–	0.5
Handling charges	**889.6**	7.9	876.2	7.3	+	1.5
Aircraft maintenance and overhaul costs	**750.9**	6.7	655.7	5.4	+	14.5
Rentals on leased aircraft	**702.6**	6.3	698.3	5.8	+	0.6
Inflight meals and other passenger costs	**669.9**	6.0	676.7	5.6	–	1.0
Airport and overflying charges	**584.4**	5.2	594.8	4.9	–	1.7
Sales costs R7	**561.7**	5.0	552.9	4.6	+	1.6
Communication and information technology costs R8	**91.1**	0.8	85.0	0.7	+	7.2
Other costs R9	**534.1**	4.8	598.2	4.9	–	10.7
Total	**11,201.0**	100.0	12,078.2	100.0	–	7.3

A breakdown of fuel cost is shown below:

	2015/16 $ million	2014/15 $ million	Change $ million	
Fuel cost (before hedging)	**2,636.7**	4,079.3	–	1,442.6
Fuel hedging loss	**926.6**	456.9	+	469.7
	3,563.3	4,536.2	–	972.9

Expenditure on fuel before hedging was $1,442.6 million lower because of:

	$ million	
40.9% decrease in weighted average fuel price from 105.6 USD/BBL to 62.4 USD/BBL	–	1,682.0
Strengthening of USD against SGD	+	206.1
0.7% increase in volume uplifted from 30.4 million BBL to 30.6 million BBL	+	33.3
	–	1,442.6

Aircraft maintenance and overhaul costs increased $95 million (14.5 per cent) mainly due to more scheduled checks, and higher component costs.

Staff costs rose $56 million (3.6 per cent), largely attributable to higher provision for profit sharing bonus from better financial performance.

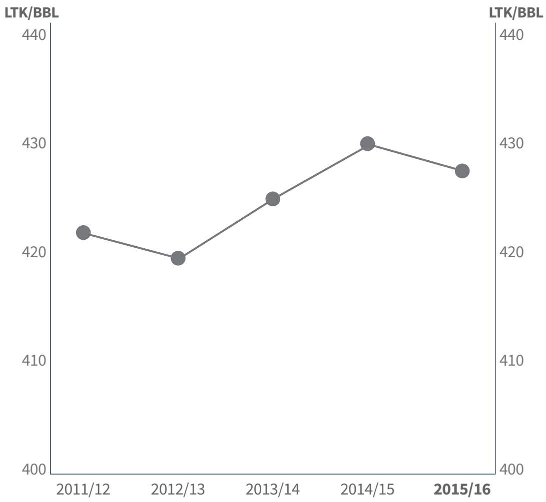
Other costs declined $64 million, mainly due to foreign exchange gain of $10 million against loss of $75 million last year ($85 million).

R6 Depreciation included impairment of property, plant and equipment and amortisation of computer software.
R7 Sales costs included commissions and incentives, frequent flyer programme cost, computer reservation system booking fees, advertising expenses, reservation system IT cost and other sales costs.
R8 Communication and information technology costs were for data transmission and contract service fees, hire of computer equipment, maintenance/rental of software, and information technology contract and professional fees.
R9 Other costs mainly comprised crew expenses, company accommodation cost, foreign exchange revaluation and hedging loss, comprehensive aviation insurance cost, airport lounge expenses, non-information technology contract and professional fees, expenses incurred to mount non-scheduled services, aircraft licence fees and recoveries.

Fuel Productivity and Sensitivity Analysis

Fuel productivity as measured by load tonne-km per barrel (ltk/BBL) decreased marginally over the preceding year to 427ltk/BBL. This was mainly due to lower bellyhold load factor.

Fuel Productivity of Passenger Fleet



A change in fuel productivity (passenger aircraft) of 1.0 per cent would impact the Company's annual fuel cost by about $26 million, before accounting for changes in fuel price, US dollar exchange rate and flying operations.

A change in the price of fuel of one US dollar per barrel affects the Company's annual fuel cost by about $41 million, before accounting for US dollar exchange rate movements, and changes in volume of fuel consumed.

Finance Charges

Finance charges were $2 million or 4.5 per cent lower, mainly due to repayment of the $300 million five-year retail bond during the financial year.

Interest Income

Interest income was $8 million or 9.8 per cent higher, mainly due to higher interest from deposits, bonds, fixed rate notes, investment funds, and loans extended to Virgin Australia and Scoot.

Surplus on Disposal of Aircraft, Spares and Spare Engines

The $4 million gain on disposal of aircraft, spares and spare engines pertained mainly to gain from sale of buyer furnished equipment and spares. Last year's $37 million gain arose mainly from the sale and leaseback of three 777-300ERs and sale of one 777-200 aircraft.

Dividends from Subsidiary and Associated Companies

Dividends from subsidiary and associated companies were $80 million lower, mainly due to absence of special dividend declared by SIAEC in the prior year.

Dividends from Long-Term Investments

Dividends from long-term investments were $90 million higher, primarily attributable to special dividend declared by Everest Investment Holdings Limited, formerly known as Abacus International Holdings Limited, following sale of its 65.0 per cent investment in Abacus International Pte Ltd to Sabre Technology Enterprises II Ltd.

Other Non-operating Items

Other non-operating items in 2015/16 comprised mainly gain on sale of flight simulators to Airbus Asia Training Centre ("AATC") ($13 million), and surplus on divestment of Abacus Travel Systems ($5 million), partially offset by additional impairment on two grounded 777-200 aircraft ($9 million), and impairment loss on a long-term investment ($8 million). Last year's non-operating items pertained mainly to impairment losses on the Company's investment in Singapore Flying College Pte Ltd ($43 million), and two grounded 777-200 aircraft ($22 million).

Taxation

There was a net tax expense of $94 million, comprising current tax charge of $104 million and deferred tax credit of $10 million.

As at 31 March 2016, the Company's deferred taxation account stood at $1,347 million.

Financial Review

Performance of the Company
(continued)

Staff Strength and Productivity

The Company's staff strength as at 31 March 2016 was 14,046, an increase of 126 over last year. The distribution of employee strength by category and location is as follows:

	31 March 2016	31 March 2015	% Change	
Category				
Senior staff (administrative and higher ranking officers)	**1,335**	1,319	+	1.2
Technical crew	**2,056**	2,099	–	2.0
Cabin crew	**7,741**	7,586	+	2.0
Other ground staff	**2,914**	2,916	–	0.1
	14,046	13,920	+	0.9
Location				
Singapore	**12,035**	11,922	+	0.9
East Asia	**866**	856	+	1.2
Europe	**422**	420	+	0.5
South West Pacific	**322**	321	+	0.3
West Asia and Africa	**265**	254	+	4.3
Americas	**136**	147	–	7.5
	14,046	13,920	+	0.9

The Company's average staff productivity ratios [R10] are shown below:

	2015/16	2014/15	% Change	
Seat capacity per employee (seat-km)	**8,465,029**	8,547,066	–	1.0
Passenger load carried per employee (tonne-km)	**626,572**	625,516	+	0.2
Revenue per employee ($)	**835,736**	884,501	–	5.5
Value added per employee ($)	**261,861**	242,970	+	7.8

[R10] The Company's staff productivity ratios were computed based on average staff strength of 13,983 in 2015/16 (2014/15: 14,040).

Performance of the Subsidiary Companies

The major subsidiary companies are SIAEC, SIA Cargo, SilkAir, Scoot, and Tiger Airways. The following performance review includes intra-group transactions.

SIAEC

	2015/16 $ million	2014/15 $ million	% Change
Total revenue	**1,113.5**	1,119.7	– 0.6
Total expenditure	**1,009.4**	1,035.4	– 2.5
Operating profit	**104.1**	84.3	+ 23.5
Net profit	**174.9**	185.0	– 5.5

Revenue fell by 0.6 per cent from $1,120 million to $1,114 million. The decrease in airframe and component overhaul revenue was mitigated in part by higher line maintenance and fleet management revenue. Expenditure fell at a higher rate of 2.5 per cent or $26 million to $1,010 million, in spite of a $13 million exchange loss incurred versus a $5 million exchange gain in the previous year. Subcontract and staff costs registered the biggest reductions year-on-year. With expenditure decreasing at a higher rate than revenue, operating profit increased $20 million or 23.5 per cent to $104 million.

Share of profits from associated and joint venture companies at $93 million saw a decrease of $15 million or 13.8 per cent. Contributions from the engine repair and overhaul centres reduced, mainly due to lower work content on the engines serviced by Singapore Aero Engine Services Pte Ltd.

During the year, SIAEC recognised a $4 million loss on the closure of an associated company, and a $3 million provision for impairment on another associated company. In addition, SIAEC recorded a $3 million surplus on the partial disposal of an associated company. This is in contrast with the $6 million gain recognised last year from restructuring of one of its subsidiaries.

SIAEC recorded a profit attributable to owners of the parent of $175 million for the financial year ended 31 March 2016, $10 million or 5.5 per cent lower than last year.

As at 31 March 2016, SIAEC's equity attributable to owners of the Parent of $1,486 million was $161 million or 12.2 per cent higher than at 31 March 2015. Net asset value per share of $1.32 as at 31 March 2016 was $0.14 or 11.9 per cent higher than last year.

Basic earnings per share was 15.7 cents for the current financial year.

Financial Review

Performance of the Company
(continued)

Performance of the Subsidiary Companies (continued)

SIA Cargo

	2015/16 $ million	2014/15 $ million	% Change
Total revenue	**2,045.0**	2,240.8	– 8.7
Total expenditure	**2,094.7**	2,262.8	– 7.4
Operating loss	**(49.7)**	(22.0)	– 125.9
Exceptional items	**–**	(83.3)	n.m.
Profit/(Loss) after taxation	**90.3**	(99.7)	n.m.

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

Overall cargo traffic (in load tonne kilometers) increased by 2.6 per cent, but lagged behind the growth in capacity (in capacity tonne kilometers) of 4.9 per cent. This resulted in cargo load factor declining by 1.4 percentage points to 61.9 per cent. Cargo breakeven load factor remained unchanged at 65.2 per cent as the yield decline (-11.6 per cent) was generally matched by the drop in unit cost (-11.7 per cent).

Profit after taxation included a refund amounting to EUR76 million ($119 million), comprising a competition law fine paid previously to the European Commission, with interest therein, with respect to the air cargo investigations by the Commission.

SilkAir

	2015/16 $ million	2014/15 $ million	% Change
Total revenue	**965.7**	902.5	+ 7.0
Total expenditure	**875.1**	861.7	+ 1.6
Operating profit	**90.6**	40.8	+ 122.1
Profit after taxation	**122.0**	53.7	+ 127.2

SilkAir's revenue increased by $64 million (+7.0 per cent to $966 million, as passenger revenue was boosted by an 11.1 per cent improvement in passenger carriage, partially offset by a 2.9 per cent decline in passenger yield. Operating expenses rose in tandem with 9.1 per cent capacity growth, but this was largely compensated for by fuel cost savings. As a result, the operating profit increased by $50 million (+122.1 per cent) to $91 million.

Yield declined by 2.9 per cent to 13.5¢/pkm and unit cost declined by 7.2 per cent to 9.0¢/ask. Consequently, the passenger breakeven load factor improved by 3.1 percentage points to 66.7 per cent. Achieved passenger load factor improved by 1.3 percentage points to 71.5 per cent.

Profit after taxation improved 127.2 per cent to $122 million.

SilkAir's route network spanned 49 cities in 13 countries including Singapore. During the year, SilkAir launched new services to Cairns (Australia) and Male (Maldives), and ceased operations to Hangzhou (China).

As at 31 March 2016, equity holders' funds of SilkAir stood at $951 million (+14.7 per cent).

Performance of the Subsidiary Companies (continued)

Scoot

	2015/16 $ million	2014/15 $ million	% Change
Total revenue	**516.2**	396.7	+ 30.1
Total expenditure	**487.8**	464.1	+ 5.1
Operating profit/(loss)	**28.4**	(67.4)	n.m.
Profit/(Loss) after taxation	**21.1**	(55.3)	n.m.

Scoot's revenue increased by $119 million (+30.1 per cent) to $516 million, largely from an improvement in passenger carriage (+29.1 per cent) on the back of a 25.7 per cent growth in capacity. Expenditure increased $24 million (+5.1 per cent), benefitting from lower fuel prices and a more fuel-efficient 787 fleet. As a result, the operating loss in the prior year was reversed, and it achieved an operating profit of $28 million this financial year (+$95 million).

Yield was flat against last year, while unit cost fell significantly by 19.0 per cent to 4.7¢/ask. Consequently, breakeven load factor declined by 19.7 percentage points to 83.9 per cent. Achieved load factor improved by 2.3 percentage points to 84.5 per cent.

Scoot registered a profit after taxation of $21 million, an improvement of $76 million from the $55 million loss last year.

Scoot's route network spanned 18 cities in seven countries, including Singapore. During the year, Scoot ceased operating the unprofitable triangular Singapore-Sydney-Gold Coast route and introduced five new routes, to Melbourne (Australia), Hangzhou (China), Guangzhou (China), Kaohsiung (Taiwan)-Osaka (Japan), and Bangkok (Thailand)-Osaka (Japan).

As at 31 March 2016, equity holders' funds of Scoot stood at $542 million (+4.8 per cent).

Tiger Airways

	2015/16[R11] $ million	2014/15[R12] $ million	% Change
Total revenue	**703.2**	677.4	+ 3.8
Total expenditure	**689.6**	717.3	– 3.9
Operating profit/(loss)	**13.6**	(39.9)	n.m.
Profit/(Loss) after taxation	**0.3**	(264.2)	n.m.

Tiger Airways broke even for the 2015/16 financial year, compared to a net loss of $264 million in the prior year. Operating profit for the financial year was $14 million, contrasting with a full year loss of $40 million incurred in the prior year (+$54 million).

Revenue improvement of $26 million (+3.8 per cent) was driven by higher yields (+2.9 per cent), partially offset by lower passenger carriage (-1.5 per cent). Expenses decreased by $28 million (-3.9 per cent) mainly due to lower fuel costs, partially offset by an increase in aircraft depreciation, lease rentals and maintenance costs.

Yield improved by 2.9 per cent to 7.0¢/pkm. Unit cost decreased by 3.3 per cent to 5.8 ¢/ask. Consequently, breakeven load factor declined by 5.3 percentage points to 82.9 per cent. Achieved load factor improved by 1.2 percentage points to 83.3 per cent.

Tiger Airways operated flights to 40 destinations in 12 countries across Asia. During the year, Tiger Airways introduced three new destinations – Ipoh (Malaysia), Quanzhou (China) and Lucknow (India), in addition to the re-instatement of services to Lijiang (China). Non-performing route, Guilin (China), was suspended from its network.

As at 31 March 2016, equity holders' funds of Tiger Airways stood at $217 million (+0.9 per cent).

[R11] Operating results differ from Tiger Airways' FY2015/16 announcement on 5 May 2016, due to alignment of Tiger Airways' classification to the Group.
[R12] The results presented here represent Tiger Airways' FY2014/15 results. Tiger Airways was consolidated as a subsidiary from October 2014.

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 2016.

In our opinion:

(a) the financial statements set out on pages 103 to 211 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 2016, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

1 Directors of the Company

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

Stephen Lee Ching Yen	Chairman (Independent)
Peter Seah Lim Huat	Deputy Chairman (Independent) (Appointed on 1 September 2015)
Goh Choon Phong	Chief Executive Officer
Gautam Banerjee	(Independent)
William Fung Kwok Lun	(Independent)
Hsieh Tsun-yan	(Independent)
Christina Ong	(Independent)
Helmut Gunter Wilhelm Panke	(Independent)
Lucien Wong Yuen Kuai	(Non Independent)

2 Arrangements to Enable Directors to Acquire Shares and Debentures

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:

	Direct interest		Deemed interest	
Name of Director	1.4.2015 or at date of appointment	31.3.2016	1.4.2015 or at date of appointment	31.3.2016
Interest in Singapore Airlines Limited				
Ordinary shares				
Stephen Lee Ching Yen	9,400	9,400	–	–
Goh Choon Phong	586,802	617,224	–	–
William Fung Kwok Lun	–	–	200,000	200,000
Christina Ong	100,000	100,000	–	–
Lucien Wong Yuen Kuai	–	–	58,000	58,000

Directors' Statement

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

Name of Director	Direct interest 1.4.2015 or at date of appointment	Direct interest 31.3.2016	Deemed interest 1.4.2015 or at date of appointment	Deemed interest 31.3.2016
Conditional award of restricted shares (Note 1)				
Goh Choon Phong – Base Awards	122,976	121,488	–	–
– Final Awards (Pending Release)	18,950	29,118	–	–
Conditional award of performance shares (Note 2)				
Goh Choon Phong – Base Awards	236,728	251,592	–	–
Award of time-based restricted shares				
Goh Choon Phong – Base Awards	27,135	–	–	–
Conditional award of deferred restricted shares (Note 3)				
Goh Choon Phong – Base Awards	61,607	74,777	–	–
Interest in Ascendas Hospitality Trust				
Units				
Christina Ong	–	–	–	400,000
Hsieh Tsun-yan	–	231,000	–	–
Interest in Ascendas India Trust				
Units				
Gautam Banerjee	–	120,000	–	–
Christina Ong	–	200,000	–	725,000
Lucien Wong Yuen Kuai	–	–	–	100,000
Interest in Ascendas Real Estate Investment Trust				
Units				
Gautam Banerjee	–	20,000	–	–
William Fung Kwok Lun	–	–	–	56,000
Interest in Mapletree Industrial Trust				
Units				
Lucien Wong Yuen Kuai	339,419	364,757	–	–
Interest in Mapletree Treasury Services Ltd				
S$600 million 5.125% Perpetual Bonds				
William Fung Kwok Lun	–	–	–	$500,000
Interest in Neptune Orient Lines Limited				
Ordinary shares				
Stephen Lee Ching Yen	30,000	30,000	–	–
S$400 million 4.25% Notes due 2017				
Hsieh Tsun-yan	$250,000	$250,000	–	–
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Peter Seah Lim Huat	545,325	545,325	–	–
Goh Choon Phong	6,000	6,000	–	–
Lucien Wong Yuen Kuai	298,000	298,000	–	–

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

Name of Director	Direct interest 1.4.2015 or at date of appointment	Direct interest 31.3.2016	Deemed interest 1.4.2015 or at date of appointment	Deemed interest 31.3.2016
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Stephen Lee Ching Yen	190	190	190	190
Peter Seah Lim Huat	1,667	1,667	1,550	1,550
Goh Choon Phong	1,610	1,610	–	–
William Fung Kwok Lun	–	–	110,000	198,400
Hsieh Tsun-yan	–	–	55,000	55,000
Lucien Wong Yuen Kuai	1,680	1,680	–	–
Interest in StarHub Limited				
Ordinary shares				
Peter Seah Lim Huat	278,092	278,092	300,000	300,000
Interest in Telechoice International Limited				
Ordinary shares				
Peter Seah Lim Huat	50,000	50,000	–	–

Notes:

1. The actual number of Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the two-year performance periods relating to the relevant awards.
2. The actual number of Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.
3. The Awards of fully-paid ordinary shares will vest at the end of three years from the date of the grant of the award. At the end of the vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period).

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

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2016.

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 which administers the ESOP, RSP, RSP 2014, PSP and PSP 2014 comprises the following Directors:

Stephen Lee Ching Yen – Chairman
Peter Seah Lim Huat (Appointed on 1 September 2015)
Gautam Banerjee
Hsieh Tsun-yan
Helmut Gunter Wilhelm Panke

Directors' Statement

4 Equity Compensation Plans of the Company (continued)

(i) ESOP

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

At the end of the financial year, options to take up 21,113,197 unissued shares in the Company were outstanding:

	Number of options to subscribe for unissued ordinary shares					
Date of grant	Balance at 1.4.2015	Cancelled	Exercised	Balance at 31.3.2016	Exercise price*	Exercisable Period
1.7.2005	2,459,630	(986,568)	(1,473,062)	–	$8.02	1.7.2006 – 30.6.2015
3.7.2006	4,777,805	(86,160)	(892,416)	3,799,229	$9.34	3.7.2007 – 2.7.2016
2.7.2007	9,388,087	(361,475)	–	9,026,612	$15.46	2.7.2008 – 1.7.2017
1.7.2008	8,607,507	(320,151)	–	8,287,356	$12.07	1.7.2009 – 30.6.2018
	25,233,029	(1,754,354)	(2,365,478)**	21,113,197		

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

** Out of these, no new shares were issued during the financial year ended 31 March 2016 as all options exercised were satisfied by way of transfer of treasury shares.

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

Name of participant	Options granted during financial year under review	Aggregate options granted since commencement of 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 do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

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

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

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

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

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

4 Equity Compensation Plans of the Company (continued)

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

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

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

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

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

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

1. RSP Base Awards

Name of participant	Balance as at 1 April 2015	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2016	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	122,976	–	61,488	61,488	280,232

2. RSP 2014 Base Awards

Name of participant	Balance as at 1 April 2015	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2016	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	–	60,000	–	60,000	60,000

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

Name of participant	Balance as at 1 April 2015	Final Awards granted during the financial year[#]	Final Awards released during the financial year	Balance as at 31 March 2016	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Goh Choon Phong	18,950	40,590	30,422	29,118	120,494

Directors' Statement

4 Equity Compensation Plans of the Company (continued)

4. PSP Base Awards R2

Name of participant	Balance as at 1 April 2015	Base Awards granted during the financial year	Base Awards vested during the financial year*	Balance as at 31 March 2016	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Goh Choon Phong	236,728	–	67,636	169,092	346,228	61,482

5. PSP 2014 Base Awards R2

Name of participant	Balance as at 1 April 2015	Base Awards granted during the financial year	Balance as at 31 March 2016	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Goh Choon Phong	–	82,500	82,500	82,500	–

6. Time-based RSP

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

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

Name of participant	Balance as at 1 April 2015	Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2016	Aggregate Awards granted since commencement of RSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Goh Choon Phong	27,135	–	27,135	–	106,573	106,573

7. Deferred RSP/RSP 2014

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

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

(a) Deferred RSP Awards

Name of participant	Balance as at 1 April 2015	Base Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2016	Aggregate Base Awards granted since commencement of DSA to end of financial year under review	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Goh Choon Phong	42,037	–	–	42,037	42,037	–

4 Equity Compensation Plans of the Company (continued)

7. Deferred RSP/RSP 2014 (continued)

(b) Deferred RSP 2014 Awards

Name of participant	Balance as at 1 April 2015	Base Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2016	Aggregate Base Awards granted since commencement of DSA to end of financial year under review	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Goh Choon Phong	19,570	13,170	–	32,740	32,740	–

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

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

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

* No PSP Final Awards of fully paid ordinary shares were released to Mr Goh Choon Phong pursuant to the vesting of 67,636 PSP Base Awards during the financial year.

5 Equity Compensation Plans of Subsidiaries

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

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

The SIAEC Employee Share Option Plan ("SIAEC ESOP") was approved by the shareholders of SIAEC on 9 February 2000. At the end of the financial year, options to take up 16,870,588 unissued shares in SIAEC were outstanding under the SIAEC ESOP.

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

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

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

The Pre-IPO Tiger Aviation Share Options Scheme ("Tiger Airways ESOP") was approved by the Tiger Airways Board of Directors on 24 April 2008. At the end of the financial year, there were no options outstanding under the Tiger Airways ESOP.

The Tiger Airways Restricted Share Plan ("Tiger Airways RSP") and Tiger Airways Performance Share Plan ("Tiger Airways PSP") were approved by shareholders of Tiger Airways on 30 July 2010.

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

Directors' Statement

6 Audit Committee

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

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

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

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

The Audit Committee has held four meetings since the last Directors' Report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

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

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

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

7 Auditors

With the approval of shareholders obtained at the Annual General Meeting held on 30 July 2015, KPMG LLP was appointed as auditors of the Company in place of Ernst & Young LLP for the financial year ended 31 March 2016 and to hold office until the conclusion of the next Annual General Meeting of the Company.

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

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 12th day of May 2016

Independent Auditors' Report

To the members of Singapore Airlines Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Airlines Limited (the Company) and its subsidiaries (the Group) which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2016, the consolidated profit and loss account, consolidated statements of comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 103 to 211.

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

Basis for opinion

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

Key audit matters

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

Timing of recognition and accuracy of passenger revenue

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

The key audit matter

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

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

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

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

How the matter was addressed in our audit

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

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

The selected application controls tested included those relating to the completeness of transfers of data between systems, ticket validation to identify data errors and the assignment of ticket prices to each flight. Key manual controls were also tested to ensure the appropriate treatment of exceptions and reconciliations with the outputs from shared industry systems and partner airlines.

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

Findings

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

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

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

The key audit matter

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

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

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

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

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

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

How the matter was addressed in our audit

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

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

Findings

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

Accounting for aircraft related assets and carrying values

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

The key audit matter

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

The key aspects requiring judgement include:

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

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

How the matter was addressed in our audit

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

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

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

Findings

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

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

Independent Auditors' Report

To the members of Singapore Airlines Limited

Capitalisation of aircraft maintenance and overhaul costs

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

The key audit matter

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

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

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

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

How the matter was addressed in our audit

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

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

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

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

Findings

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

Acquisition of the remaining shares in Tiger Airways Holdings Limited

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

The key audit matter

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

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

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

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

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

How the matter was addressed in our audit

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

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

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

Findings

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

Independent Auditors' Report

To the members of Singapore Airlines Limited

Carrying amount of investment in Virgin Australia Holdings Limited

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

The key audit matter

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

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

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

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

Because of the inherent difficulties in obtaining audit evidence on an event that has recently surfaced and on which developments continue to unfold, this is a key area of focus for our audit.

How the matter was addressed in our audit

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

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

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

Findings

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

Other Matter

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

To the members of Singapore Airlines Limited

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

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

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

Report on legal and regulatory requirements

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Dated this 12th day of May 2016
Singapore

Consolidated Profit and Loss Account

For The Financial Year Ended 31 March 2016 (in $ million)

		The Group	
	Notes	FY2015/16	FY2014/15
Revenue	4	**15,228.5**	15,565.5
Expenditure			
Staff costs	5	**2,461.0**	2,335.2
Fuel costs		**4,527.0**	5,579.7
Depreciation	21	**1,543.0**	1,538.8
Impairment of property, plant and equipment	21	**10.6**	1.5
Amortisation of intangible assets	22	**32.7**	25.9
Aircraft maintenance and overhaul costs		**790.0**	646.6
Commission and incentives		**365.3**	375.6
Landing, parking and overflying charges		**765.8**	747.9
Handling charges		**1,144.9**	1,066.2
Rentals on leased aircraft		**924.7**	839.5
Material costs		**67.2**	59.4
Inflight meals		**547.2**	553.5
Advertising and sales costs		**289.0**	258.5
Insurance expenses		**44.1**	44.9
Company accommodation and utilities		**119.1**	119.5
Other passenger costs		**180.5**	175.0
Crew expenses		**148.5**	146.4
Other operating expenses		**586.7**	642.0
		14,547.3	15,156.1
Operating profit	6	**681.2**	409.4
Finance charges	7	**(50.3)**	(49.6)
Interest income	8	**70.7**	74.9
Surplus on disposal of aircraft, spares and spare engines		**52.7**	51.9
Dividends from long-term investments		**115.3**	13.2
Other non-operating items	9	**91.1**	(14.3)
Share of profits of joint venture companies	25	**22.8**	52.0
Share of losses of associated companies	24	**(11.1)**	(129.1)
Profit before exceptional items		**972.4**	408.4
Exceptional items	10	**–**	34.5
Profit before taxation		**972.4**	442.9
Taxation	11	**(120.6)**	(36.2)
Profit for the financial year		**851.8**	406.7
Profit attributable to:			
Owners of the parent		**804.4**	367.9
Non-controlling interests		**47.4**	38.8
		851.8	406.7
Basic earnings per share (cents)	12	**69.0**	31.4
Diluted earnings per share (cents)	12	**68.7**	31.2

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 2016 (in $ million)

	Notes	The Group FY2015/16	FY2014/15
Profit for the financial year		**851.8**	406.7
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences		**(21.9)**	(17.7)
Net fair value changes on available-for-sale financial assets	16(d)	**140.7**	67.2
Adjustment on acquisition of an associated company	16(d)	**–**	15.0
Net fair value changes on cash flow hedges		**124.3**	(738.8)
(Loss)/Surplus on dilution of interest in an associated company due to share options exercised		**(1.9)**	1.6
Share of other comprehensive income of associated and joint venture companies		**(10.5)**	(13.9)
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company		**(0.8)**	–
Realisation of foreign currency translation reserves on liquidation of an associated company		**4.3**	(0.5)
Realisation of reserves on disposal of an associated company		**–**	2.4
Items that will not be reclassifed subsequently to profit or loss:			
Actuarial (loss)/gain on revaluation of defined benefit plans		**(1.3)**	10.3
Share of gain on property revaluation of an associated company		**–**	10.6
Total comprehensive income for the financial year, net of tax		**232.9**	(663.8)
Total comprehensive income for the financial year		**1,084.7**	(257.1)
Total comprehensive income attributable to:			
Owners of the parent		**1,004.6**	(310.3)
Non-controlling interests		**80.1**	53.2
		1,084.7	(257.1)

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

Statements of Financial Position

As At 31 March 2016 (in $ million)

	Notes	The Group 2016	The Group 2015	The Company 2016	The Company 2015
Equity attributable to owners of the parent					
Share capital	14	**1,856.1**	1,856.1	**1,856.1**	1,856.1
Treasury shares	15	**(381.5)**	(326.3)	**(381.5)**	(326.3)
Other reserves	16	**11,280.1**	10,933.8	**10,533.6**	10,049.5
		12,754.7	12,463.6	**12,008.2**	11,579.3
Non-controlling interests		**378.2**	466.5	**–**	–
Total equity		**13,132.9**	12,930.1	**12,008.2**	11,579.3
Deferred account	17	**225.3**	141.7	**197.5**	115.1
Deferred taxation	18	**1,681.7**	1,599.6	**1,346.5**	1,325.5
Long-term liabilities	19	**1,283.4**	1,521.2	**1,110.1**	1,152.2
Provisions	20	**877.1**	958.9	**647.2**	702.7
Defined benefit plans	5	**129.3**	129.7	**121.4**	124.6
		17,329.7	17,281.2	**15,430.9**	14,999.4
Represented by:					
Property, plant and equipment					
Aircraft, spares and spare engines		**10,510.7**	9,957.5	**7,541.8**	7,700.3
Others		**3,632.8**	3,565.7	**2,699.4**	2,206.1
	21	**14,143.5**	13,523.2	**10,241.2**	9,906.4
Intangible assets	22	**515.8**	497.6	**167.0**	159.4
Subsidiary companies	23	**–**	–	**4,460.9**	3,364.7
Associated companies	24	**901.9**	922.2	**531.5**	472.4
Joint venture companies	25	**156.3**	167.9	**–**	–
Long-term investments	26	**773.1**	927.6	**754.4**	902.8
Other long-term assets	27	**496.8**	573.8	**398.7**	427.8
Deferred account	17	**6.0**	56.4	**–**	36.3
Current assets					
Inventories	28	**181.9**	202.0	**108.2**	131.7
Trade debtors	29	**1,221.8**	1,491.5	**799.4**	998.3
Deposits and other debtors	30	**114.8**	38.8	**43.5**	17.9
Prepayments		**132.4**	124.6	**104.8**	92.9
Amounts owing by subsidiary companies	29	**–**	–	**318.0**	311.5
Loan receivable from an associated company	29	**62.0**	–	**62.0**	–
Derivative assets	37	**24.9**	113.7	**22.3**	106.3
Investments	31	**668.1**	168.6	**601.9**	102.7
Cash and bank balances	32	**3,972.4**	5,042.7	**3,239.2**	4,435.1
Assets held for sale	21, 26	**398.0**	71.0	**–**	–
		6,776.3	7,252.9	**5,299.3**	6,196.4
Less: **Current liabilities**					
Sales in advance of carriage		**1,626.2**	1,464.7	**1,460.1**	1,328.6
Deferred revenue		**669.4**	612.5	**669.4**	612.5
Current tax payable		**191.9**	161.9	**131.0**	111.4
Trade and other creditors	33	**2,899.0**	2,906.5	**2,194.9**	2,088.6
Amounts owing to subsidiary companies	33	**–**	–	**1,191.1**	1,048.7
Borrowings	19	**211.9**	447.1	**–**	300.0
Provisions	20	**218.5**	178.9	**180.5**	146.0
Derivative liabilities	37	**623.1**	868.8	**595.1**	831.0
		6,440.0	6,640.4	**6,422.1**	6,466.8
Net current assets/(liabilities)		**336.3**	612.5	**(1,122.8)**	(270.4)
		17,329.7	17,281.2	**15,430.9**	14,999.4

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 2016 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2015		1,856.1	(326.3)	215.9
Comprehensive income				
Currency translation differences	16(b)	–	–	–
Net fair value changes on available-for-sale assets	16(d)	–	–	–
Net fair value changes on cash flow hedges		–	–	–
Actuarial loss on revaluation of defined benefit plans		–	–	–
Loss on dilution of interest in an associated company due to share options exercised		–	–	–
Realisation of foreign currency translation reserves on liquidation of an associated company		–	–	–
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company		–	–	–
Share of other comprehensive income of associated and joint venture companies		–	–	–
Other comprehensive income for the financial year		–	–	–
Profit for the financial year		–	–	–
Total comprehensive income for the financial year, net of tax		–	–	–
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Share of other changes in equity of an associated company		–	–	(3.7)
Loss on dilution of interest in subsidiary companies due to share options exercised		–	–	–
Issuance of share capital by a subsidiary company		–	–	–
Share-based compensation expense	5	–	–	–
Share options lapsed		–	–	–
Purchase of treasury shares	15	–	(85.4)	–
Treasury shares reissued pursuant to equity compensation plans	15	–	30.2	1.2
Dividends	13	–	–	–
Total contributions by and distributions to owners		–	(55.2)	(2.5)
Changes in ownership interests in subsidiary companies				
Disposal of a subsidiary company		–	–	–
Acquisition of non-controlling interests without a change in control	23(g)	–	–	(342.6)
Total changes in ownership interests in subsidiary companies		–	–	(342.6)
Total transactions with owners		–	(55.2)	(345.1)
Balance at 31 March 2016		1,856.1	(381.5)	(129.2)

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

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

Statements of Changes in Equity

For The Financial Year Ended 31 March 2016 (in $ million)

The Group

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

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

Attributable to Owners of the Parent						
Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
(101.5)	134.5	(40.4)	11,527.0	13,237.2	337.4	13,574.6
(32.1)	–	–	–	(32.1)	14.4	(17.7)
–	–	67.2	–	67.2	–	67.2
–	–	15.0	–	15.0	–	15.0
–	–	(738.8)	–	(738.8)	–	(738.8)
–	–	–	10.3	10.3	–	10.3
–	–	–	1.6	1.6	–	1.6
(0.5)	–	–	–	(0.5)	–	(0.5)
(1.6)	–	4.0	–	2.4	–	2.4
–	(0.7)	(13.2)	–	(3.3)	–	(3.3)
(34.2)	(0.7)	(665.8)	11.9	(678.2)	14.4	(663.8)
–	–	–	367.9	367.9	38.8	406.7
(34.2)	(0.7)	(665.8)	379.8	(310.3)	53.2	(257.1)
–	–	–	–	81.3	–	81.3
–	(5.8)	–	14.1	8.3	8.9	17.2
–	9.2	–	–	9.2	–	9.2
–	(6.9)	–	6.9	–	–	–
–	–	–	–	(107.0)	–	(107.0)
–	(17.1)	–	–	28.6	–	28.6
–	–	–	(481.2)	(481.2)	(72.0)	(553.2)
–	(20.6)	–	(460.2)	(460.8)	(63.1)	(523.9)
–	–	–	–	(2.5)	38.5	36.0
–	–	–	–	–	100.5	100.5
–	–	–	–	(2.5)	139.0	136.5
–	(20.6)	–	(460.2)	(463.3)	75.9	(387.4)
(135.7)	113.2	(706.2)	11,446.6	12,463.6	466.5	12,930.1

Statements of Changes in Equity

For The Financial Year Ended 31 March 2016 (in $ million)

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2015		1,856.1	(326.3)	(6.3)	96.1	(581.8)	10,541.5	11,579.3
Comprehensive income								
Net fair value changes on available-for-sale assets	16(d)	–	–	–	–	2.3	–	2.3
Net fair value changes on cash flow hedges	16(d)	–	–	–	–	108.6	–	108.6
Actuarial loss on revaluation of defined benefit plans		–	–	–	–	–	(1.6)	(1.6)
Other comprehensive income for the financial year		–	–	–	–	110.9	(1.6)	109.3
Profit for the financial year		–	–	–	–	–	672.0	672.0
Total comprehensive income for the financial year, net of tax		–	–	–	–	110.9	670.4	781.3
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share-based compensation expense		–	–	–	9.1	–	–	9.1
Share options lapsed		–	–	–	(5.1)	–	5.1	–
Purchase of treasury shares	15	–	(85.4)	–	–	–	–	(85.4)
Treasury shares reissued pursuant to equity compensation plans	15	–	30.2	1.2	(11.3)	–	–	20.1
Dividends	13	–	–	–	–	–	(315.4)	(315.4)
Issuance of share options pursuant to the Voluntary Conditional General Offer of Tiger Airways	23(g)	–	–	–	19.2	–	–	19.2
Total transactions with owners		–	(55.2)	1.2	11.9	–	(310.3)	(352.4)
Balance at 31 March 2016		1,856.1	(381.5)	(5.1)	108.0	(470.9)	10,901.6	12,008.2

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

Statements of Changes in Equity

For The Financial Year Ended 31 March 2016 (in $ million)

The Company

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2014		1,856.1	(262.2)	(9.1)	113.6	(51.5)	10,465.2	12,112.1
Comprehensive income								
Net fair value changes on available-for-sale assets	16(d)	–	–	–	–	67.3	–	67.3
Adjustment on acquisition of an associated company	16(d)	–	–	–	–	15.0	–	15.0
Net fair value changes on cash flow hedges	16(d)	–	–	–	–	(612.6)	–	(612.6)
Actuarial gain on revaluation of defined benefit plans		–	–	–	–	–	10.3	10.3
Other comprehensive income for the financial year		–	–	–	–	(530.3)	10.3	(520.0)
Profit for the financial year		–	–	–	–	–	540.3	540.3
Total comprehensive income for the financial year, net of tax		–	–	–	–	(530.3)	550.6	20.3
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share-based compensation expense		–	–	–	6.5	–	–	6.5
Share options lapsed		–	–	–	(6.9)	–	6.9	–
Purchase of treasury shares	15	–	(107.0)	–	–	–	–	(107.0)
Treasury shares reissued pursuant to equity compensation plans	15	–	42.9	2.8	(17.1)	–	–	28.6
Dividends	13	–	–	–	–	–	(481.2)	(481.2)
Total transactions with owners		–	(64.1)	2.8	(17.5)	–	(474.3)	(553.1)
Balance at 31 March 2015		1,856.1	(326.3)	(6.3)	96.1	(581.8)	10,541.5	11,579.3

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

Consolidated Statement of Cash Flows

For The Financial Year Ended 31 March 2016 (in $ million)

		The Group	
	Notes	FY2015/16	FY2014/15
Cash flow from operating activities			
Profit before taxation		**972.4**	442.9
Adjustments for:			
Depreciation	21	**1,543.0**	1,538.8
Impairment of property, plant and equipment	21	**10.6**	1.5
Amortisation of intangible assets	22	**32.7**	25.9
(Writeback of impairment)/Impairment of trade debtors	6	**(4.7)**	0.7
Writedown of inventories	28	**26.6**	38.1
Income from short-term investments	6	**(1.8)**	(1.7)
Provisions	20	**218.5**	339.5
Share-based compensation expense	5	**12.4**	9.2
Exchange differences		**16.3**	(44.8)
Amortisation of deferred gain on sale and operating leaseback transactions	6	**(7.6)**	(5.7)
Finance charges	7	**50.3**	49.6
Interest income	8	**(70.7)**	(74.9)
Surplus on disposal of aircraft, spares and spare engines		**(52.7)**	(51.9)
Dividends from long-term investments		**(115.3)**	(13.2)
Other non-operating items	9	**(91.1)**	14.3
Share of profits of joint venture companies	25	**(22.8)**	(52.0)
Share of losses of associated companies	24	**11.1**	129.1
Exceptional items	10	**–**	(34.5)
Operating cash flow before working capital changes		**2,527.2**	2,310.9
Decrease in trade and other creditors		**(68.2)**	(319.5)
Increase/(Decrease) in sales in advance of carriage		**161.5**	(55.9)
Decrease in trade debtors		**295.2**	199.6
(Increase)/Decrease in deposits and other debtors		**(28.3)**	22.5
Increase in prepayments		**(7.9)**	(2.8)
Increase in inventories		**(6.5)**	(0.5)
Increase in deferred revenue		**56.9**	39.6
Cash generated from operations		**2,929.9**	2,193.9
Refund/(Payment) of fines		**116.5**	(10.4)
Income taxes paid		**(40.9)**	(116.3)
Net cash provided by operating activities		**3,005.5**	2,067.2

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

	Notes	The Group FY2015/16	FY2014/15
Cash flow from investing activities			
Capital expenditure	34	**(2,909.0)**	(2,600.2)
Purchase of intangible assets	34	**(45.5)**	(30.9)
Proceeds from disposal of aircraft and other property, plant and equipment		**492.9**	997.8
Purchase of long-term investments		**(259.5)**	(590.3)
Proceeds from disposal of long-term investments		**–**	9.5
Purchase of short-term investments		**(275.5)**	(367.0)
Proceeds from disposal of short-term investments		**166.1**	487.1
Dividends received from associated and joint venture companies		**78.6**	114.3
Dividends received from investments		**116.2**	14.1
Interest received from investments and deposits		**77.8**	54.9
Proceeds from liquidation of an associated company		**–**	18.5
Proceeds from disposal of an associated company		**–**	7.3
Proceeds from disposal of a subsidiary company, net of cash disposed		**0.1**	8.9
Acquisition of a subsidiary company, net of cash acquired	23 (f)	**–**	135.6
Loan to an associated company		**(62.0)**	–
Investments in associated companies		**(84.8)**	(33.2)
Investment in a joint venture company		**–**	(39.6)
Proceeds from partial disposal of an associated company		**4.9**	–
Net cash used in investing activities		**(2,699.7)**	(1,813.2)
Cash flow from financing activities			
Dividends paid	13	**(315.4)**	(481.2)
Dividends paid by subsidiary companies to non-controlling interests	13	**(43.6)**	(72.0)
Acquisition of non-controlling interests without a change in control		**(458.5)**	(3.4)
Issuance of share capital by a subsidiary company		**1.5**	–
Interest paid		**(53.8)**	(41.5)
Proceeds from borrowings		**4.9**	8.8
Repayment of borrowings		**(41.4)**	(38.2)
Repayment of long-term lease liabilities		**(54.1)**	(52.3)
Proceeds from exercise of share options		**24.4**	45.8
Proceeds from issuance of bonds		**–**	500.0
Proceeds from issuance of rights shares to non-controlling interests		**–**	100.5
Repayment of bonds		**(300.0)**	–
Purchase of treasury shares	15	**(85.4)**	(107.0)
Net cash used in financing activities		**(1,321.4)**	(140.5)
Net cash (outflow)/inflow		**(1,015.6)**	113.5
Cash and cash equivalents at beginning of the financial year		**5,042.7**	4,883.9
Effect of exchange rate changes		**(54.7)**	45.3
Cash and cash equivalents at end of the financial year		**3,972.4**	5,042.7
Analysis of cash and cash equivalents			
Fixed deposits	32	**3,002.7**	4,034.8
Cash and bank	32	**969.7**	1,007.9
Cash and cash equivalents at end of the financial year		**3,972.4**	5,042.7

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

Notes to the Financial Statements

31 March 2016

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 2016 comprise the Company and its subsidiary companies (together referred to as "the Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

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

The financial statements for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 12 May 2016.

2 Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

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

The financial statements are presented in Singapore Dollars ("SGD") and all values in the tables are rounded to the nearest million, unless otherwise stated.

(b) Changes in accounting policies

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

On 1 April 2015, the Group adopted all the new and revised standards and interpretations of FRS ("INT FRS") that are effective for annual financial periods beginning on or after 1 April 2015. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

2 Summary of Significant Accounting Policies (continued)

(c) Standards issued but not yet effective

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") from the financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

Description	Effective from
FRS 114 Regulatory Deferral Accounts	1 April 2016
Amendments to FRS 1: Disclosure Initiative	1 April 2016
Amendments to FRS 16 Property, Plant and Equipment and FRS 41: Agriculture: Bearer Plants	1 April 2016
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 April 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 April 2016
Amendments to FRS 111: Accounting for Acquisitions of Interest in Joint Operations	1 April 2016
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Improvements to FRS (November 2014)	1 April 2016
Amendments to FRS 7: Amendment relating to disclosure of changes in liabilities arising from financing activities	1 April 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 April 2017
FRS 115 Revenue from Contracts with Customers	1 April 2018
FRS 109 Financial Instruments	1 April 2018

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

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required when the Group is required to adopt it on 1 April 2018; early adoption is permitted. The Group is currently assessing the impact of FRS 115.

Notes to the Financial Statements

31 March 2016

2 Summary of Significant Accounting Policies (continued)

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

FRS 109 Financial Instruments

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

(d) Basis of consolidation

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.

Business combinations are accounted for by applying the acquisition method in accordance with FRS 103 Business Combinations as at the acquisition date, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

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

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2(f). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in the profit and loss account on the acquisition date.

2 Summary of Significant Accounting Policies (continued)

(d) Basis of consolidation (continued)

Transactions with non-controlling interests

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

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent.

Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary companies.

(e) Subsidiary, associated and joint venture companies

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

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

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

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

An associated company is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A list of the Group's associated companies is shown in Note 24 to the financial statements.

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. A list of the Group's joint venture companies is shown in Note 25 to the financial statements.

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

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

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2 Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Upon 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.

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

(f) Intangible assets

(i) Computer software

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

(ii) Deferred engine development cost

This relates to the Group's share of engine development payments made in connection with its participation in aircraft engine development projects with other companies. Amortisation of such intangibles begins only when the aircraft engines are available for sale. These deferred engine development costs are amortised on a straight-line basis over the period of expected sales of the aircraft engines, which is estimated to be over a period of 20 years. The amortisation period and amortisation method would be reviewed annually in light of experience and changing circumstances, and adjusted prospectively, as appropriate at the end of each reporting period.

(iii) Brand and trademarks

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

(iv) Goodwill

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

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

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 associated company is tested for impairment as a single asset when there is objective evidence that the investment in associated company may be impacted.

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

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

Notes to the Financial Statements

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2 Summary of Significant Accounting Policies (continued)

(f) Intangible assets (continued)

(v) Others

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

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

(g) Foreign currencies

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

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

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

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.

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

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

Goodwill and fair value adjustments arising from the acquisition of foreign operations on or after 1 April 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, and translated into SGD at the closing rate at the end of the reporting period. For acquisitions prior to 1 April 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the 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 that includes a foreign operation 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 joint venture company that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment

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

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

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

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis at rates which are calculated to write down their cost to their estimated residual values at the end of their operational lives. Operational lives, residual values and depreciation method are reviewed annually in the light of experience and changing circumstances, and adjusted prospectively, if appropriate. 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 are installed and ready for use.

Freehold land, advance and progress payments are not depreciated.

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

(i) Aircraft, spares and spare engines

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

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

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

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

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

Notes to the Financial Statements
31 March 2016

2 Summary of Significant Accounting Policies (continued)

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

(ii) Land and buildings

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

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

(iii) Others

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

(j) Leases

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

(i) Finance lease – as lessee

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

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

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

(ii) Operating lease – as lessee

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

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

2 Summary of Significant Accounting Policies (continued)

(j) Leases (continued)

(ii) Operating lease – as lessee (continued)

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

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis 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. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(l) Financial assets

The Group initially recognises loans and receivables on the date they are originated. All other financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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

A financial asset is derecognised when the contractual right to receive cash flows expires, or when the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards from ownership of the financial asset are transferred, or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit and loss account.

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

Notes to the Financial Statements
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2 Summary of Significant Accounting Policies (continued)

(l) Financial assets (continued)

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale investments

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

(m) Investments

Investments held by the Group are classified as available-for-sale or held-to-maturity. Investments classified as available-for-sale are stated at fair value. Those investments where their fair values cannot be reliably measured are stated at cost less accumulated impairment losses. Fair value is determined in the manner described in Note 37. Held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. The accounting policy for both categories of financial assets is stated in Note 2(l).

(n) Trade debtors and other receivables

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

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

2 Summary of Significant Accounting Policies (continued)

(o) Cash and cash equivalents

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

The accounting policy for this category of financial assets is stated in Note 2(l), under loans and receivables.

(p) Impairment of non-financial assets

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

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

(q) Impairment of financial assets

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

(i) Financial assets carried at amortised cost

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

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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

Notes to the Financial Statements
31 March 2016

2 Summary of Significant Accounting Policies (continued)

(q) Impairment of financial assets (continued)

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

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

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

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

(ii) Financial assets carried at cost

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

(iii) Available-for-sale financial assets

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

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

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

2 Summary of Significant Accounting Policies (continued)

(r) Financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the financial instrument.

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

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

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

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

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

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

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

(ii) Other financial liabilities

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

(s) Offsetting of financial assets and liabilities

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

(t) Loans, notes payable and borrowings

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

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

Notes to the Financial Statements

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2 Summary of Significant Accounting Policies (continued)

(u) Trade and other creditors

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

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

(v) Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are 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. Where discounting is used, the increase in the provision due to the passage of time 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 liability. Provision for warranty claims is made for engine overhaul, repairs and maintenance of aircraft (excluding line maintenance) based on past experience of the level of repairs.

(w) Maintenance reserve

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

(x) Share capital and share issuance expenses

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

(y) 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 pursuant to equity compensation plans, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve. Voting rights related to treasury shares are nullified and no dividends are allocated to them.

2 Summary of Significant Accounting Policies (continued)

(z) 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income taxes are recognised in the profit and loss account except to the extent that the tax relates to 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 liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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

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

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2 Summary of Significant Accounting Policies (continued)

(z) Taxation (continued)

(iii) Indirect taxes

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

- The indirect tax incurred on a purchase of assets or services is not recoverable from the tax authority, the indirect tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables are stated with the amount of indirect tax included.

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

(aa) Revenue

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

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

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

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

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

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.

(ab) 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)

(ac) Employee benefits

(i) Equity compensation plans

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

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

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

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

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

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

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

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

Notes to the Financial Statements

31 March 2016

2 Summary of Significant Accounting Policies (continued)

(ac) Employee benefits (continued)

(ii) Defined benefit plans

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

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

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability
- Remeasurements of net defined benefit liability

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

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

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. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

(iii) Defined contribution plans

As required by law, the companies in Singapore make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Certain of the Group's subsidiary companies and overseas stations outside Singapore make contributions to their respective countries' 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.

2 Summary of Significant Accounting Policies (continued)

(ad) 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 through future maintenance activities. Upon completion of an overhaul, these amounts are transferred to property, plant and equipment and depreciated over their useful lives.

(ae) Training and development costs

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

(af) 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.

(ag) Claims and liquidated damages

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

(ah) Derivative financial instruments and hedging

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

For the purpose of such hedging, the Group hedges USD exposure from aircraft payments through a combination of USD deposits, forward contracts and currency options. To create a USD-denominated asset/receivable in the statement of financial position to match against the expected USD liability for capital expenditure, the Group hedges USD exposure from aircraft payments up to 24 months in advance of forecast aircraft payments. On maturity, the exchange gains and losses of the assigned USD balance held are recognised in the carrying value of the aircraft.

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

Notes to the Financial Statements

31 March 2016

2 Summary of Significant Accounting Policies (continued)

(ah) Derivative financial instruments and hedging (continued)

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

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

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

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, is terminated or exercised, or the designation is revoked, hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, the balance in equity is reclassified to profit or loss.

(ai) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than continuing use. Property, plant and equipment, once classified as held for sale, are not depreciated or amortised.

(aj) Segment reporting

(i) Business segment

For management purposes, the Group is organised into operating segments based on the nature of the services provided which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to corporate management who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 4, including the factors used to identify the reportable segments and the measurement basis of segment information. The significant business segments of the Group are airline operations, engineering services and cargo operations.

(ii) Geographical segment

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

(ak) Exceptional items

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

3 Significant Accounting Estimates 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 and expenses, and disclosures made. Actual results may differ from these estimates. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

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

Impairment is recognised when events and circumstances indicate that the aircraft may be impaired and the carrying amounts of the aircraft exceed the recoverable amounts. Recoverable amount is defined as the higher of an aircraft's fair value less costs to sell and its value-in-use. The fair value less costs to sell computation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. In determining the recoverable amounts of the aircraft, certain estimates regarding the current fair market value of the aircraft are made. The current fair market value is determined based on desktop valuations from an independent appraisal for fleet with similar operational lives. When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on financial budgets approved by the Management covering a specified period. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

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

Aircraft are depreciated on a straight-line basis at rates which are calculated to write down their cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of the fleet are made by the Group based on past experience and these are in line with the industry's. The operational lives and residual values are reviewed on an annual basis. The carrying amount of the Group's and the Company's aircraft fleet at 31 March 2016 was $10,106.2 million (2015: $9,632.3 million) and $7,358.7 million (2015: $7,553.2 million) respectively.

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

Change in estimates (in $ million)	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20
(Decrease)/Increase in depreciation expense	(66.6)	(57.9)	29.9	87.3	42.4

(c) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the statement of financial position and recognised as revenue at the end of two years. This is estimated based on historical trends and experiences of the Group whereby ticket uplift occurs mainly within the first two years. The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2016 was $1,626.2 million (2015: $1,464.7 million) and $1,460.1 million (2015: $1,328.6 million) respectively.

Notes to the Financial Statements

31 March 2016

3 Significant Accounting Estimates and Critical Judgements (continued)

(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.

The carrying amount of the Group's and the Company's deferred revenue at 31 March 2016 was $669.4 million (2015: $612.5 million).

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

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

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate 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 2016 was $475.3 million (2015: $375.8 million) and $350.6 million (2015: $272.9 million) respectively. The maintenance and repair costs covered by PBH agreements which are expensed off during the year amounted to $61.4 million (FY2014/15: $47.7 million) for the Group and $35.2 million (FY2014/15: $33.9 million) for the Company.

4 Segment Information (in $ million)

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

(i) The airline operations segment provides passenger air transportation.

(ii) The engineering services segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management. It also manufactures aircraft cabin equipment, refurbishes aircraft galleys, provides technical and non-technical handling services and repair and overhaul of hydro-mechanical aircraft equipment.

(iii) The cargo operations segment is involved in air cargo transportation and related activities.

(iv) Other services provided by the Group, such as the training of pilots, air charters and tour wholesaling, have been aggregated under the segment "Others".

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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 2016 and 2015 and certain assets and liabilities information of the business segments as at those dates.

	Airline operations FY2015/16	Engineering services FY2015/16	Cargo operations FY2015/16	Others FY2015/16	Total of segments FY2015/16	Elimination* FY2015/16	Consolidated FY2015/16
Total Revenue							
External revenue	12,775.0	395.8	2,037.1	20.6	15,228.5	–	15,228.5
Inter-segment revenue	1,084.4	717.7	7.9	58.5	1,868.5	(1,868.5)	–
	13,859.4	1,113.5	2,045.0	79.1	17,097.0	(1,868.5)	15,228.5
Results							
Segment result	623.3	104.1	(49.7)	(2.1)	675.6	5.6	681.2
Finance charges	(51.4)	(0.3)	(1.4)	–	(53.1)	2.8	(50.3)
Interest income	67.8	2.1	3.3	0.3	73.5	(2.8)	70.7
Surplus/(Loss) on disposal of aircraft, spares and spare engines	40.2	–	13.5	(1.0)	52.7	–	52.7
Dividends from long-term investments	109.2	6.1	–	–	115.3	–	115.3
Other non-operating items	(21.0)	(4.5)	116.5	0.1	91.1	–	91.1
Share of (losses)/profits of joint venture companies	(21.0)	43.8	–	–	22.8	–	22.8
Share of (losses)/profits of associated companies	(60.1)	49.0	–	–	(11.1)	–	(11.1)
Taxation	(110.9)	(20.8)	5.5	5.6	(120.6)	–	(120.6)
Profit for the financial year	576.1	179.5	87.7	2.9	846.2	5.6	851.8
Attributable to:							
Owners of the Parent							804.4
Non-controlling interests							47.4
							851.8

* Relates to inter-segment transactions eliminated on consolidation.

Notes to the Financial Statements

31 March 2016

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations FY2014/15	Engineering services FY2014/15	Cargo operations FY2014/15	Others FY2014/15	Total of segments FY2014/15	Elimination* FY2014/15	Consolidated FY2014/15
Total revenue							
External revenue	12,855.7	437.8	2,234.8	37.2	15,565.5	–	15,565.5
Inter-segment revenue	1,195.8	681.9	6.0	74.4	1,958.1	(1,958.1)	–
	14,051.5	1,119.7	2,240.8	111.6	17,523.6	(1,958.1)	15,565.5
Results							
Segment result	320.3	84.3	(22.0)	20.4	403.0	6.4	409.4
Finance charges	(47.0)	(0.3)	(4.0)	–	(51.3)	1.7	(49.6)
Interest income	74.6	1.4	0.4	0.2	76.6	(1.7)	74.9
Surplus/(Loss) on disposal of aircraft, spares and spare engines	57.8	–	–	(0.1)	57.7	(5.8)	51.9
Dividends from long-term investments	5.1	8.1	–	–	13.2	–	13.2
Other non-operating items	(22.2)	6.0	–	1.9	(14.3)	–	(14.3)
Share of (losses)/profits of joint venture companies	(8.8)	60.8	–	–	52.0	–	52.0
Share of (losses)/profits of associated companies	(176.0)	46.9	–	–	(129.1)	–	(129.1)
Exceptional items	115.7	–	(83.3)	2.1	34.5	–	34.5
Taxation	(20.4)	(20.0)	8.3	(4.1)	(36.2)	–	(36.2)
Profit/(Loss) for the financial year	299.1	187.2	(100.6)	20.4	406.1	0.6	406.7
Attributable to:							
Owners of the Parent							367.9
Non-controlling interests							38.8
							406.7

* Relates to inter-segment transactions eliminated on consolidation.

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations 2016	Engineering services 2016	Cargo operations 2016	Others 2016	Total of segments 2016	Elimination* 2016	Consolidated 2016
Other information as at 31 March							
Segment assets	19,706.5	1,330.5	1,560.2	148.5	22,745.7	(886.3)	21,859.4
Investments in associated and joint venture companies	566.7	491.5	–	–	1,058.2	–	1,058.2
Loan receivable from an associated company	62.0	–	–	–	62.0	–	62.0
Long-term investments	763.3	–	–	9.8	773.1	–	773.1
Accrued interest receivable	16.8	–	–	0.2	17.0	–	17.0
Total assets	21,115.3	1,822.0	1,560.2	158.5	24,656.0	(886.3)	23,769.7
Segment liabilities	6,379.8	229.1	489.3	51.8	7,150.0	(971.6)	6,178.4
Provisions	1,073.1	0.2	22.3	–	1,095.6	–	1,095.6
Finance lease commitments	–	–	44.4	–	44.4	–	44.4
Loans	269.8	33.3	–	–	303.1	–	303.1
Notes payable	1,000.0	–	–	–	1,000.0	–	1,000.0
Defined benefit plans	121.8	–	7.5	–	129.3	–	129.3
Accrued interest payable	12.1	–	0.3	–	12.4	–	12.4
Tax liabilities/(assets)	1,670.2	47.5	156.0	(0.1)	1,873.6	–	1,873.6
Total liabilities	10,526.8	310.1	719.8	51.7	11,608.4	(971.6)	10,636.8
Capital expenditure	2,795.5	41.2	86.6	0.4	2,923.7	–	2,923.7
Purchase of intangible assets	46.1	4.6	0.8	0.6	52.1	–	52.1
Depreciation	1,377.5	42.2	121.8	1.5	1,543.0	–	1,543.0
Impairment of property, plant and equipment	21.6	–	–	0.7	22.3	–	22.3
Amortisation of intangible assets	29.7	1.6	1.1	0.3	32.7	–	32.7
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	32.3	5.0	2.5	0.1	39.9	–	39.9

* Relates to inter-segment transactions eliminated on consolidation.

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4 Segment Information (in $ million) (continued)

Business segments (continued)

	Airline operations 2015	Engineering services 2015	Cargo operations 2015	Others 2015	Total of segments 2015	Elimination* 2015	Consolidated 2015
Other information as at 31 March							
Segment assets	20,019.2	1,177.2	1,606.6	175.3	22,978.3	(1,099.2)	21,879.1
Investments in associated and joint venture companies	624.8	465.3	–	–	1,090.1	–	1,090.1
Long-term investments	913.0	14.6	–	–	927.6	–	927.6
Accrued interest receivable	24.6	–	–	0.2	24.8	–	24.8
Total assets	21,581.6	1,657.1	1,606.6	175.5	25,020.8	(1,099.2)	23,921.6
Segment liabilities	6,456.6	228.4	583.3	50.3	7,318.6	(1,109.1)	6,209.5
Provisions	1,121.3	0.2	16.2	0.1	1,137.8	–	1,137.8
Finance lease commitments	–	–	99.3	–	99.3	–	99.3
Loans	307.0	33.2	–	–	340.2	–	340.2
Notes payable	1,300.0	–	–	–	1,300.0	–	1,300.0
Defined benefit plans	124.8	–	4.9	–	129.7	–	129.7
Accrued interest payable	12.9	–	0.6	–	13.5	–	13.5
Tax liabilities	1,558.1	44.0	150.9	8.2	1,761.2	0.3	1,761.5
Total liabilities	10,880.7	305.8	855.2	58.6	12,100.3	(1,108.8)	10,991.5
Capital expenditure	2,534.8	49.5	47.0	0.7	2,632.0	–	2,632.0
Purchase of intangible assets	25.4	4.0	0.6	0.9	30.9	–	30.9
Depreciation	1,376.4	41.4	119.0	1.8	1,538.6	0.2	1,538.8
Impairment of property, plant and equipment	23.5	–	7.0	1.2	31.7	–	31.7
Amortisation of intangible assets	22.8	1.4	1.4	0.3	25.9	–	25.9
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	47.6	(1.7)	3.3	–	49.2	–	49.2

* 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 2016 and 2015.

	By area of original sale	
	FY2015/16	FY2014/15
East Asia	**6,090.1**	5,630.6
Europe	**1,303.2**	1,422.3
South West Pacific	**1,306.8**	1,429.6
Americas	**566.2**	596.5
West Asia and Africa	**470.7**	432.2
Systemwide	**9,737.0**	9,511.2
Non-scheduled services and incidental revenue	**4,122.4**	4,540.3
	13,859.4	14,051.5

There was no single customer who contributed to more than 10% of the Group's revenue during the financial years ended 31 March 2016 and 2015.

5 Staff Costs (in $ million)

	The Group	
	FY2015/16	FY2014/15
Salary, bonuses and other costs	**2,276.7**	2,159.6
CPF, other defined contributions and defined benefit expense	**171.9**	166.4
Share-based compensation expense	**12.4**	9.2
	2,461.0	2,335.2

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 $17.7 million for FY2015/16 (FY2014/15: $16.4 million). As this is not material to the total staff costs of the Group for FY2015/16 and FY2014/15, additional disclosures of the defined benefit plans are not shown.

Share-based compensation arrangements

As at 31 March 2016, the Group has the following share-based payment arrangements:

(a) Share option plans (equity-settled)

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

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

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

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

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5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

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

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

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

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

Plans	Vesting Conditions	Performance conditions^	Payout
Senior Executive Share Option Scheme@	• 25% per annum of total ordinary shares subject to the options.	None	100%
Employee Share Option Scheme@	• Two years service from grant date.	None	100%
RSP/RSP 2014	• Based on meeting stated performance conditions over a two-year performance period, 50% 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%*
Time-based RSP	• For employees still in service, 50% of the shares vest in 2013 and the balance vests equally in 2014 and 2015. • For retirees, 50% of the shares vest on the retirement date and the remaining 50% one year after the retirement date.	None	100%
Deferred share award	• 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.	None	100%

@ The share options have contractual life of no longer than 10 years from grant date.

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.

^ 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.

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

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

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices of, and movements in, the ESOP during the financial year:

	FY2015/16		FY2014/15	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 April	**25,233,029**	**$12.42**	30,809,844	$12.16
Cancelled	**(1,754,354)**	**$10.52**	(2,117,481)	$12.06
Exercised	**(2,365,478)**	**$8.71**	(3,459,334)	$8.29
Balance at 31 March	**21,113,197**	**$13.03**	25,233,029	$12.42
Exercisable at 31 March	**21,113,197**	**$13.03**	25,233,029	$12.42

The range of exercise prices for options outstanding at the end of the year is $9.34 to $15.46 (FY2014/15: $8.02 to $15.46).

The weighted average share price for options exercised during the year was $11.01 (FY2014/15: $10.76). The weighted average remaining contractual life for these options is 1.46 years (FY2014/15: 2.21 years).

Movement of share awards during the financial year

	Number of Restricted Shares			
Date of grant	Balance at 01.04.2015/ date of grant	Adjustment*	Vested	Balance at 31.03.2016
RSP/RSP 2014				
01.07.2011	15,216	–	(15,216)	**–**
10.07.2012	220,910	–	(118,722)	**102,188**
15.07.2013	650,438	(242,788)	(221,475)	**186,175**
03.07.2014	689,073	–	–	**689,073**
03.07.2015	715,092	–	–	**715,092**
	2,290,729	(242,788)	(355,413)	**1,692,528**

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

	Number of Performance Shares		
Date of grant	Balance at 01.04.2015/ date of grant	Adjustment#	Balance at 31.03.2016
PSP/PSP 2014			
10.07.2012	173,405	(173,405)	**–**
15.07.2013	228,425	–	**228,425**
03.07.2014	248,568	–	**248,568**
03.07.2015	239,700	–	**239,700**
	890,098	(173,405)	**716,693**

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

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5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

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

Time-based RSP

Movement of time-based share awards during the financial year

	Number of Time-based Restricted Shares		
Date of grant	Balance at 01.04.2015	Vested	Balance at 31.03.2016
Time-based RSP			
07.05.2010	115,319	(109,893)	**5,426**

Deferred RSP/RSP 2014 Awards ("DSA")

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

	Number of Deferred RSP/RSP	
Date of grant	Balance at 01.04.2015/ date of grant	Balance at 31.03.2016
DSA		
04.09.2013	154,557	**154,557**
28.08.2014	73,470	**73,470**
10.09.2015	74,790	**74,790**
	302,817	**302,817**

Since the commencement of the RSP 2014 and PSP 2014 plans in July 2014, 1,103,052 awards have been granted.

(c) Measurement of fair values

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

	FY2015/16		FY2014/15	
	RSP 2014	PSP 2014	RSP	PSP
Valuation Method	Monte Carlo Simulation			
Expected dividend paid yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	14.11 – 18.34	14.11	12.10 – 18.61	18.61
Risk-free interest rate (%)	0.89 – 1.61	1.16	0.34 – 0.82	0.50
Expected term (years)	2.0 – 4.0	3.0	2.0 – 4.0	3.0
Share price at date of grant ($)	11.19	11.19	10.40	10.40
Estimated fair value ($)	9.42 – 10.34	6.58	8.95 – 9.68	9.38

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.

6 Operating Profit (in $ million)

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

	The Group	
	FY2015/16	FY2014/15
Compensation for changes in aircraft delivery slots	**(136.7)**	(65.8)
Interest income from short-term investments	**(0.9)**	(0.8)
Dividend income from short-term investments	**(0.9)**	(0.9)
Income from operating lease of aircraft	**(46.9)**	(24.8)
Amortisation of deferred gain on sale and operating leaseback transactions	**(7.6)**	(5.7)
Loss/(Surplus) on disposal of short-term investments	**5.1**	(3.9)
Bad debts written off	**1.1**	6.3
(Writeback of impairment)/Impairment of trade debtors	**(4.7)**	0.7
Remuneration for auditors of the Company		
Audit fees	**1.5**	1.7
Non-audit fees	**0.3**	0.7
Exchange loss, net	**106.2**	113.1
Currency hedging gain	**(106.9)**	(35.1)
Fuel hedging loss recognised in "Fuel costs"	**1,166.5**	562.5
Ineffectiveness of fuel hedging contracts recognised in "Fuel Costs"	**0.2**	13.1
Ineffectiveness of cross currency swaps recognised in "Rentals on leased aircraft"	**0.1**	–

7 Finance Charges (in $ million)

	The Group	
	FY2015/16	FY2014/15
Notes payable	**36.9**	39.7
Bank loans	**11.4**	3.8
Other receivables measured at amortised cost	**–**	1.5
Finance lease commitments	**0.8**	1.9
Realised loss on interest rate swap contracts accounted for as cash flow hedges	**0.6**	2.1
Commitment fees	**0.6**	0.6
	50.3	49.6

8 Interest Income (in $ million)

	The Group	
	FY2015/16	FY2014/15
Interest income from fixed deposits and investments	**69.2**	65.5
Amortised interest income from other receivables	**1.5**	9.4
	70.7	74.9

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9 Other Non-Operating Items (in $ million)

	The Group	
	FY2015/16	**FY2014/15**
Impairment of aircraft	**(11.7)**	(22.0)
Surplus on disposal of other property, plant and equipment	**6.6**	2.2
Surplus on disposal of a subsidiary company	**3.3**	5.8
Surplus on partial disposal of an associated company	**2.8**	–
Loss on liquidation of an associated company	**(4.3)**	(0.2)
Impairment on investment in an associated company	**(2.5)**	–
Impairment on long-term investments	**(9.0)**	(0.3)
Writeback of shutdown costs of an associated company	**–**	2.8
Loss on disposal of an associated company	**–**	(2.6)
Refund of competition-related fines	**116.5**	–
Surplus on dilution of interest in an associated company	**1.9**	–
Loss on planned disposal of aircraft	**(38.0)**	–
Writeback of provision for onerous aircraft leases, net	**25.5**	–
	91.1	(14.3)

10 Exceptional Items (in $ million)

	The Group	
	FY2015/16	**FY2014/15**
Remeasurement gain arising from consolidation of Tiger Airways	**–**	119.8
Impairment on long-term investment	**–**	(63.6)
Gain on divestment of an associated company	**–**	7.3
Impairment of freighters	**–**	(7.0)
Writeback of impairment of property, plant and equipment of Singapore Flying College	**–**	2.1
Refund on appeal for anti-trust fine	**–**	1.0
Provision for competition-related fine and settlements	**–**	(25.1)
	–	34.5

During the previous financial year:

1. Tiger Airways became a subsidiary, resulting in the Group recording a gain of $119.8 million which arose from the remeasurement of SIA's retained interest in Tiger Airways at fair value.

2. Singapore Airlines Cargo ("SIA Cargo") recognised an impairment loss of $63.6 million on its long-term investment of an equity stake of 16% in China Cargo Airlines to fully write down its carrying value, due to negative shareholders' equity, and continued operating losses incurred.

3. The Company recorded an additional gain of $7.3 million on the sale of Virgin Atlantic Limited arising from certain post-closing adjustments.

4. SIA Cargo recorded an additional impairment loss of $7.0 million on two surplus freighters that have been removed from the operating fleet, based on the sale price of the freighters.

5. Singapore Flying College ("SFC") recognised a writeback of $2.1 million on its previously impaired assets, in relation to the closure of the college's operations in Maroochydore, Australia.

10 Exceptional Items (in $ million) (continued)

6. In respect of the air cargo investigations by competition authorities, SIA Cargo's appeal against the Seoul High Court judgment to the Supreme Court was partially successful. As a result, in September 2014, the South Korean Fair Trade Commission refunded KRW793.2 million ($1.0 million) to SIA Cargo, being part of the fine amount paid previously.

7. With regard to anti-trust litigation in the United States, SIA entered into a settlement agreement (with no admission of liability) with the plaintiffs in August 2014. In accordance with the agreement, SIA has made payment of USD9.2 million ($11.4 million) into an escrow account pending court approval. Final approval of the settlement was granted by the court in June 2015. Subsequently, one of the class members filed an appeal against the court judgment approving the settlement. This appeal is currently pending.

8. In March 2015, SIA Cargo reached a settlement with a customer to resolve all pending and potential civil damage claims regarding the air cargo issues. Arising from this settlement, a provision of USD10.1 million ($13.7 million) was recorded.

11 Taxation (in $ million)

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

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2016 and 2015 are:

	The Group	
	FY2015/16	FY2014/15
Current taxation		
Provision for the year	**145.4**	126.2
(Over)/Under provision in respect of prior years	**(8.6)**	3.1
	136.8	129.3
Deferred taxation		
Movement in temporary differences	**(16.9)**	(37.7)
Under/(Over) provision in respect of prior years	**0.7**	(55.4)
	(16.2)	(93.1)
	120.6	36.2

Deferred taxation related to other comprehensive income:

	The Group	
	FY2015/16	FY2014/15
Available-for-sale financial assets	**(0.4)**	–
Cash flow hedges	**37.8**	(159.2)
Actuarial (loss)/gain on revaluation of defined benefit plans	**(0.3)**	2.1
	37.1	(157.1)

The Group has tax losses (of which no deferred tax asset has been recognised) of approximately $155.3 million (2015: $163.3 million) that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset.

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11 Taxation (in $ million) (continued)

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	
	FY2015/16	FY2014/15
Profit before taxation	**972.4**	442.9
Less: Share of (profits)/losses of associated and joint venture companies	**(11.7)**	77.1
	960.7	520.0
Taxation at statutory corporate tax rate of 17.0%	**163.3**	88.4
Adjustments		
Income not subject to tax	**(49.7)**	(39.1)
Expenses not deductible for tax purposes	**12.2**	26.5
Higher effective tax rates of other countries	**7.4**	5.6
Overprovision in respect of prior years, net	**(7.9)**	(52.3)
Income subject to concessionary tax rate	**(1.1)**	(0.3)
Tax benefit not recognised	**1.1**	8.4
Others	**(4.7)**	(1.0)
Taxation	**120.6**	36.2

12 Earnings Per Share

	The Group			
	FY2015/16		FY2014/15	
	Basic	Diluted	Basic	Diluted
Profit attributable to owners of the Parent (in $ million)	**804.4**	**804.4**	367.9	367.9
Adjustment for dilutive potential ordinary shares of subsidiary companies (in $ million)	**–**	**(0.3)**	–	(0.7)
Adjusted net profit attributable to owners of the Parent (in $ million)	**804.4**	**804.1**	367.9	367.2
Weighted average number of ordinary shares in issue (in million)	**1,166.0**	**1,166.0**	1,171.3	1,171.3
Adjustment for dilutive potential ordinary shares (in million)	**–**	**4.9**	–	5.2
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	**1,166.0**	**1,170.9**	1,171.3	1,176.5
Earnings per share (cents)	**69.0**	**68.7**	31.4	31.2

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

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

17.6 million (FY2014/15: 18.6 million) of the share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous year presented.

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

13 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	FY2015/16	FY2014/15
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 17.0 cents per share in respect of FY2014/15 (FY2014/15: 11.0 cents per share in respect of FY2013/14)	**199.1**	129.2
Interim dividend of 10.0 cents per share in respect of FY2015/16 (FY2014/15: 5.0 cents per share in respect of FY2014/15)	**116.3**	58.4
Special dividend of 25.0 cents per share in respect of FY2013/14	**–**	293.6
	315.4	481.2

The Directors propose that a final tax exempt (one-tier) dividend of 35.0 cents per share amounting to $407.3 million be paid for the financial year ended 31 March 2016.

During the financial year, total dividends of $43.6 million (FY2014/15: $72.0 million) were paid to non-controlling interests.

14 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2016	2015	2016	2015
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 (FY2014/15: nil) upon exercise of options granted under the ESOP, or vesting of share-based incentive plans.

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15 Treasury Shares (in $ million)

	The Group and the Company 31 March 2016	2015
Balance at 1 April	**(326.3)**	(262.2)
Purchase of treasury shares	**(85.4)**	(107.0)
Treasury shares reissued pursuant to equity compensation plans:		
- For cash on exercise of employee share options	**20.1**	28.6
- Transferred from share-based compensation reserve	**11.3**	17.1
- Gain on reissuance of treasury shares	**(1.2)**	(2.8)
	30.2	42.9
Balance at 31 March	**(381.5)**	(326.3)

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

During the financial year, the Company purchased 8,438,700 (FY2014/15: 10,635,000) of its ordinary shares by way of on-market purchases at share prices ranging from $9.75 to $10.70 (FY2014/15: $9.64 to $10.45). The total amount paid to purchase the shares was $85.4 million (FY2014/15: $107.0 million) and this is presented as a component within equity attributable to owners of the Parent.

The Company reissued 2,365,478 (FY2014/15: 3,459,334) treasury shares pursuant to its employee share option plans at a weighted average exercise price of $8.52 (FY2014/15: $8.29) each. In addition, 355,413 (FY2014/15: 359,603) shares, nil (FY2014/15: 36,410) shares and 109,893 (FY2014/15: 102,010) shares were reissued pursuant to the RSP, PSP and time-based RSP respectively. The number of treasury shares as at 31 March 2016 was 36,070,359 (2015: 30,462,443).

Where the consideration paid by the Company for the purchase or acquisition of treasury shares is made out of revenue reserves, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

16 Other Reserves (in $ million)

	The Group 31 March 2016	2015	The Company 31 March 2016	2015
Capital reserve	**(129.2)**	215.9	**(5.1)**	(6.3)
Foreign currency translation reserve	**(151.3)**	(135.7)	**–**	–
Share-based compensation reserve	**123.7**	113.2	**108.0**	96.1
Fair value reserve	**(498.6)**	(706.2)	**(470.9)**	(581.8)
General reserve	**11,935.5**	11,446.6	**10,901.6**	10,541.5
	11,280.1	10,933.8	**10,533.6**	10,049.5

(a) Capital reserve

Capital reserve mainly arises from the loss on the acquisition of non-controlling interests in a subsidiary company (Note 23(g)), revaluation of land and buildings owned by RCMS Properties Private Limited, an associated company, the share of other changes in equity of Virgin Australia Holdings Limited ("Virgin Australia"), an associated company, and the gains or losses on the reissuance of treasury shares.

16 Other Reserves (in $ million) (continued)

(b) Foreign currency translation reserve

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

(c) Share-based compensation reserve

Share-based compensation reserve consists of equity-settled share options and awards granted to employees, that is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and awards, and equity-settled share options granted to the shareholders of Tiger Airways pursuant to the Voluntary General Offer (Note 23(g)).

(d) Fair value reserve

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

Fair value changes of available-for-sale financial assets:

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Balance at 1 April	**15.3**	(66.9)	**13.4**	(68.9)
Net gain on fair value changes	**109.0**	82.2	**2.3**	82.3
Balance at 31 March	**124.3**	15.3	**15.7**	13.4
Gain on fair value changes	**103.9**	71.1	**2.3**	67.3
Adjustment on acquisition of an associated company	**–**	15.0	**–**	15.0
Recognised in the profit and loss account on disposal of available-for-sale investments	**5.1**	(3.9)	**–**	–
	109.0	82.2	**2.3**	82.3

On 4 July 2014, Virgin Australia became an associated company. It was previously classified as an available-for-sale investment. The adjustment on acquisition of an associated company of $15.0 million related to the changes in fair value previously recognised in fair value reserve were reversed to reinstate the investment to its original cost.

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31 March 2016

16 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

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

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Balance at 1 April	**(721.5)**	26.5	**(595.2)**	17.4
Net gain/(loss) on fair value changes	**98.6**	(748.0)	**108.6**	(612.6)
Balance at 31 March	**(622.9)**	(721.5)	**(486.6)**	(595.2)
Loss on fair value changes	**(655.1)**	(1,208.3)	**(572.8)**	(986.0)
Share of associated and joint venture companies' net loss on fair value reserve	**(10.8)**	(13.2)	**–**	–
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company	**(0.8)**	–	**–**	–
Acquisition of non-controlling interests without a change in control	**(11.1)**	–	**–**	–
Realisation of reserves on disposal of an associated company	**–**	4.0	**–**	–
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	**(41.4)**	(14.1)	**(31.3)**	(14.1)
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in "Fuel costs"	**883.3**	466.9	**768.1**	370.5
Foreign currency contracts recognised in "Other operating expenses"	**(77.4)**	(9.2)	**(66.7)**	(6.8)
Cross currency swap contracts recognised in "Lease rentals"	**0.1**	–	**0.1**	–
Interest rate swap contracts recognised in "Lease rentals"	**11.2**	23.8	**11.2**	23.8
Interest rate swap contracts recognised in "Finance charges"	**0.6**	2.1	**–**	–
	98.6	(748.0)	**108.6**	(612.6)
Total fair value reserve	**(498.6)**	(706.2)	**(470.9)**	(581.8)

(e) General reserve

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

17 Deferred Account (in $ million)

	The Group 31 March 2016	The Group 31 March 2015	The Company 31 March 2016	The Company 31 March 2015
Deferred gain/(loss) on sale and leaseback transactions				
– operating leases	**5.8**	(35.0)	**0.4**	(36.3)
– finance leases	**2.7**	5.2	**–**	–
	8.5	(29.8)	**0.4**	(36.3)
Deferred credit	**210.8**	115.1	**197.1**	115.1
	219.3	85.3	**197.5**	78.8
Presented as:				
– Non-current assets	**(6.0)**	(56.4)	**–**	(36.3)
– Non-current liabilities	**225.3**	141.7	**197.5**	115.1
	219.3	85.3	**197.5**	78.8

18 Deferred Taxation (in $ million)

	The Group				The Company	
	Statement of financial position 31 March		Profit and loss		Statement of financial position 31 March	
	2016	2015	FY2015/16	FY2014/15	2016	2015
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	**1,909.9**	1,857.0	**52.9**	16.6	**1,473.8**	1,481.6
Revaluation to fair value						
- fuel hedging contracts	**0.9**	1.5	**–**	–	**0.9**	1.4
- currency hedging contracts	**3.7**	21.8	**–**	–	**3.7**	17.4
- interest rate cap contracts	**1.7**	–	**–**	–	**–**	–
- available-for-sale financial assets	**–**	0.4	**–**	–	**–**	–
Fair value adjustments on acquisition of a subsidiary company	**13.9**	17.2	**1.5**	2.9	**–**	–
Other temporary differences	**35.6**	17.4	**4.7**	(35.5)	**16.0**	11.6
Gross deferred tax liabilities	**1,965.7**	1,915.3	**59.1**	(16.0)	**1,494.4**	1,512.0
Deferred tax assets						
Unabsorbed capital allowances and tax losses	**(81.1)**	(82.7)	**(50.6)**	(91.5)	**–**	–
Revaluation to fair value						
- fuel hedging contracts	**(102.5)**	(166.4)	**–**	–	**(80.3)**	(134.1)
- currency hedging contracts	**(21.4)**	(10.4)	**–**	–	**(19.6)**	(9.1)
- interest rate cap contracts	**(0.1)**	(2.0)	**–**	–	**(0.1)**	(2.0)
Actuarial loss on revaluation of defined benefit plans	**(1.5)**	(1.2)	**–**	–	**(1.0)**	(0.7)
Other temporary differences	**(77.4)**	(53.0)	**(24.7)**	14.4	**(46.9)**	(40.6)
Gross deferred tax assets	**(284.0)**	(315.7)	**(75.3)**	(77.1)	**(147.9)**	(186.5)
Net deferred tax liabilities	**1,681.7**	1,599.6			**1,346.5**	1,325.5
Deferred tax credited to profit and loss			**(16.2)**	(93.1)		
Deferred tax charged/(credited) to equity	**37.1**	(157.1)			**30.7**	(128.2)

At the end of the reporting period, deferred tax liability of $0.7 million (2015: $0.6 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 $7.1 million (2015: $5.9 million). The deferred tax liability is estimated to be $2.1 million (2015: $1.8 million).

19 Borrowings and Long-Term Liabilities (in $ million)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Current Liabilities				
Borrowings				
Notes payable	–	300.0	–	300.0
Loans	**190.4**	93.0	–	–
Finance lease commitments	**21.5**	54.1	–	–
	211.9	447.1	–	300.0
Non-Current Liabilities				
Borrowings				
Notes payable	**1,000.0**	1,000.0	**1,000.0**	1,000.0
Loans	**112.7**	247.2	–	–
Finance lease commitments	**22.9**	45.2	–	–
	1,135.6	1,292.4	**1,000.0**	1,000.0
Long-Term Liabilities				
Maintenance reserve	**5.4**	1.0	**5.4**	1.0
Purchase option price payable to lessor	**28.6**	76.6	–	–
Deposit received from a lessee	**9.1**	–	–	–
Derivative liabilities	**104.7**	151.2	**104.7**	151.2
	147.8	228.8	**110.1**	152.2
	1,283.4	1,521.2	**1,110.1**	1,152.2

Notes payable

Notes payable at 31 March 2016 comprised unsecured notes issued by the Company.

$500 million fixed rate notes due 2020 (“Series 001 Notes”) bear fixed interest at 3.22% per annum and are repayable on 9 July 2020. The fair value of notes payable amounted to $518.3 million as at 31 March 2016 (2015: $511.4 million) for the Company.

$200 million fixed rate notes due 2021 (“Series 002 Notes”) bear fixed interest at 3.145% per annum and are repayable on 8 April 2021. The fair value of notes payable amounted to $204.7 million as at 31 March 2016 (2015: $202.9 million) for the Company.

$300 million fixed rate notes due 2024 (“Series 003 Notes”) bear fixed interest at 3.75% per annum and are repayable on 8 April 2024. The fair value of notes payable amounted to $313.3 million as at 31 March 2016 (2015: $309.1 million) for the Company.

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31 March 2016

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

Loans

A short-term loan of $8.8 million (2015: $9.3 million) is a revolving credit facility denominated in USD taken by a subsidiary company. The loan is unsecured and bears a fixed interest ranging from 2.75% to 3.03% (FY2014/15: 2.75%) per annum. The current revolving credit facility is repayable within 12 months after the reporting date.

The other short-term loans of $181.6 million (2015: $83.7 million) are European Export Credit Agency ("ECA") aircraft financing loans denominated in SGD taken by a subsidiary company. These are in the form of credit support, where a bank or other financial institution lends money to the borrower with the loan guaranteed by the ECA. The secured bank loans are secured via assignment of the aircraft purchase agreement, assignment of engine warranty and credit agreement as well as mortgage of the aircraft. The interest rates range from 1.18% to 4.11% (FY2014/15: 0.90% to 4.11%) per annum and the loans are repayable within 12 months after the reporting date.

A long-term loan of $24.5 million (2015: $23.9 million) denominated in USD taken by a subsidiary company is unsecured and bears an average floating rate of 1.80% (FY2014/15: 1.47%) per annum, re-priced quarterly. This loan shall be repayable in 2022.

The other long-term loans of $88.2 million (2015: $223.3 million) are ECA aircraft financing loans denominated in SGD taken by a subsidiary company. The interest rates range from 1.18% to 4.11% per annum (FY2014/15: 0.90% to 4.11%) and the loans are repayable in 2023.

As part of the ECA financing arrangements with banks, special purpose entities ("SPE") (Note 23) were incorporated. As at 31 March 2016, there were ECA financing arrangements with banks to finance 11 aircraft (2015: 11). Pursuant to the ECA financing, the legal ownership of the aircraft is vested in the SPEs. The subsidiary companies leased the aircraft using finance lease arrangements with Falcon Aircraft Limited and Winnie Aircraft Limited. The subsidiary companies have purchase options to acquire legal ownership of the aircraft from the SPEs at the end of the lease term at a bargain purchase option price.

The fair value of the loans amounted to $320.5 million as at 31 March 2016 (2015: $336.3 million).

Finance lease commitments

During the year, SIA Cargo had four B747-400 freighters on finance leases, of which SIA Cargo had elected the purchase option and purchased two of the four freighters.

SIA Cargo holds two B747-400 freighters under finance leases, which mature between 2017 and 2018, without any options for renewal. One lease has an option for SIA Cargo to purchase the aircraft at the end of the lease period of 12 years. The remaining lease has an option for SIA Cargo to purchase the aircraft at the end of the 15^{th} year of the lease period. Sub-leasing is allowed under the lease agreements.

The net carrying amounts approximate the fair value as the interest rate approximates the market rate.

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

Purchase option price payable

SIA Cargo continues to remain the primary obligor under the lease agreements, and as such, there are unpaid lease commitments of $132.1 million (2015: $192.3 million) as at 31 March 2016. Of this amount, $79.4 million (2015: $76.6 million) relates to the purchase option price payable to the lessor, which $28.6 million (2015: $76.6 million) is recognised under long-term liabilities and $50.8 million (2015: nil) under trade and other creditors. The fair value of the purchase option price payable amounted to $83.8 million (2015: $85.3 million) as at 31 March 2016.

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

	The Group 31 March			
	2016		2015	
	Minimum Lease Payments	Present Value of Payments	Minimum Lease Payments	Present Value of Payments
Not later than one year	**23.8**	**21.5**	57.8	54.1
Later than one year but not later than five years	**23.7**	**22.9**	48.3	45.2
Total minimum lease payments	**47.5**	**44.4**	106.1	99.3
Amounts representing interest	**(3.1)**	**–**	(6.8)	–
Present value of minimum lease payments	**44.4**	**44.4**	99.3	99.3

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31 March 2016

20 Provisions (in $ million)

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

An analysis of the provisions is as follows:

The Group

	Return costs for leased aircraft	Onerous leases	Others	Total
Balance at 1 April 2014	658.4	–	31.4	689.8
Acquisition of a subsidiary company	118.0	133.1	–	251.1
Provision during the year	321.8	6.5	20.0	348.3
Provision utilised during the year	(91.4)	(51.6)	(8.4)	(151.4)
Balance at 31 March 2015	1,006.8	88.0	43.0	1,137.8
Current	151.5	17.8	9.6	178.9
Non-current	855.3	70.2	33.4	958.9
	1,006.8	88.0	43.0	1,137.8
Balance at 1 April 2015	1,006.8	88.0	43.0	1,137.8
Provision during the year	244.6	9.6	22.6	276.8
Provision written back during the year	(48.7)	(35.1)	–	(83.8)
Provision utilised during the year	(155.6)	(20.6)	(14.4)	(190.6)
Reclassification	(44.6)	–	–	(44.6)
Balance at 31 March 2016	1,002.5	41.9	51.2	1,095.6
Current	195.1	13.2	10.2	218.5
Non-current	807.4	28.7	41.0	877.1
	1,002.5	41.9	51.2	1,095.6

20 Provisions (in $ million) (continued)

The Company

	Return costs for leased aircraft	Others	Total
Balance at 1 April 2014	596.6	27.7	624.3
Provision during the year	263.9	19.4	283.3
Provision utilised during the year	(50.9)	(8.0)	(58.9)
Balance at 31 March 2015	809.6	39.1	848.7
Current	138.0	8.0	146.0
Non-current	671.6	31.1	702.7
	809.6	39.1	848.7
Balance at 1 April 2015	809.6	39.1	848.7
Provision during the year	206.0	22.2	228.2
Provision written back during the year	(48.7)	–	(48.7)
Provision utilised during the year	(142.7)	(13.2)	(155.9)
Reclassification	(44.6)	–	(44.6)
Balance at 31 March 2016	779.6	48.1	827.7
Current	171.3	9.2	180.5
Non-current	608.3	38.9	647.2
	779.6	48.1	827.7

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21 Property, Plant and Equipment (in $ million)

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2014	18,748.4	539.1	192.3
Additions	286.6	36.8	19.8
Acquisition of a subsidiary company	461.8	–	10.2
Transfers	1,632.6	0.4	3.1
Reclassification to assets held for sale	(91.9)	–	–
Disposals	(1,818.7)	(48.8)	(23.6)
Exchange differences	–	0.4	–
At 31 March 2015	19,218.8	527.9	201.8
Additions	714.4	67.6	53.4
Transfers	1,839.7	0.2	40.0
Reclassification to assets held for sale	(266.3)	–	–
Disposals	(1,434.1)	(17.8)	(31.2)
Disposal of a subsidiary company	–	–	–
Exchange differences	–	(0.1)	–
At 31 March 2016	20,072.5	577.8	264.0
Accumulated depreciation and impairment loss			
At 1 April 2014	8,960.0	306.9	112.1
Depreciation	1,410.1	31.3	13.5
Impairment loss	29.0	1.5	–
Transfers	(3.8)	–	–
Reclassification to assets held for sale	(28.4)	–	–
Disposals	(780.4)	(39.9)	(21.2)
Exchange differences	–	0.3	–
At 31 March 2015	9,586.5	300.1	104.4
Depreciation	1,410.8	30.1	19.7
Impairment loss	19.9	1.7	–
Transfers	(21.6)	–	18.9
Reclassification to assets held for sale	(80.5)	–	–
Disposals	(948.8)	(8.1)	(29.4)
Disposal of a subsidiary company	–	–	–
Exchange differences	–	(0.1)	–
At 31 March 2016	9,966.3	323.7	113.6
Net book value			
At 31 March 2015	9,632.3	227.8	97.4
At 31 March 2016	10,106.2	254.1	150.4

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	147.4	621.9	834.7	268.1	2,440.7	23,808.3
–	–	0.5	29.6	13.5	2,245.2	2,632.0
–	–	0.1	–	0.9	76.1	549.1
–	–	0.2	74.8	5.5	(1,716.6)	–
–	–	–	–	–	–	(91.9)
–	–	(13.1)	(71.6)	(11.7)	(0.8)	(1,988.3)
–	–	1.5	3.1	0.2	1.3	6.5
15.7	147.4	611.1	870.6	276.5	3,045.9	24,915.7
–	–	0.4	38.8	14.9	2,034.2	2,923.7
–	–	–	(3.4)	5.6	(1,882.1)	–
–	–	–	–	–	(19.8)	(286.1)
–	–	–	(162.9)	(7.4)	(9.8)	(1,663.2)
–	–	–	(3.5)	(0.7)	–	(4.2)
–	–	(0.5)	(1.0)	(0.1)	(0.5)	(2.2)
15.7	147.4	611.0	738.6	288.8	3,167.9	25,883.7
–	119.8	438.3	606.5	238.0	–	10,781.6
–	3.2	11.6	53.6	15.5	–	1,538.8
–	–	–	1.2	–	–	31.7
–	–	0.1	3.5	0.2	–	–
–	–	–	–	–	–	(28.4)
–	–	(8.6)	(71.6)	(11.5)	–	(933.2)
–	–	0.4	1.2	0.1	–	2.0
–	123.0	441.8	594.4	242.3	–	11,392.5
–	3.3	11.6	49.0	18.5	–	1,543.0
–	–	–	0.7	–	–	22.3
–	–	–	2.7	–	–	–
–	–	–	–	–	–	(80.5)
–	–	–	(139.2)	(7.4)	–	(1,132.9)
–	–	–	(2.6)	(0.6)	–	(3.2)
–	–	(0.2)	(0.6)	(0.1)	–	(1.0)
–	126.3	453.2	504.4	252.7	–	11,740.2
15.7	24.4	169.3	276.2	34.2	3,045.9	13,523.2
15.7	21.1	157.8	234.2	36.1	3,167.9	14,143.5

Notes to the Financial Statements
31 March 2016

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

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2014	14,904.3	336.1	50.2
Additions	84.9	13.5	19.2
Transfers	1,106.5	–	–
Disposals	(1,061.4)	(47.9)	(4.4)
At 31 March 2015	15,034.3	301.7	65.0
Additions	41.4	51.6	14.7
Transfers	1,063.1	–	–
Disposals	(343.2)	(14.6)	(0.1)
At 31 March 2016	15,795.6	338.7	79.6
Accumulated depreciation and impairment loss			
At 1 April 2014	6,675.7	222.1	14.7
Depreciation	1,168.8	15.8	5.2
Impairment loss	22.0	1.5	–
Transfers	(3.3)	–	–
Disposals	(382.1)	(35.3)	(4.4)
At 31 March 2015	7,481.1	204.1	15.5
Depreciation	1,151.9	13.4	6.2
Impairment loss	17.0	1.7	–
Transfers	(2.7)	–	–
Disposals	(210.4)	(5.7)	–
At 31 March 2016	8,436.9	213.5	21.7
Net book value			
At 31 March 2015	7,553.2	97.6	49.5
At 31 March 2016	7,358.7	125.2	57.9

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	147.4	332.3	491.0	212.9	1,622.7	18,112.6
–	–	–	8.7	11.6	1,467.1	1,605.0
–	–	–	73.0	–	(1,179.5)	–
–	–	–	(32.6)	(7.5)	–	(1,153.8)
15.7	147.4	332.3	540.1	217.0	1,910.3	18,563.8
–	–	–	23.2	13.2	1,595.1	1,739.2
–	–	–	–	–	(1,063.1)	–
–	–	–	(137.2)	(6.8)	–	(501.9)
15.7	147.4	332.3	426.1	223.4	2,442.3	19,801.1
–	119.8	310.7	315.7	195.0	–	7,853.7
–	3.2	1.8	37.2	9.8	–	1,241.8
–	–	–	–	–	–	23.5
–	–	–	3.3	–	–	–
–	–	–	(32.6)	(7.2)	–	(461.6)
–	123.0	312.5	323.6	197.6	–	8,657.4
–	3.3	1.9	33.2	12.3	–	1,222.2
–	–	–	–	–	–	18.7
–	–	–	2.7	–	–	–
–	–	–	(115.5)	(6.8)	–	(338.4)
–	126.3	314.4	244.0	203.1	–	9,559.9
15.7	24.4	19.8	216.5	19.4	1,910.3	9,906.4
15.7	21.1	17.9	182.1	20.3	2,442.3	10,241.2

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

Assets held under finance leases

	The Group 31 March 2016	2015
Net book value of property, plant and equipment acquired under finance leases:		
- aircraft	**556.9**	825.7
- plant and equipment	**0.1**	0.1
	557.0	825.8

Advance and progress payments comprise mainly purchases of aircraft and related equipment.

Asset held as security

SilkAir (Singapore) Private Limited's ("SilkAir") spare engines with carrying amounts of $27.6 million (2015: $18.1 million) are pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to SilkAir.

Impairment of aircraft

In the financial year ended 31 March 2016, an impairment loss of $11.7 million (FY2014/15: $22.0 million) was recognised on four Boeing 777-200ER (FY2014/15: two Boeing 777-200ER) aircraft that were previously removed from the operating fleet. The recoverable amount was based on the estimated disposal value. This amount has been recognised as a non-operating item (Note 9). The estimated disposal value is classified as Level 3 under the fair value hierarchy.

Impairment of engines

An impairment loss of $8.2 million (FY2014/15: nil) was recognised on two engines damaged beyond economic repair.

Reclassification to assets held for sale

As of 31 March 2016, seven aircraft were classified as held for sale as a subsidiary company had decided to sell these aircraft (2015: two aircraft). The sale is expected to be completed within one year. During the financial year, the Group recognised a loss on planned disposal of aircraft of $38.0 million as a non-operating item (Note 9). The estimated disposal value of the aircraft is classified as Level 3 under the fair value hierarchy.

	The Group 31 March 2016	2015
Balance as at 1 April	**71.0**	–
Transfer from property, plant and equipment	**205.6**	63.5
Transfer from prepayments	**–**	7.5
Loss on planned disposal of aircraft	**(38.0)**	–
Others	**2.9**	–
	241.5	71.0

22 Intangible Assets (in $ million)

The Group

	Goodwill	Brand	Trademarks	Computer software and others	Deferred engine development cost	Advance and progress payments	Total
Cost							
At 1 April 2014	–	–	–	508.7	50.0	8.1	566.8
Additions	–	–	–	10.2	2.0	18.7	30.9
Acquisition of a subsidiary company	163.8	75.9	25.0	–	–	–	264.7
Disposals	–	–	–	(11.6)	–	–	(11.6)
Transfers	–	–	–	16.1	–	(16.1)	–
Exchange differences	–	–	–	0.1	4.7	–	4.8
At 31 March 2015	163.8	75.9	25.0	523.5	56.7	10.7	855.6
Additions	6.6	–	–	10.4	2.6	32.5	52.1
Disposals	–	–	–	(6.4)	–	–	(6.4)
Transfers	–	–	–	32.7	–	(32.7)	–
Exchange differences	–	–	–	–	(1.1)	–	(1.1)
At 31 March 2016	170.4	75.9	25.0	560.2	58.2	10.5	900.2
Accumulated amortisation							
At 1 April 2014	–	–	–	343.4	–	–	343.4
Amortisation	–	–	–	25.9	–	–	25.9
Disposals	–	–	–	(11.4)	–	–	(11.4)
Exchange differences	–	–	–	0.1	–	–	0.1
At 31 March 2015	–	–	–	358.0	–	–	358.0
Amortisation	–	–	1.6	31.1	–	–	32.7
Disposals	–	–	–	(6.3)	–	–	(6.3)
At 31 March 2016	–	–	1.6	382.8	–	–	384.4
Net book value							
At 31 March 2015	163.8	75.9	25.0	165.5	56.7	10.7	497.6
At 31 March 2016	170.4	75.9	23.4	177.4	58.2	10.5	515.8

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22 Intangible Assets (in $ million) (continued)

The Company

	Computer software and others	Advance and progress payments	Total
Cost			
At 1 April 2014	426.2	5.2	431.4
Additions	7.6	14.7	22.3
Transfers	11.5	(11.5)	–
Disposals	(7.9)	–	(7.9)
At 31 March 2015	437.4	8.4	445.8
Additions	8.9	24.1	33.0
Transfers	27.4	(27.4)	–
Disposals	(5.4)	–	(5.4)
At 31 March 2016	468.3	5.1	473.4
Accumulated amortisation			
At 1 April 2014	273.5	–	273.5
Amortisation	20.7	–	20.7
Disposals	(7.8)	–	(7.8)
At 31 March 2015	286.4	–	286.4
Amortisation	25.4	–	25.4
Disposals	(5.4)	–	(5.4)
At 31 March 2016	306.4	–	306.4
Net book value			
At 31 March 2015	151.0	8.4	159.4
At 31 March 2016	161.9	5.1	167.0

Impairment testing of goodwill and brand

The goodwill and brand acquired through acquisition of Tiger Airways have indefinite useful lives. Tiger Airways has been identified as a single CGU for impairment testing.

The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 6.8% (2015: 7.0%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the five-year period is 2.5% (2015: 2.5%).

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:
Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the 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 Intangible Assets (in $ million) (continued)

Impairment testing of deferred engine development costs

This relates to the Group's share of engine development payments made in connection with its participation in aircraft engine development projects with other companies. As the intangible asset is not yet available for use, an impairment test has been performed.

The recoverable amount of the CGU (the aircraft engine development project) has been determined based on value-in-use calculations using cash flow projections from business plan approved by Management for the next 46 years (2015: 47 years). The pre-tax discount rate applied to cash flow projections is 7.0% (2015: 7.0%).

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:
Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Number and timing of engine sales – The number and timing of engine sales represent the projected number of aircraft engines expected to be sold each year upon completion of the engine development. Projections of engine sales are based on current aircraft orders and expectations of market developments.

The recoverable amount is still expected to exceed its carrying amount if the discount rate or growth rate increases by 0.8% instead or if engine sales are delayed by one year.

Impairment testing of landing slots

The carrying value of the landing slots classified under "others" is assessed for impairment annually as the landing slots have indefinite useful lives. The recoverable amount of the landing slots has been determined based on value-in-use calculations using nine-year cash flow projections approved by Management. The pre-tax discount rate applied to cash flow projections is 6.8% (2015: 7.0%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the five-year period is 2.5% (2015: 2.5%). A reasonable change to the assumptions used by Management to determine the impairment required, particularly the discount rate and long-term growth rate, would not significantly affect the results.

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23 Subsidiary Companies (in $ million)

	The Company 31 March 2016	2015
Investment in subsidiary companies	**3,331.6**	2,846.3
Accumulated impairment loss	**(52.7)**	(52.7)
	3,278.9	2,793.6
Long-term loans to a subsidiary company	**1,182.0**	571.1
	4,460.9	3,364.7

During the financial year:

1. The Company announced a Voluntary Conditional General Offer (the "Offer") for the shares in Tiger Airways that the Company does not already own. The Company invested an additional of $477.7 million in Tiger Airways. Further details are disclosed in Notes 23(g) and 42.

2. The Company divested its 56.0% shareholdings in Abacus Travel Systems Pte Ltd ("ATS") for a consideration of USD5.6 million ($7.5 million). Following the divestment, ATS is no longer a subsidiary company of SIA.

3. The Company extended a two-year unsecured loan to Scoot Pte. Ltd. ("Scoot"). The maturity date of the loans, including the loan from last year, was extended by one year to September 2017. Interest on the loans is computed using SGD swap-offer rates, plus an agreed margin. The loans are denominated in SGD and interest rates ranged from 1.45% to 2.57% per annum (FY2014/15: 1.45% to 2.30%). The carrying amount of the loans approximates the fair value as interest rates implicit in the loan approximate market interest rates.

4. SIAEC invested approximately $0.3 million and $2.7 million in NexGen Network (1) Holding Pte Ltd ("NGN1") and NexGen Network (2) Holding Pte Ltd ("NGN2") respectively.

5. SIAEC invested approximately $2.8 million in SIA Engineering (Philippines) Corporation ("SIAEP").

6. Tiger Airways incorporated a wholly-owned subsidiary, Simple Holidays Pte. Ltd., with a share capital of $250,000 consisting of 250,000 ordinary shares. Tiger Airways also subscribed to an additional 299,000 shares at $1.00 each in the capital of Roar Aviation III Pte. Ltd.

23 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group

The subsidiary companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2016	2015
SIA Engineering Company Limited*	Engineering services	Singapore	**77.6**	77.6
Aircraft Maintenance Services Australia Pty Ltd(1)**	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	**77.6**	77.6
NexGen Network (1) Holding Pte Ltd(1)*	Investment holding	Singapore	**77.6**	77.6
NexGen Network (2) Holding Pte Ltd(1)*	Investment holding	Singapore	**77.6**	77.6
SIA Engineering (USA), Inc.(1)@	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	**77.6**	77.6
SIAEC Global Pte Ltd(1)*	Investment holding	Singapore	**77.6**	77.6
Singapore Jamco Services Pte Ltd (1)*	Maintenance, repair and overhaul of aircraft and cabin components/systems	Singapore	**62.0**	62.1
SIA Engineering (Philippines) Corporation(1)**	Provide airframe maintenance and component overhaul services	Philippines	**50.4**	50.4
Aerospace Component Engineering Services Pte Limited (1) (2)*	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	**39.6**	39.6
Aviation Partnership (Philippines) Corporation(1) (2)**	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	**39.6**	39.6
Singapore Airlines Cargo Pte Ltd*	Air cargo transportation	Singapore	**100.0**	100.0
Cargo Community Network Pte Ltd(3)*	Providing and marketing of cargo community systems	Singapore	**51.0**	51.0
Cargo Community (Shanghai) Co Ltd(3)****+	Marketing and support of portal services for the air cargo industry	People's Republic of China	**51.0**	51.0
SilkAir (Singapore) Private Limited*	Air transportation	Singapore	**100.0**	100.0
Scoot Pte. Ltd.*	Air transportation	Singapore	**100.0**	100.0
Tradewinds Tours & Travel Private Limited(4)*	Tour wholesaling	Singapore	**100.0**	100.0
Singapore Aviation and General Insurance Company (Pte) Limited*	Aviation insurance	Singapore	**100.0**	100.0
Singapore Flying College Pte Ltd*	Training of pilots	Singapore	**100.0**	100.0
Sing-Bi Funds Private Limited*	Inactive	Singapore	**100.0**	100.0
Singapore Airport Duty-Free Emporium (Private) Limited*	Inactive	Singapore	**76.0**	76.0
Abacus Travel Systems Pte Ltd(5)****	Marketing of Abacus computer reservations systems	Singapore	**–**	61.0

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23 Subsidiary Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2016	2015
Tiger Airways Holdings Limited****	Investment holding	Singapore	**95.5**	55.8
Tiger Airways Singapore Pte Ltd(6)****	Air transportation	Singapore	**95.5**	55.8
Roar Aviation Pte Ltd(6)****	Investment holding	Singapore	**95.5**	55.8
Roar Aviation II Pte Ltd(6)****	Investment holding	Singapore	**95.5**	55.8
Roar Aviation III Pte Ltd(6)****	Investment holding	Singapore	**95.5**	55.8
Simple Holidays Pte Ltd(6)****	Reservation service activities	Singapore	**95.5**	–
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 Singapore Airlines Cargo Pte Ltd
(4) Held by SilkAir (Singapore) Private Limited
(5) Held by the Company (56%) and SilkAir (Singapore) Private Limited (5%)
(6) Held by Tiger Airways Holdings Limited
* Audited by KPMG LLP, Singapore
** Audited by member firms of KPMG International in the respective countries
*** Audited by Shanghai HDDY Certified Public Accountants Co., Ltd
**** Audited by Ernst & Young LLP, Singapore
@ Not required to be audited under the law in country of incorporation
+ Financial year end 31 December

Special purpose entities

Details of the operating special purpose entities ("SPE") controlled and consolidated by the Group at the end of financial year are as follows:

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

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

Although the Group does not hold shares in these companies, they are considered subsidiary companies as the activities of the SPEs are being conducted on behalf of the Group according to its specific business needs and the Group retains the majority of the residual or ownership risks related to the assets held by these SPEs. These SPEs were incorporated for the sole purpose of financing of the Group's aircraft (Note 19).

23 Subsidiary Companies (in $ million) (continued)

(b) Interest in subsidiary companies 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	
	2016	**2015**
Proportion of ownership interest held by NCI	**22.4%**	22.4%
Profit allocated to NCI during the reporting period	**43.9**	43.3
Accumulated NCI at the end of reporting period	**359.8**	321.9
Dividends paid to NCI	**40.7**	71.1

During the financial year, the Company acquired an additional interest in Tiger Airways of 39.7% (Note 23(g)). As a result, the proportion of ownership interest held by NCI in Tiger Airways was reduced to 4.5% from 44.2%, and Tiger Airways is no longer a subsidiary company with NCI material to the Group.

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

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiary companies with material non-controlling interests are as follows:

Summarised balance sheet

	SIA Engineering Company Group of Companies 31 March		Tiger Airways Group of Companies 31 March	
	2016	**2015**	**2016**	**2015**
Current				
Assets	**926.2**	771.6	#	443.3
Liabilities	**(256.1)**	(255.3)	#	(340.1)
Net current assets	**670.1**	516.3	#	103.2
Non-current				
Assets	**895.8**	885.5	#	579.1
Liabilities	**(54.0)**	(50.5)	#	(466.9)
Net non-current assets	**841.8**	835.0	#	112.2
Net assets	**1,511.9**	1,351.3	#	215.4

Tiger Airways ceased to be a subsidiary company with NCI material to the Group.

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23 Subsidiary Companies (in $ million) (continued)

(d) Summarised statement of comprehensive income

	SIA Engineering Company Group of Companies		Tiger Airways Group of Companies	
	FY2015/16	FY2014/15	FY2015/16	FY2014/15
Revenue	**1,113.5**	1,119.7	#	677.4
Profit/(Loss) before income tax	**200.3**	207.2	#	(272.5)
Taxation	**(20.8)**	(20.0)	#	8.3
Profit/(Loss) after tax	**179.5**	187.2	#	(264.2)
Other comprehensive income	**148.5**	34.4	#	(25.0)
Total comprehensive income	**328.0**	221.6	#	(289.2)

Tiger Airways ceased to be a subsidiary company with NCI material to the Group.

(e) Other summarised information

	SIA Engineering Company Group of Companies		Tiger Airways Group of Companies	
	FY2015/16	FY2014/15	FY2015/16	FY2014/15
Net cash flow from operations	**77.1**	96.1	#	28.7
Acquisition of significant property, plant and equipment	**(40.9)**	(49.5)	#	(40.7)

Tiger Airways ceased to be a subsidiary company with NCI material to the Group.

(f) Acquisition of a subsidiary company

FY2014/15

On 17 October 2014 (the "acquisition date"), the Company announced an irrevocable undertaking to Tiger Airways' rights issue, to subscribe for up to such number of excess Tiger Airways rights shares which are not validly subscribed for by the other Tiger Airways shareholders, not exceeding a maximum aggregate amount of $140 million. The Company also announced to convert all its 189,390,367 non-voting perpetual convertible capital securities into new Tiger Airways' shares. Following the announcements, Tiger Airways became a subsidiary of the Group.

The acquisition is in line with the Company's support of Tiger Airways. The Company's portfolio approach ensures that all segments of the airline business are well covered, through both full-service and low-cost operations. As a regional low-cost airline, Tiger Airways is an important part of the Company's portfolio given that it complements the operations of Scoot, which operates widebody aircraft on medium-haul routes. The Company is therefore committed to the long-term growth of Tiger Airways.

A goodwill amount of $163.8 million was recognised on the acquisition based on the difference between the consideration and the fair value of the identifiable assets and liabilities at the date of the acquisition. The goodwill arising from the acquisition comprised the value of strengthening the Group's portfolio approach and synergies within the Group expected to arise from the acquisition.

The Group elected to measure the non-controlling interest at the non-controlling interest's proportionate share of Tiger Airways' net identifiable assets.

23 Subsidiary Companies (in $ million) (continued)

(f) Acquisition of a subsidiary company (continued)

The fair value of the identifiable assets and liabilities of Tiger Airways as at the acquisition date were:

	Fair value recognised on acquisition
Tigerair brand and trademarks	100.9
Tangible assets	553.1
Pre-existing intangible assets	0.1
Deferred tax assets	12.1
Other receivables	10.6
Long-term investments	8.3
Cash and cash equivalents	135.6
Assets held for sale	20.7
Other current assets	56.8
	898.2
Borrowings	(345.2)
Provisions	(156.8)
Deferred tax liabilities	(21.3)
Derivative liabilities	(9.4)
Liabilities held for sale	(10.4)
Other current liabilities	(252.4)
	(795.5)
Total identifiable net assets at fair value	102.7
Non-controlling interest measured at the non-controlling interest's proportionate share of Tiger Airways' net identifiable assets	(49.3)
Goodwill arising from acquisition	163.8
	217.2
Consideration transferred for the acquisition of Tiger Airways	
Fair value of equity interest in Tiger Airways held by the Group immediately before the acquisition	217.2
Effect of the acquisition of Tiger Airways on cash flows	
Total consideration for the acquisition	217.2
Less: Non-cash consideration	(217.2)
Consideration settled in cash	–
Less: Cash and cash equivalents of subsidiary acquired	(135.6)
Net cash inflow on acquisition	135.6

Goodwill arising from acquisition
The goodwill of $163.8 million comprised the value of strengthening the Group's portfolio approach and synergies within the Group expected to arise from the acquisition. Goodwill was allocated entirely to the Tiger Airways business. None of the goodwill recognised was expected to be tax deductible for income tax purposes.

Impact of the acquisition on profit or loss
From its acquisition, Tiger Airways contributed $357.0 million of revenue and $9.9 million of loss to the Group's profit for the financial year ended 31 March 2015. If the acquisition had taken place on 1 April 2014, the Group's revenue would have been $15,886.1 million and the Group's net profit attributable to owners of the Parent would remain the same, as there is no change in the net equity interest.

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23 Subsidiary Companies (in $ million) (continued)

(g) Changes in ownership interests in subsidiary companies

Acquisition of non-controlling interests without a change in control

FY2015/16

The Company announced on 6 November 2015 a Voluntary Conditional General Offer (the "Offer") for the shares in Tiger Airways that the Company does not already own for a consideration comprising $0.41 per Tiger Airways' share (the "Offer Price") and options to subscribe for the Company's shares, conditional upon the Company owning more than 90% of Tiger Airways by the close of the Offer. On 4 January 2016, the Offer Price was revised to $0.45 per share (the "Final Offer Price"). On 11 January 2016, the Company announced the waiver of the acceptance condition, and declared the Offer unconditional. Shareholders who accept the Offer would be paid the Final Offer Price of $0.45 per share, and issued a letter of grant in relation to the options to subscribe for the Company's shares, within ten days of their valid acceptances being received.

As a result of the Offer, the Group granted 44,412,941 equity-settled share-based payment options with contractual lives ranging from 38 days to 89 days from the vesting date. An amount of $19.2 million in relation to the valuation of the option to subscribe was recorded in the share-based compensation reserve (Note 16).

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

Consideration paid for acquisition of non-controlling interests	458.5
Decrease in equity attributable to non-controlling interests	(124.0)
Decrease in equity attributable to owners of the Company	334.5

FY2014/15

On 16 May 2014, the Group completed the restructuring of one of its subsidiary companies, Singapore Jamco Pte Ltd ("SJAMCO"). As part of the restructuring, a new company, Singapore Jamco Services Pte Ltd ("SJAMCO Services") was incorporated with the same shareholding interest as SJAMCO. SJAMCO then transferred a part of its existing business to SJAMCO Services. Following the transfer, the Group disposed of 45% of SJAMCO and acquired an additional 15% interest in SJAMCO Services. Consequently SJAMCO became an associated company upon the disposal of its interest.

On 5 December 2014, the Company converted its 189,390,367 non-voting perpetual convertible capital securities into new Tiger Airways shares, resulting in an increase in equity interest of 3.8%, from 52.0% to 55.8%.

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

Consideration paid for acquisition of non-controlling interests	–
Decrease in equity attributable to non-controlling interests	(2.5)
Decrease in equity attributable to owners of the Company	(2.5)

On 7 January 2015, Tiger Airways issued 1,147,102,770 ordinary shares, pursuant to a rights issue, on the basis of 85 Rights Share for every 100 existing ordinary shares held, at an issue price of $0.20 for each Rights Share with net proceeds of $227.4 million. Accordingly, rights shares of $100.5 million was allotted to the non-controlling interests of Tiger Airways.

24 Associated Companies (in $ million)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Investment in associated companies	**913.8**	931.6	**540.9**	481.8
Accumulated impairment loss	**(11.9)**	(9.4)	**(9.4)**	(9.4)
	901.9	922.2	**531.5**	472.4

During the financial year:

1. The Company subscribed to 45% of the equity interest in Airbus Asia Training Centre Pte Ltd ("AATC"), which has been jointly established with Airbus SAS, for a consideration of USD15 million ($20.7 million). AATC, which is considered an associated company of the Group, provides flight training services on full-flight simulators for all in-production Airbus aircraft types.

2. The Company injected $33.0 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.

3. The Company purchased an additional interest of 0.3% in Virgin Australia from the open market, for AUD5.3 million ($5.4 million), resulting in the recognition of additional goodwill of $2.4 million.

4. SIAEC sold 9% of its interest in Safran Electronics Asia Pte Ltd ("SEA") to Sagem Défense Sécurité ("Sagem") for a cash consideration of approximately $4.9 million. SIAEC's residual interest in the shares of SEA is 40%, with the remaining 60% held by Sagem. The gain on sale of the investment at the Group level is approximately $2.8 million.

5. SIAEC, together with Boeing, incorporated an entity, Boeing Asia Pacific Aviation Services Pte Ltd ("BAPAS"). SIAEC holds a 49% equity stake in BAPAS and Boeing holds the remaining 51%. SIAEC assessed the classification of the investment and recorded it as an associated company. SIAEC invested approximately $24.3 million in BAPAS.

6. SIAEC, together with Pratt & Whitney Ireland Holdings ("PWIH"), as members of PWA International Limited ("PWAI"), have resolved to close PWAI in the year. SIAEC had since deemed the investment in PWAI to be liquidated. A loss on liquidation of $4.3 million has been recognised as a non-operating item (Note 9).

7. Scoot incorporated Air Black Box Asia Pacific Pte Ltd ("ABBAS") with paid up capital of $1, and subsequently injected $1.4 million into ABBAS. Scoot currently holds 25% of the equity stake, while Nok Airlines Public Company Limited holds 25% and TOD Holdings Limited holds the remaining 50%. ABBAS, which is considered an associated company, is principally engaged in marketing of internet-based systems to airports, airlines, passengers and travel intermediaries.

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31 March 2016

24 Associated Companies (in $ million) (continued)

The associated companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2016	2015
Airbus Asia Training Centre Pte Ltd[+++(a)]	Flight training services	Singapore	**45.0**	–
RCMS Properties Private Limited[+++^]	Hotel ownership and management	Singapore	**20.0**	20.0
Tata SIA Airlines Limited[(b)]	Domestic and international full service scheduled passenger airlines services	India	**49.0**	49.0
Virgin Australia Holdings Limited[+**]	Air transportation	Australia	**23.1**	22.8
Air Black Box Asia Pacific Pte Ltd (Singapore)[(2)+++(g)]	Provision of support services to air transportation	Singapore	**25.0**	–
Component Aerospace Singapore Pte Ltd[(1)++^]	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	**38.0**	38.0
Eagle Services Asia Private Limited[(1)+++^]	Repair and overhaul of aircraft engines	Singapore	**38.0**	38.0
Fuel Accessory Service Technologies Pte Ltd[(1)++^]	Repair and overhaul of engine fuel components and accessories	Singapore	**38.0**	38.0
PT JAS Aero-Engineering Services[(1)+++(e)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	**38.0**	38.0
PWA International Limited[(1)++^^]	Repair, overhaul and re-manufacture of aircraft turbine engine cases, components and related parts	Republic of Ireland	**–**	38.0
Safran Electronics Asia Pte Ltd[(1)+++(b)]	Provide avionics maintenance, repair and overhaul services	Singapore	**31.0**	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	**38.0**	38.0
Boeing Asia Pacific Aviation Services Pte Ltd[(1)+++(b)]	Provide engineering, material management and fleet support solutions	Singapore	**38.0**	–
Pan Asia Pacific Aviation Services Ltd[(1)(d)]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	**36.5**	36.5
Jamco Aero Design & Engineering Pte Ltd[(1)(f)]	Providing turnkey solutions for aircraft interior modifications	Singapore	**34.9**	34.9
Panasonic Avionics Services Pte Ltd[(1)*]	IFE maintenance, repair & overhaul and ancillary services	Singapore	**33.0**	33.0
Goodrich Aerostructures Service Asia Pte Ltd[(1)+++^]	Repair and overhaul of aircraft nacelles, thrust reservers and pylons	Singapore	**31.0**	31.0
Messier Services Asia Private Limited[(1)+++(a)]	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	**31.0**	31.0
Asian Surface Technologies Pte Ltd[(1)+++(c)]	Repair and overhaul of aircraft engine fan blades	Singapore	**30.4**	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
Asian Compressor Technology Services Co Ltd[(1)+++^^@]	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	**19.0**	19.0
Turbine Coating Services Pte Ltd[(1)++^@]	Repair and overhaul of aircraft engine turbine airfoils	Singapore	**19.0**	19.0

24 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2016	2015
Jamco Singapore Pte Ltd(1)(f)@	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	**15.5**	15.5

(1) Held by SIA Engineering Company
(2) Held by Scoot Pte. Ltd.
* Audited by KPMG LLP, Singapore
** Audited by member firms of KPMG
^ Audited by Pricewaterhouse Coopers LLP, Singapore
^^ Audited by member firms of Pricewaterhouse Coopers
(a) Audited by Ernst & Young LLP, Singapore
(b) Audited by member firms of Deloitte & Touche
(c) Audited by RSM Chio Lim, Singapore
(d) Audited by BDO Limited, Hong Kong
(e) Audited by RSM AAJ, Indonesia
(f) Audited by Foo Kon Tan LLP
(g) Audited by Wong, Lee & Associates LLP
+ 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 carrying amounts of the investment in associated companies are as follows:

	The Group 31 March 2016	2015
Virgin Australia Holdings Limited ("VAH")	**354.2**	401.2
Eagle Services Asia Private Limited ("ESA")	**146.1**	147.3
Other associated companies	**401.6**	373.7
	901.9	922.2

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

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24 Associated Companies (in $ million) (continued)

The Group has two (2015: two) associated companies that are material and a number of associated companies that are individually immaterial to the Group. All are equity accounted. The following summarises the financial information of each of the Group's material associated companies based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisitions and differences in the Group's accounting policies.

Summarised statement of financial position

	VAH 31 March		ESA 31 March	
	2016	2015	2016	2015
Current assets	**1,624.7**	1,664.7	**290.3**	275.9
Non-current assets	**4,493.1**	4,450.3	**47.8**	52.8
Total assets	**6,117.8**	6,115.0	**338.1**	328.7
Current liabilities	**(2,656.9)**	(2,525.6)	**(38.1)**	(26.7)
Non-current liabilities	**(2,527.9)**	(2,403.6)	**(1.9)**	(1.4)
Total liabilities	**(5,184.8)**	(4,929.2)	**(40.0)**	(28.1)
Net assets	**933.0**	1,185.8	**298.1**	300.6

Summarised statement of comprehensive income

	VAH		ESA	
	FY2015/16	FY2014/15	FY2015/16	FY2014/15
(Loss)/Profit after tax	**(105.5)**	(79.6)	**19.8**	24.5
Other comprehensive income	**(75.9)**	(160.8)	**–**	–
Total comprehensive income	**(181.4)**	(240.4)	**19.8**	24.5

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

	The Group 31 March	
	2016	2015
VAH		
Group's share of net assets	**229.6**	270.4
Goodwill on acquisition	**120.8**	118.4
Other adjustments	**3.8**	12.4
	354.2	401.2
ESA		
Group's share of net assets	**146.1**	147.3

24 Associated Companies (in $ million) (continued)

Dividends of approximately $6.9 million (FY2014/15: $21.7 million) were received from ESA during the financial year.

Based on the quoted market price as at 31 March 2016 (Level 1 in the fair value hierarchy), the fair value of ownership interest in VAH is $306.9 million (2015: $433.0 million).

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	
	FY2015/16	FY2014/15
Profit after tax	**3.6**	17.7
Other comprehensive income	**–**	10.6
Total comprehensive income	**3.6**	28.3

25 Joint Venture Companies (in $ million)

	The Group 31 March	
	2016	2015
Investment in joint venture companies	**156.3**	167.9

The joint venture companies at 31 March are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2016	2015
International Engine Component Overhaul Pte Ltd [(1)]	Repair and overhaul of aero engine components and parts	Singapore	**38.8**	38.8
Singapore Aero Engine Services Pte Ltd [(1)]	Repair and overhaul of aircraft engines	Singapore	**38.8**	38.8
NokScoot Airlines Co., Ltd [(2)]	Air transportation	Thailand	**49.0**	49.0

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

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

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

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

The carrying amounts of the investments are as follows:

	The Group 31 March 2016	2015
Singapore Aero Engine Services Pte Ltd ("SAESL")	**136.0**	126.1
Other joint venture companies	**20.3**	41.8
	156.3	167.9

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

Dividends of approximately $33.9 million (FY2014/15: $49.8 million) were received from SAESL during the financial year.

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

Summarised statement of financial position

	SAESL 31 March 2016	2015
Cash and short-term deposits	**31.2**	64.8
Other current assets	**544.3**	313.0
Total current assets	**575.5**	377.8
Non-current assets	**251.3**	223.9
Total assets	**826.8**	601.7
Current financial liabilities (excluding trade, other payables and provisions)	**(173.9)**	(77.2)
Other current liabilities	**(258.9)**	(144.3)
Total current liabilities	**(432.8)**	(221.5)
Non-current financial liabilities	**(122.0)**	(128.0)
Total liabilities	**(554.8)**	(349.5)
Net assets	**272.0**	252.2

Summarised statement of comprehensive income

	SAESL FY2015/16	FY2014/15
Revenue	**1,326.3**	1,443.5
Depreciation and amortisation	**(12.6)**	(10.7)
Interest income	**0.1**	0.1
Interest expense	**(1.6)**	(1.2)
Profit before taxation	**82.2**	115.1
Taxation	**(0.2)**	(1.0)
Profit after taxation	**82.0**	114.1
Other comprehensive income	**10.7**	(12.8)
Total comprehensive income	**92.7**	101.3

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

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

A reconciliation of the summarised financial information to the carrying amount of SAESL is as follows:

	The Group 31 March	
	2016	**2015**
Group's share of net assets	**136.0**	126.1

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	
	2016	**2015**
Assets and liabilities		
Current assets	**43.0**	41.2
Non-current assets	**10.4**	10.3
	53.4	51.5
Current liabilities	**(32.5)**	(9.4)
Non-current liabilities	**(0.6)**	(0.3)
	20.3	41.8

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

	The Group	
	FY2015/16	**FY2014/15**
Results		
Loss after tax	**(18.2)**	(5.0)
Other comprehensive income	**1.2**	(1.6)
Total comprehensive income	**(17.0)**	(6.6)

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26 Long-Term Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Available-for-sale investments				
Quoted				
Government securities	–	0.6	–	0.6
Unquoted				
Non-equity investments	**215.7**	303.6	**215.7**	303.6
Equity investments	**47.9**	116.4	**28.0**	28.0
Accumulated impairment loss	**(18.5)**	(73.1)	**(17.3)**	(9.5)
	245.1	347.5	**226.4**	322.7
Held-to-maturity investments				
Quoted non-equity investments	**528.0**	580.1	**528.0**	580.1
	773.1	927.6	**754.4**	902.8

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

The interest rates for quoted and unquoted non-equity investments range from 1.30% to 3.96% (FY2014/15: 1.30% to 4.47%) per annum and 1.00% to 4.08% (FY2014/15: 2.57% to 5.31%) per annum respectively.

Reclassification to assets held for sale

During the financial year, the Group entered into a conditional sale and purchase agreement with Rolls-Royce Overseas Holdings Limited and Hong Kong Aircraft Engineering Company Limited to divest its 10% stake in Hong Kong Aero Engine Services Limited ("HAESL"). The Group remeasured its investment in HAESL to its fair value of approximately $156.5 million, and recognised a gain of approximately $141.9 million in other comprehensive income. The divestment is expected to complete in the financial year ending 31 March 2017. In accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations, the Group's equity interest in HAESL was reclassified from long-term investments to assets held for sale. The equity interest in HAESL is classified as Level 2 under the fair value hierarchy.

27 Other Long-Term Assets (in $ million)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Deposit with a financial institution	**28.6**	76.6	–	–
Other receivables	**460.8**	496.1	**391.3**	426.7
Derivative assets	**7.4**	1.1	**7.4**	1.1
	496.8	573.8	**398.7**	427.8

The deposit with a financial institution is held for the purpose of payment for the purchase price option payable on a finance lease (Note 19). The amount relating to the deposit is $79.4 million, of which $28.6 million is recognised under other long-term assets and $50.8 million is recognised under deposits and other debtors. The deposit generates interest at a fixed rate of 5.68% (FY2014/15: 5.68%) per annum to meet the obligation at maturity of the lease in December 2017. The fair value of the deposit amounted to $84.1 million (2015: $86.0 million) as at 31 March 2016.

The Group's other receivables are stated at amortised cost and are expected to be received over a period of two to ten years. The fair value of the other receivables is $457.9 million (2015: $492.7 million).

28 Inventories (in $ million)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Technical stocks and stores	**154.2**	173.0	**88.6**	111.6
Catering and general stocks	**27.7**	29.0	**19.6**	20.1
Total inventories at lower of cost and net realisable value	**181.9**	202.0	**108.2**	131.7

The cost of inventories recognised as an expense amounted to $118.4 million (FY2014/15: $106.0 million). In addition, the Group wrote down $26.6 million (FY2014/15: $38.1 million) of inventories, which is recognised as other operating expenses in the profit and loss account.

29 Trade Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Trade debtors	**1,137.8**	1,380.8	**798.9**	998.2
Accrued receivables	**61.9**	86.2	**–**	–
Amounts owing by associated companies	**9.1**	20.7	**0.5**	0.1
Amounts owing by joint venture companies	**13.0**	3.8	**–**	–
	1,221.8	1,491.5	**799.4**	998.3
Amounts owing by subsidiary companies	**–**	–	**318.0**	311.5
Loan receivable from an associated company	**62.0**	–	**62.0**	–
	62.0	–	**380.0**	311.5
	1,283.8	1,491.5	**1,179.4**	1,309.8

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

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

Accrued receivables pertain to services rendered which have not been billed.

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

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

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29 Trade Debtors (in $ million) (continued)

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

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Not past due and not impaired	**1,186.9**	1,370.3	**1,174.1**	1,280.9
Past due but not impaired	**95.7**	119.2	**4.8**	28.5
	1,282.6	1,489.5	**1,178.9**	1,309.4
Impaired trade debtors – collectively assessed	**5.3**	10.0	**0.4**	0.4
Less: Accumulated impairment losses	**(5.1)**	(9.7)	**–**	(0.1)
	0.2	0.3	**0.4**	0.3
Impaired trade debtors – individually assessed				
Customers in bankruptcy or other financial reorganisation	**5.0**	6.1	**0.1**	0.1
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	**1.9**	2.7	**2.0**	2.8
Less: Accumulated impairment losses	**(5.9)**	(7.1)	**(2.0)**	(2.8)
	1.0	1.7	**0.1**	0.1
Total trade debtors, net	**1,283.8**	1,491.5	**1,179.4**	1,309.8

Included in trade and other debtors are amounts owing by related parties of $3.3 million (2015: $5.2 million) and $1.9 million (2015: $0.9 million) for the Group and Company respectively.

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

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Balance at 1 April	**16.8**	15.2	**2.9**	4.0
Acquisition of a subsidiary company	**–**	1.3	**–**	–
(Written back)/Charged during the year	**(4.7)**	0.7	**(0.9)**	(1.1)
Written off during the year	**(1.1)**	(0.4)	**–**	–
Balance at 31 March	**11.0**	16.8	**2.0**	2.9
Bad debts written off directly to profit and loss account, net of debts recovered	**1.1**	6.3	**0.8**	1.3

As at 31 March 2016, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 16.7% (2015: 26.5%), AUD – 13.7% (2015: 4.5%), EUR – 5.4% (2015: 4.6%), GBP – 4.1% (2015: 5.0%) and JPY – 2.0% (2015: 2.6%).

There was no loan to Directors of the Company.

30 Deposits and Other Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Deposits	**15.9**	15.5	**8.5**	8.4
Other debtors	**98.9**	23.3	**35.0**	9.5
	114.8	38.8	**43.5**	17.9

31 Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Available-for-sale investments				
Quoted				
Government securities	**16.4**	8.0	**0.5**	–
Equity investments	**33.5**	37.7	**–**	–
Non-equity investments	**176.5**	118.3	**159.7**	98.1
	226.4	164.0	**160.2**	98.1
Unquoted				
Non-equity investments	**90.3**	–	**90.3**	–
	316.7	164.0	**250.5**	98.1
Held-to-maturity investments				
Quoted non-equity investments	**351.4**	4.6	**351.4**	4.6
	668.1	168.6	**601.9**	102.7

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

The interest rates for quoted government securities range from 1.12% to 5.25% (FY2014/15: 0.76% to 4.63%) per annum. The interest rates for quoted non-equity investments range from 1.25% to 4.47% (FY2014/15: 1.30% to 4.47%) per annum.

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32 Cash and Bank Balances (in $ million)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Fixed deposits	**3,002.7**	4,034.8	**2,822.9**	4,007.6
Cash and bank balances	**969.7**	1,007.9	**416.3**	427.5
	3,972.4	5,042.7	**3,239.2**	4,435.1

As at 31 March 2016, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 25.6% (2015: 16.8%), EUR – 4.3% (2015: 1.1%) and AUD – 1.6% (2015: 1.5%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.43% to 2.76% (FY2014/15: 0.01% to 2.55%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 1.45% (FY2014/15: 0.89%) per annum.

33 Trade and Other Creditors (in $ million)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Trade creditors	**2,895.6**	2,903.1	**2,192.4**	2,088.6
Amounts owing to associated companies	**3.4**	3.4	**2.5**	–
	2,899.0	2,906.5	**2,194.9**	2,088.6
Funds from subsidiary companies	**–**	–	**1,073.8**	962.9
Amounts owing to subsidiary companies	**–**	–	**117.3**	85.8
	–	–	**1,191.1**	1,048.7

Trade and other creditors are non-interest bearing. Amounts owing to related parties are trade-related, unsecured, non-interest bearing, repayable on demand and to be settled in cash. As at 31 March 2016, 9.9% (2015: 12.5%) 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 $158.6 million (2015: $153.4 million) and $113.0 million (2015: $115.8 million) for the Group and Company respectively.

Funds from subsidiary companies are unsecured and have varying repayment terms. Interest on funds from subsidiary companies are computed using prevailing market rates which range from 0.01% to 1.53% (FY2014/15: 0.01% to 0.78%) per annum for SGD funds, and 0.32% to 1.23% (FY2014/15: 0.05% to 1.00%) per annum for USD funds.

As at 31 March 2016, 33.9% of the funds from subsidiary companies are denominated in USD (2015: USD – 36.3%).

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

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

	The Group	
	FY2015/16	**FY2014/15**
Purchase of property, plant and equipment	**2,923.7**	2,632.0
Property, plant and equipment acquired under credit terms	**(14.7)**	(31.8)
Cash invested in capital expenditure	**2,909.0**	2,600.2
Purchase of intangible assets	**52.1**	30.9
Acquisition of goodwill	**(6.6)**	–
Cash invested in purchase of intangible assets	**45.5**	30.9

35 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated $23,688.6 million (2015: $24,690.7 million) for the Group and $16,961.0 million (2015: $17,155.7 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 $4,421.6 million (2015: $4,368.8 million) and $6.2 million (2015: $24.2 million) respectively.

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

(b) Operating lease commitments

As lessee

Aircraft

The Company has one B777-200ER, one B777-300, three B777-300ER, 29 A330-300 and nine A380-800 aircraft under operating leases at fixed rental rates. In five of the A380 lease agreements, lease rentals will be adjusted if the one-month LIBOR exceeds 6.50% per annum. The original lease terms range from five to 13 years.

For flexibility in fleet planning, most leases include extension options, except for seven A330, one B777-200ER and one B777-300 leases. 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 two years prior to original lease expiries. Sub-leasing is allowed under all the lease arrangements.

SIA Cargo has two B747-400F aircraft under operating leases with fixed rental rates. The lease terms range from 10 to 11 years. In one of the aircraft lease agreements, SIA Cargo holds an option to extend the lease for a further maximum period of two years. For the other agreement, there is no option for renewal. Sub-leasing is allowed under the lease arrangements.

SilkAir has three A319-100s, eight A320-200s, and nine B737-800s under operating leases with fixed rental rates. The original lease terms for the three A319s range from 6.9 to 11.5 years, with SilkAir holding options to extend the leases up to a maximum of three years. The original lease terms for the eight A320s range from 6.6 to 11.8 years and SilkAir holds options to extend the leases for two to five years. The original lease terms for the nine B737s range from 9.8 to 10.5 years, which SilkAir holds options to extend the leases up to a maximum of four years. None of the operating lease agreements confer on SilkAir an option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements.

Tiger Group has 29 A320 aircraft, two A319 aircraft and two spare engines under operating leases. The original lease terms on the aircraft are for 12 years. None of the operating lease agreements confer an option to purchase the related aircraft. Sub-leasing is allowed under all the lease arrangements, subject to certain terms and conditions stated in the agreements.

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

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Not later than one year	**820.1**	928.5	**609.4**	721.0
Later than one year but not later than five years	**2,438.5**	2,670.2	**1,554.5**	1,879.3
Later than five years	**1,289.7**	1,670.2	**631.7**	956.3
	4,548.3	5,268.9	**2,795.6**	3,556.6

Engines

The Company has operating lease agreements for four GE90-115B engines and 11 Trent 800 engines with fixed rental rates. The basic lease term for each engine varies from four to six years with extension options.

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

(b) Operating lease commitments (continued)

As lessee (continued)

Engines (continued)

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

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Not later than one year	**22.0**	22.7	**20.2**	20.9
Later than one year but not later than five years	**16.2**	37.6	**11.3**	32.1
Later than five years	**0.2**	1.2	**–**	–
	38.4	61.5	**31.5**	53.0

Property and equipment

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

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

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Not later than one year	**76.4**	69.9	**55.5**	50.7
Later than one year but not later than five years	**122.1**	101.8	**95.1**	79.3
Later than five years	**63.7**	67.7	**12.8**	13.4
	262.2	239.4	**163.4**	143.4

The minimum lease payments recognised in the profit and loss account amounted to $63.9 million (FY2014/15: $63.7 million) and $53.1 million (FY2014/15: $50.7 million) for the Group and the Company respectively.

As lessor

Aircraft

During the financial year, the Company entered into a non-cancellable lease contract for one B777 aircraft for a lease term of five years, bringing the total number of aircraft leases to three B777 aircraft for lease terms of five years each. The lease rental is fixed throughout the lease term.

Tiger Group sub-leased two A320s aircraft to an external party during the financial year. The original lease term for the aircraft is between eight and nine years. Tiger also sub-leased three A320s to Tigerair Australia. The original lease terms for the aircraft range from eight to 12 years. Virgin Australia has provided guarantees to the Group to cover obligations for the assets leased by Tigerair Australia.

SIA Cargo had previously entered into a commercial aircraft lease. This non-cancellable lease has expired in the financial year.

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

(b) Operating lease commitments (continued)

As lessor (continued)

Aircraft (continued)

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

	The Group 31 March		The Company 31 March	
	2016	**2015**	**2016**	**2015**
Not later than one year	**52.5**	46.4	**32.0**	29.6
Later than one year but not later than five years	**164.8**	155.9	**91.1**	115.8
Later than five years	**25.7**	11.0	**–**	–
	243.0	213.3	**123.1**	145.4

36 Contingent Liabilities (in $ million)

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

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

On 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 exceptional items 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 of the fine amount and returns thereon was refunded to SIA Cargo. This refund is reflected as a non-operating item in the Group’s accounts.

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.

36 Contingent Liabilities (in $ million) (continued)

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

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

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

Apart from Canada, the United States and Australia, the filed cases remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

Apart from the exceptional items noted above, it is premature to make a provision in the financial statements for the other pending investigations, court proceedings, civil suits, or threatened claims as the outcome is uncertain.

(b) Passengers: Civil Class Actions

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

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

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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 follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The classifications of financial assets that are not measured at fair value and have carrying amounts which are a reasonable approximation of fair value, are as follows:

- Loan receivable from an associated company, trade debtors, amounts owing by subsidiary companies, deposits and other debtors, and cash and bank balances are classified as loans and receivables financial assets; and
- Quoted non-equity investments are classified as held-to-maturity financial assets.

All financial liabilities that are not measured at fair value and have carrying amounts which are a reasonable approximation of fair value are classified as financial liabilities at amortised cost.

	Carrying amount						Fair value		
31 March 2016 The Group	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value									
Long-term investments	–	215.7	–	–	–	215.7	–	215.7	–
Investments	–	316.7	–	–	–	316.7	226.4	90.3	–
Derivative assets	–	–	–	32.3	–	32.3	–	32.3	–
Assets held for sale	–	156.5	–	–	–	156.5	–	156.5	–
	–	688.9	–	32.3	–	721.2	226.4	494.8	–
Financial assets not measured at fair value									
Deposit with a financial institution	79.4	–	–	–	–	79.4	–	–	84.1
Other long-term receivables	460.8	–	–	–	–	460.8	–	–	457.9
	540.2	–	–	–	–	540.2	–	–	542.0
Financial liabilities measured at fair value									
Derivative liabilities	–	–	–	727.8	–	727.8	–	727.8	–
Financial liabilities not measured at fair value									
Notes payable	–	–	–	–	1,000.0	1,000.0	1,036.3	–	–
Loans	–	–	–	–	303.1	303.1	–	–	320.5
Finance lease commitments	–	–	–	–	44.4	44.4	–	–	44.4
Purchase option price payable	–	–	–	–	79.4	79.4	–	–	83.8
	–	–	–	–	1,426.9	1,426.9	1,036.3	–	448.7

37 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2016 The Company	Carrying amount Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total	Fair value Level 1	Level 2	Level 3
Financial assets measured at fair value									
Long-term investments	–	215.7	–	–	–	215.7	–	215.7	–
Investments	–	250.5	–	–	–	250.5	160.2	90.3	–
Derivative assets	–	–	–	29.7	–	29.7	–	29.7	–
	–	466.2	–	29.7	–	495.9	160.2	335.7	–
Financial assets not measured at fair value									
Other long-term receivables	391.3	–	–	–	–	391.3	–	–	391.3
Financial liabilities measured at fair value									
Derivative liabilities	–	–	–	699.8	–	699.8	–	699.8	–
Financial liabilities not measured at fair value									
Notes payable	–	–	–	–	1,000.0	1,000.0	1,036.3	–	–

Notes to the Financial Statements

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37 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2015 The Group	Carrying amount							Fair value		
	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Derivatives at fair value through profit or loss	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value										
Long-term investments	–	304.2	–	–	–	–	304.2	0.6	303.6	–
Investments	–	164.0	–	–	–	–	164.0	164.0	–	–
Derivative assets	–	–	–	114.8	–	–	114.8	–	114.8	–
	–	468.2	–	114.8	–	–	583.0	164.6	418.4	–
Financial assets not measured at fair value										
Deposit with a financial institution	76.6	–	–	–	–	–	76.6	–	–	86.0
Other long-term receivables	496.1	–	–	–	–	–	496.1	–	–	492.7
	572.7	–	–	–	–	–	572.7	–	–	578.7
Financial liabilities measured at fair value										
Derivative liabilities	–	–	–	982.7	–	37.3	1,020.0	–	1,020.0	–
Financial liabilities not measured at fair value										
Notes payable	–	–	–	–	1,300.0	–	1,300.0	1,324.3	–	–
Loans	–	–	–	–	340.2	–	340.2	–	–	336.3
Finance lease commitments	–	–	–	–	99.3	–	99.3	–	–	99.3
Purchase option price payable	–	–	–	–	76.6	–	76.6	–	–	85.3
	–	–	–	–	1,816.1	–	1,816.1	1,324.3	–	520.9

37 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2015 The Company	Carrying amount: Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total	Fair value: Level 1	Level 2	Level 3
Financial assets measured at fair value									
Long-term investments	–	304.2	–	–	–	304.2	0.6	303.6	–
Investments	–	98.1	–	–	–	98.1	98.1	–	–
Derivative assets	–	–	–	107.4	–	107.4	–	107.4	–
	–	402.3	–	107.4	–	509.7	98.7	411.0	–
Financial assets not measured at fair value									
Other long-term receivables	426.7	–	–	–	–	426.7	–	–	426.7
Financial liabilities measured at fair value									
Derivative liabilities	–	–	–	982.2	–	982.2	–	982.2	–
Financial liabilities not measured at fair value									
Notes payable	–	–	–	–	1,300.0	1,300.0	1,324.3	–	–

Notes to the Financial Statements

31 March 2016

37 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

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

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Derivative assets				
Currency hedging contracts	**23.2**	106.5	**22.5**	103.1
Fuel hedging contracts	**2.5**	4.2	**2.1**	4.2
Cross currency swap contracts	**6.6**	4.0	**5.1**	–
Interest rate cap contracts	**–**	0.1	**–**	0.1
	32.3	114.8	**29.7**	107.4
Derivative liabilities				
Currency hedging contracts	**124.4**	37.8	**120.4**	37.8
Fuel hedging contracts	**600.2**	974.8	**576.2**	944.4
Cross currency swap contracts	**3.2**	6.9	**3.2**	–
Interest rate swap contracts	**–**	0.5	**–**	–
	727.8	1,020.0	**699.8**	982.2

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.

37 Financial Instruments (in $ million) (continued)

Financial instruments carried at fair value (continued)

Determination of fair value

The Group and the Company have carried all investment securities that are classified as available-for-sale financial assets and all derivative instruments at their fair values.

The fair values of jet fuel swap contracts are the mark-to-market values of these contracts. The fair values of jet fuel option contracts are determined by reference to available market information and the Black-Scholes option valuation model. As the Group hedges its jet fuel requirements in Mean of Platts Singapore Jet Kerosene ("MOPS") and that the majority of the Group's fuel uplifts are in MOPS, the MOPS price (2016: USD 47.05/BBL, 2015: USD 67.99/BBL) is used as the input for market fuel price to the Black-Scholes option valuation model. Consequently, the annualised volatility (FY2015/16: 39.07%, FY2014/15: 34.84%) of the jet fuel swap and option contracts is also estimated with daily MOPS price. The continuously compounded risk-free rate estimated as average of the past 12 months Singapore Government Securities benchmark issues' one-year yield (FY2015/16: 1.06%, FY2014/15: 0.52%) was also applied to each individual jet fuel option contract to derive their estimated fair values as at the end of the reporting period.

The fair values of InterContinental Exchange ("ICE") Brent swap and Brent-MOPS crack swap contracts are also determined by reference to available market information and are the marked-to-market values of these swap contracts. As the Group hedges in ICE Brent and Brent-MOPS crack, the ICE Brent futures contract price and its differential relative to MOPS price are used as the marked-to-market prices.

The fair value of forward currency contracts is determined by reference to current forward prices for contracts with similar maturity profiles. The fair values of foreign currency option contracts, interest rate swap contracts and interest rate cap contracts are determined by reference to valuation reports provided by counterparties.

The fair value of cross currency swap contracts is determined based on referenced market prices for existing cash flow profiles pre-agreed with counterparties at trade inception.

The fair value of quoted investments is generally determined by reference to stock exchange quoted market bid prices at the close of the business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions or reference to the current market value of another instrument (which is substantially the same).

Notes to the Financial Statements
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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 Aviation ("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	
The Group	**Gross amounts**	**Gross amounts set-off in the statements of financial position**	**Net amounts presented in the statements of financial position**	**Amounts subject to master netting arrangements**	**Net amount**
31 March 2016					
Derivative assets	32.3	–	32.3	(27.7)	4.6
Trade debtors	1,230.4	(8.6)	1,221.8	–	1,221.8
	1,262.7	(8.6)	1,254.1	(27.7)	1,226.4
Derivative liabilities	727.8	–	727.8	(27.7)	700.1
Trade and other creditors	2,907.6	(8.6)	2,899.0	–	2,899.0
	3,635.4	(8.6)	3,626.8	(27.7)	3,599.1
31 March 2015					
Derivative assets	114.8	–	114.8	(87.9)	26.9
Trade debtors	1,493.3	(1.8)	1,491.5	–	1,491.5
	1,608.1	(1.8)	1,606.3	(87.9)	1,518.4
Derivative liabilities	1,020.0	–	1,020.0	(87.9)	932.1
Trade and other creditors	2,908.3	(1.8)	2,906.5	–	2,906.5
	3,928.3	(1.8)	3,926.5	(87.9)	3,838.6

37 Financial Instruments (in $ million) (continued)

Master netting or similar agreements (continued)

The Company	Effects of offsetting in the statement of financial position: Gross amounts	Gross amounts set-off in the statements of financial position	Net amounts presented in the statements of financial position	Related amounts not offset: Amounts subject to master netting arrangements	Net amount
31 March 2016					
Derivative assets	29.7	–	29.7	(27.7)	2.0
Trade debtors	808.0	(8.6)	799.4	–	799.4
Amounts owing by subsidiaries	469.5	(151.5)	318.0	–	318.0
	1,307.2	(160.1)	1,147.1	(27.7)	1,119.4
Derivative liabilities	699.8	–	699.8	(27.7)	672.1
Trade and other creditors	2,203.5	(8.6)	2,194.9	–	2,194.9
Amounts owing to subsidiaries	1,342.6	(151.5)	1,191.1	–	1,191.1
	4,245.9	(160.1)	4,085.8	(27.7)	4,058.1
31 March 2015					
Derivative assets	107.4	–	107.4	(86.3)	21.1
Trade debtors	1,000.1	(1.8)	998.3	–	998.3
Amounts owing by subsidiaries	478.5	(167.0)	311.5	–	311.5
	1,586.0	(168.8)	1,417.2	(86.3)	1,330.9
Derivative liabilities	982.2	–	982.2	(86.3)	895.9
Trade and other creditors	2,090.4	(1.8)	2,088.6	–	2,088.6
Amounts owing to subsidiaries	1,215.7	(167.0)	1,048.7	–	1,048.7
	4,288.3	(168.8)	4,119.5	(86.3)	4,033.2

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").

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31 March 2016

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

Cash flow hedges

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

The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value loss before tax of $610.7 million (2015: loss before tax of $952.9 million), with a related deferred tax credit of $103.8 million (2015: deferred tax credit of $162.0 million), is included in the fair value reserve in respect of these contracts.

Jet fuel price sensitivity analysis

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one USD per barrel of jet fuel affects the Group's and the Company's annual fuel costs by $52.4 million and $41.3 million (FY2014/15: $50.0 million and $41.8 million) respectively.

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

Sensitivity analysis on outstanding fuel hedging contracts:

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
	Effect on equity		Effect on equity	
Increase in one USD per barrel	**25.4**	35.1	**20.7**	28.8
Decrease in one USD per barrel	**(25.4)**	(35.1)	**(20.7)**	(28.8)

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

(b) Foreign currency risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For the financial year ended 31 March 2016, these accounted for 48.6% of total revenue (FY2014/15: 52.1%) and 58.0% of total operating expenses (FY2014/15: 65.8%). The Group's largest exposures are from United States Dollar, Euro, UK Sterling Pound, Swiss Franc, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan, Korean Won and Malaysian Ringgit. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

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

Cash flow hedges

As at 31 March 2016, the Company holds USD512.6 million (2015: USD310.3 million) in short-term deposits to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 12 months. A fair value loss of $22.5 million (2015: gain of $22.3 million) is included in the fair value reserve in respect of these contracts. During the financial year, the Company also entered into new foreign currency forward contracts to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 13 to 24 months. As at 31 March 2016, a fair value loss of $50.3 million is included in the fair value reserve in respect of these contracts.

During the financial year, the Company entered into cross currency swap contracts to hedge expected future lease commitments in USD and foreign currency risk of expected future JPY surplus until August 2021. The cash flow hedges are to be assessed quarterly prospectively and retrospectively for hedge effectiveness. As at 31 March 2016, the hedge is assessed to be effective and a net fair value gain of $2.0 million is included in the fair value reserve with respect to these contracts.

Fair value through profit or loss

In addition, the Group has cross currency swap contracts in place with notional amounts of $45.9 million (2015: $3.7 million to $34.5 million) where it pays SGD and receives USD at USD/SGD exchange rate of 1.3085 (FY2014/15: 1.3085 to 1.6990). These contracts are used to protect the foreign exchange risk exposure of the Group's USD-denominated finance lease commitments. The swap will mature on 14 February 2018.

Foreign currency sensitivity analysis

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

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

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31 March 2016

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

(b) Foreign currency risk (continued)

Sensitivity analysis:

	The Group 31 March			
	2016		2015	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	**2.6**	**(2.0)**	2.4	(0.9)
EUR	**1.0**	**(2.0)**	1.4	(0.7)
GBP	**1.4**	**(0.7)**	1.5	(0.9)
JPY	**0.8**	**(0.2)**	1.2	(0.3)
USD	**(31.8)**	**(3.3)**	(15.2)	(5.5)

	The Company 31 March			
	2016		2015	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	**2.3**	**(1.8)**	2.1	(1.2)
EUR	**0.4**	**(0.2)**	0.7	(0.1)
GBP	**1.1**	**(0.6)**	1.3	(0.7)
JPY	**0.7**	**(0.2)**	1.0	(0.2)
USD	**(25.3)**	**2.7**	(8.8)	(0.2)

[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

In FY2013/14, the Company entered into interest rate swap contracts to protect a portion of the future operating lease rent payments from exposure to fluctuations in interest rates. These contracts were settled in FY2014/15. The balance in the fair value reserve will be recognised in the profit and loss account over the lease term of the respective aircraft. A net fair value loss before tax of $0.7 million (2015: $1.1 million), with a related deferred tax credit of $0.1 million (2015: $0.2 million), is included in the fair value reserve in respect of these contracts.

As at 31 March 2016, other than those instruments entered into by the Company, the Group has interest rate swap agreements in place whereby it pays fixed rates of interest ranging from 3.00% to 3.45% (2015: 3.00% to 3.45%) and receives a variable rate linked to LIBOR. These contracts are used to protect a portion of the lease commitments from exposure to fluctuations in interest rates. The cash flow hedges of the interest rate swaps were assessed to be highly effective and at 31 March 2016, a net fair value gain of $1.2 million (2015: net fair value gain of $1.2 million) was included in the fair value reserve in respect of these contracts.

Interest rate sensitivity analysis

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

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

Under these assumptions, an increase or decrease in market interest rates of one basis point for all currencies in which the Group has derivative financial instruments and variable rate assets and liabilities at 31 March 2016 will have the effects as set out in the table below.

Notes to the Financial Statements
31 March 2016

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

(c) Interest rate risk (continued)

Sensitivity analysis:

	The Group 31 March			
	2016		2015	
	Effect on equity R1	Effect on profit before taxation R2	Effect on equity R1	Effect on profit before taxation R2
Increase in one basis point in market interest rates	**0.1**	**0.5**	*	0.7
Decrease in one basis point in market interest rates	**(0.1)**	**(0.5)**	*	(0.7)

	The Company 31 March			
	2016		2015	
	Effect on equity R1	Effect on profit before taxation R2	Effect on equity R1	Effect on profit before taxation R2
Increase in one basis point in market interest rates	**–**	**0.6**	*	0.4
Decrease in one basis point in market interest rates	**–**	**(0.6)**	*	(0.4)

* Amount less than $0.1 million

R1 Sensitivity analysis on derivative financial instruments.

R2 Sensitivity analysis on variable rate assets and liabilities.

(d) Market rate risk

At 31 March 2016, the Group and the Company own investments of $1,441.2 million (2015: $1,096.2 million) and $1,356.3 million (2015: $1,005.5 million) respectively, out of which $532.4 million (2015: $468.2 million) and $466.2 million (2015: $402.3 million) are subject to market risk. The market risk associated with these investments is the potential loss resulting from a decrease in market prices.

Market price sensitivity analysis

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

Sensitivity analysis on investments:

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
	Effect on equity		Effect on equity	
Increase in 1% of quoted prices	**5.3**	4.7	**4.7**	4.0
Decrease in 1% of quoted prices	**(5.3)**	(4.7)	**(4.7)**	(4.0)

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

(e) Liquidity risk

At 31 March 2016, the Group has at its disposal, cash and short-term deposits amounting to $3,972.4 million (2015: $5,042.7 million). In addition, the Group has available short-term credit facilities of about $375.0 million (2015: $400.0 million). The Group also has a Medium Term Note Programme under which it may issue notes up to $2,000.0 million (2015: $2,000.0 million) and as of 31 March 2016, $1,000.0 million (2015: $1,000.0 million) remains unutilised. Under this Programme, notes issued by the Company may have varying maturities as agreed with the relevant financial institutions.

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

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

31 March 2016	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	33.6	33.6	33.6	33.6	525.6	542.7	1,202.7
Loans	197.5	20.6	20.6	22.5	22.7	36.4	320.3
Finance lease commitments	23.8	23.7	–	–	–	–	47.5
Maintenance reserve	–	–	–	2.3	3.1	–	5.4
Purchase option payable to lessor	50.8	33.9	–	–	–	–	84.7
Trade and other creditors	2,848.2	–	–	–	–	–	2,848.2
Derivative financial instruments:							
Currency hedging contracts	96.3	32.8	–	–	–	–	129.1
Fuel hedging contracts	524.6	75.6	–	–	–	–	600.2
Cross currency swap contracts	0.5	4.8	3.0	2.0	1.0	0.2	11.5
	3,775.3	225.0	57.2	60.4	552.4	579.3	5,249.6
The Company							
Notes payable	33.6	33.6	33.6	33.6	525.6	542.7	1,202.7
Maintenance reserve	–	–	–	2.3	3.1	–	5.4
Trade and other creditors	2,194.9	–	–	–	–	–	2,194.9
Amounts owing to subsidiary companies	1,191.1	–	–	–	–	–	1,191.1
Derivative financial instruments:							
Currency hedging contracts	92.3	32.8	–	–	–	–	125.1
Fuel hedging contracts	500.6	75.6	–	–	–	–	576.2
Cross currency swap contracts	0.5	4.8	3.0	2.0	1.0	0.2	11.5
	4,013.0	146.8	36.6	37.9	529.7	542.9	5,306.9

Notes to the Financial Statements
31 March 2016

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

(e) Liquidity risk (continued)

31 March 2015	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	337.0	33.6	33.6	33.6	33.6	1,056.2	1,527.6
Loans	101.0	38.0	38.9	38.9	40.5	109.5	366.8
Finance lease commitments	57.8	24.3	24.0	–	–	–	106.1
Maintenance reserve	–	–	–	–	–	1.0	1.0
Purchase option payable to lessor	–	51.7	34.5	–	–	–	86.2
Trade and other creditors	2,906.5	–	–	–	–	–	2,906.5
Derivative financial instruments:							
Currency hedging contracts	37.8	–	–	–	–	–	37.8
Fuel hedging contracts	823.6	151.2	–	–	–	–	974.8
Cross currency swap contracts	6.9	–	–	–	–	–	6.9
Interest rate swap contracts	0.5	–	–	–	–	–	0.5
	4,271.1	298.8	131.0	72.5	74.1	1,166.7	6,014.2
The Company							
Notes payable	337.0	33.6	33.6	33.6	33.6	1,056.2	1,527.6
Maintenance reserve	–	–	–	–	–	1.0	1.0
Trade and other creditors	2,088.6	–	–	–	–	–	2,088.6
Amounts owing to subsidiary companies	1,048.7	–	–	–	–	–	1,048.7
Derivative financial instruments:							
Currency hedging contracts	37.8	–	–	–	–	–	37.8
Fuel hedging contracts	793.2	151.2	–	–	–	–	944.4
	4,305.3	184.8	33.6	33.6	33.6	1,057.2	5,648.1

(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 on derivative counterparties where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

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

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

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.

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

Allowance is made for doubtful accounts whenever risks are identified.

(g) Counterparty risk

Counterparty risk is the potential financial loss from a transaction that may arise in the event of default by the counterparty. Counterparty risks are managed by limiting aggregated exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising from the event of non-performance by counterparties.

Surplus funds are invested in interest-bearing bank deposits and other high quality short-term liquid investments.

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

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2016	2015	2016	2015	2016	2015	2016	2015
Counterparty profiles								
By industry:								
Travel agencies	**434.5**	468.7	**5.7%**	5.5%	**230.8**	249.7	**3.6%**	3.4%
Airlines	**160.3**	250.9	**2.1%**	3.0%	**125.3**	66.5	**1.9%**	0.9%
Financial institutions	**4,900.7**	5,876.0	**64.3%**	69.2%	**4,108.3**	5,182.0	**64.8%**	70.1%
Others	**1,636.7**	1,440.0	**21.5%**	17.0%	**1,647.2**	1,265.8	**26.0%**	17.1%
	7,132.2	8,035.6	**93.6%**	94.7%	**6,111.6**	6,764.0	**96.3%**	91.5%
By region:								
East Asia	**3,977.4**	4,995.1	**52.2%**	58.8%	**3,495.0**	4,139.8	**55.1%**	55.9%
Europe	**1,887.0**	1,228.4	**24.8%**	14.5%	**1,545.5**	972.8	**24.4%**	13.2%
South West Pacific	**927.5**	1,288.5	**12.2%**	15.2%	**864.1**	1,233.6	**13.6%**	16.7%
Americas	**276.3**	433.9	**3.6%**	5.1%	**169.0**	352.3	**2.7%**	4.8%
West Asia and Africa	**64.0**	89.7	**0.8%**	1.1%	**38.0**	65.5	**0.5%**	0.9%
	7,132.2	8,035.6	**93.6%**	94.7%	**6,111.6**	6,764.0	**96.3%**	91.5%
By Moody's credit ratings:								
Investment grade (A to Aaa)	**5,464.2**	6,101.0	**71.7%**	71.9%	**4,666.7**	5,435.7	**73.6%**	73.6%
Investment grade (Baa)	**8.8**	2.2	**0.1%**	0.0%	**1.3**	0.9	**0.0%**	0.0%
Non-rated	**1,659.2**	1,932.4	**21.8%**	22.8%	**1,443.6**	1,327.4	**22.7%**	17.9%
	7,132.2	8,035.6	**93.6%**	94.7%	**6,111.6**	6,764.0	**96.3%**	91.5%

Notes to the Financial Statements
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39 Capital Management (in $ million)

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

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

During the financial year ended 31 March 2016, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Notes payable	**1,000.0**	1,300.0	**1,000.0**	1,300.0
Finance lease commitments	**44.4**	99.3	**–**	–
Loans	**303.1**	340.2	**–**	–
Total debt	**1,347.5**	1,739.5	**1,000.0**	1,300.0
Share capital	**1,856.1**	1,856.1	**1,856.1**	1,856.1
Reserves	**10,898.6**	10,607.5	**10,152.1**	9,723.2
Total capital	**12,754.7**	12,463.6	**12,008.2**	11,579.3
Gearing ratio (times)	**0.11**	0.14	**0.08**	0.11

40 Related Party Transactions (in $ million)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key Management Personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer and Executive Vice Presidents of the Company to be Key Management Personnel of the Company.

In addition to the related party information disclosed elsewhere in the financial statements, these were the following significant related party transactions which were carried out in the normal course of business during the financial year:

	The Group	
	FY2015/16	FY2014/15
Purchases of services from associated companies	**121.8**	78.7
Services rendered to associated companies	**(108.2)**	(83.6)
Purchases of services from joint venture companies	**0.7**	–
Services rendered to joint venture companies	**(37.0)**	(20.7)
Purchases of services from related parties	**1,187.8**	1,223.0
Professional fees paid to a firm of which a Director is a member	**1.5**	1.5

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

Directors' and key executives' remuneration of the Group

	The Group FY2015/16	The Group FY2014/15
Directors		
Salary, bonuses, fee and other costs	**5.3**	4.5
CPF and other defined contributions	*	*
Share-based compensation expense	**1.4**	1.1
	6.7	5.6
Key executives (excluding executive Directors)		
Salary, bonuses, fee and other costs	**3.0**	3.1
CPF and other defined contributions	*	*
Share-based compensation expense	**1.3**	1.1
	4.3	4.2

* Amount less than $0.1 million

Share options granted to and exercised by Director and key executives of the Company are as follows:

Name of participant	Aggregate options granted since commencement of scheme up to end of financial year under review	Aggregate options exercised since commencement of scheme up to end of financial year under review	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	444,075	444,075	–
Mak Swee Wah	362,750	342,750	20,000
Ng Chin Hwee	214,025	214,025	–

Conditional awards granted to Director and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

RSP Base Awards

Name of Participant	Balance as at 1 April 2015	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2016	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Goh Choon Phong	122,976	60,000	61,488	121,488	340,232
Mak Swee Wah	61,488	30,000	30,744	60,744	205,674
Ng Chin Hwee	61,488	30,000	30,744	60,744	189,756

Notes to the Financial Statements

31 March 2016

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

RSP Final Awards (Pending Release)[R1]

Name of Participant	Balance as at 1 April 2015	Final Awards granted during the financial year[#]	Final Awards released during the financial year	Balance as at 31 March 2016	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review*
Goh Choon Phong	18,950	40,590	30,422	29,118	120,494
Mak Swee Wah	9,475	20,300	15,214	14,561	93,697
Ng Chin Hwee	9,475	20,300	15,214	14,561	74,766

Time-based RSP Awards

Name of Participant	Balance as at 1 April 2015	Awards released during the financial year	Balance as at 31 March 2016	Aggregate ordinary shares released to participant since commencement of time-based RSP to end of financial year under review
Goh Choon Phong	27,135	27,135	–	106,573
Mak Swee Wah	27,135	27,135	–	106,573
Ng Chin Hwee	27,135	27,135	–	106,573

Deferred RSP/PSP 2014 Awards

Name of Participant	Balance as at 1 April 2015	Awards granted during the financial year	Balance as at 31 March 2016	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Goh Choon Phong	61,607	13,170	74,777	–
Mak Swee Wah	24,388	8,890	33,278	–
Ng Chin Hwee	28,148	7,580	35,728	–

PSP Base Awards[R2]

Name of Participant	Balance as at 1 April 2015	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2016	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review*
Goh Choon Phong	236,728	82,500	67,636	251,592	428,728	61,482
Mak Swee Wah	94,690	33,000	27,054	100,636	216,178	71,883
Ng Chin Hwee	94,690	33,000	27,054	100,636	201,472	55,670

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

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

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

* During the financial year, 60,850 and 81,405 treasury shares were issued to Director and key executives of the Company pursuant to the RSP and time-based RSP respectively. No PSP Final Awards were issued to Director and key executives of the Company pursuant to the PSP.

41 Comparative Information

Certain comparative figures have been reclassified to conform with current year's presentation. The significant reclassifications are set out below:

	FY2014/15	
	As previously reported	As restated
Consolidated Profit and Loss Account		
Aircraft maintenance and overhaul costs	668.6	646.6
Material costs	176.7	59.4
Other operating expenses	502.7	642.0

	The Group		The Company	
	31 March 2015			
	As previously reported	As restated	As previously reported	As restated
Statements of Financial Position				
Long-term investments	1,125.0	927.6	1,100.2	902.8
Other long-term assets	163.9	573.8	17.9	427.8
Cash and bank balances	5,254.1	5,042.7	4,646.5	4,435.1

	FY2014/15	
	As previously reported	As restated
Consolidated Statement of Cash Flows		
Purchase of long-term investments	(378.9)	(590.3)
Net cash used in investing activities	(1,605.2)	(1,813.2)

42 Subsequent Event

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

SGX-ST ANNOUNCEMENT DATED 7 FEBRUARY 2017 ON UNAUDITED RESULTS OF SINGAPORE AIRLINES LIMITED FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2016

This Appendix III is a reproduction of the announcement made by the Company on the SGX-ST on 7 February 2017 and has not been specifically prepared for inclusion in this Information Memorandum.

SINGAPORE AIRLINES

UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2016

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2016 (in $ million)

	The Group		The Group	
	3rd Quarter 2016-17	3rd Quarter 2015-16	9 Months 2016-17	9 Months 2015-16
REVENUE	3,843.8	3,941.0	11,148.5	11,519.1
EXPENDITURE				
Staff costs	639.6	620.6	1,935.9	1,823.2
Fuel costs	938.6	1,138.9	2,780.3	3,603.0
Depreciation	384.2	369.3	1,165.1	1,152.1
Impairment of property, plant and equipment	-	0.8	-	9.0
Amortisation of intangible assets	10.1	7.8	28.9	23.6
Aircraft maintenance and overhaul costs	223.5	195.4	646.6	567.7
Commission and incentives	92.4	87.9	275.9	277.8
Landing, parking and overflying charges	210.1	198.1	613.3	574.7
Handling charges	304.3	294.2	891.9	858.2
Rentals on leased aircraft	222.2	253.5	669.6	680.7
Material costs	12.3	18.8	44.0	49.6
Inflight meals	138.5	138.7	407.5	412.5
Advertising and sales costs	77.9	57.7	213.2	203.1
Insurance expenses	10.6	12.4	32.1	33.3
Company accommodation and utilities	29.0	29.3	85.7	87.7
Other passenger costs	42.1	45.8	130.9	137.1
Crew expenses	41.2	38.0	116.5	110.7
Other operating expenses	174.3	145.8	515.9	387.1
	3,550.9	3,653.0	10,553.3	10,991.1
OPERATING PROFIT	292.9	288.0	595.2	528.0
Finance charges	(12.6)	(11.6)	(33.4)	(38.2)
Interest income	17.1	21.2	57.5	60.2
(Loss)/Surplus on disposal of aircraft, spares and spare engines	(3.0)	53.3	(15.8)	50.7
Dividends from long-term investments	2.0	10.4	5.5	113.7
Dividends from asset held for sale	-	-	39.5	-
Other non-operating items	(85.0)	(15.9)	45.5	(2.5)
Share of profits of joint venture companies	9.0	10.4	15.2	16.4
Share of profits/(losses) of associated companies	6.3	7.1	(58.5)	0.9
PROFIT BEFORE TAXATION	226.7	362.9	650.7	729.2
TAXATION	(35.7)	(65.8)	(82.4)	(111.4)
PROFIT FOR THE PERIOD	191.0	297.1	568.3	617.8
PROFIT ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	177.2	274.9	498.7	579.7
NON-CONTROLLING INTERESTS	13.8	22.2	69.6	38.1
	191.0	297.1	568.3	617.8
BASIC EARNINGS PER SHARE (CENTS)	15.0	23.6	42.2	49.7
DILUTED EARNINGS PER SHARE (CENTS)	14.9	23.5	42.0	49.5

Notes:

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

	The Group		The Group	
	3rd Quarter 2016-17	3rd Quarter 2015-16	9 Months 2016-17	9 Months 2015-16
Compensation for changes in aircraft delivery slots	(9.1)	(8.5)	(29.3)	(129.3)
Interest income from short-term investments	(0.3)	(0.2)	(0.7)	(0.7)
Dividend income from short-term investments	-	-	(0.7)	(0.7)
Income from operating lease of aircraft	(11.0)	(9.1)	(36.2)	(35.4)
Amortisation of deferred gain on sale and operating leaseback transactions	(1.5)	(1.6)	(4.8)	(5.8)
Loss on disposal of short-term investments	-	0.4	0.4	1.0
Bad debts written off	1.3	0.8	1.9	0.8
Writeback of impairment of trade debtors	(1.1)	(5.0)	(1.5)	(3.8)
Writedown of inventories	1.5	9.5	3.2	20.6
Exchange loss, net	9.9	27.7	18.1	63.4
Currency hedging loss/(gain)	7.1	(20.3)	32.4	(93.4)
Fuel hedging loss recognised in "Fuel costs"	42.2	298.6	365.9	867.9
Ineffectiveness of fuel hedging contracts recognised in "Fuel costs"	-	-	(36.4)	0.2
Net losses on financial assets mandatorily measured at fair value through profit or loss ("FVTPL")	0.6	-	0.6	-
Under/(Over) provision of tax in respect of prior years	1.1	(0.1)	(9.5)	6.8

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

	The Group		The Group	
	3rd Quarter 2016-17	3rd Quarter 2015-16	9 Months 2016-17	9 Months 2015-16
Impairment of aircraft	-	(8.9)	(20.8)	(8.9)
Impairment of intangible assets	(79.0)	-	(79.0)	-
Surplus on disposal of asset held for sale	-	-	141.6	-
(Loss)/Surplus on disposal of other property, plant and equipment	(0.2)	(0.2)	(0.2)	7.1
Surplus on disposal of a subsidiary company	-	-	-	3.3
Surplus on partial disposal of associated companies	2.4	-	2.4	2.8
Loss on liquidation of an associated company	-	(4.3)	-	(4.3)
Impairment on investment in an associated company	-	(2.5)	-	(2.5)
Loss on disposal of long term investment	(6.1)	-	(6.1)	-
Net losses on financial assets mandatorily measured at FVTPL	(2.4)	-	(2.4)	-
Provision for expected credit losses on investments and guarantees	0.3	-	0.3	-
Surplus on dilution of interest in an associated company	-	-	9.7	-
	(85.0)	(15.9)	45.5	(2.5)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2016 (in $ million)

	The Group		The Group	
	3rd Quarter 2016-17	3rd Quarter 2015-16	9 Months 2016-17	9 Months 2015-16
PROFIT FOR THE PERIOD	191.0	297.1	568.3	617.8
OTHER COMPREHENSIVE INCOME:				
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences	48.3	(0.2)	40.9	(10.8)
Net fair value changes on cash flow hedges	470.0	(104.4)	985.2	10.4
Surplus on dilution of interest in an associated company due to share options exercised	-	0.3	-	0.3
Share of other comprehensive income of associated and joint venture companies	8.5	(16.7)	23.2	(9.6)
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company	-	(0.8)	-	(0.8)
Realisation of foreign currency translation reserves on liquidation of an associated company	-	4.3	-	4.3
Items that will not be reclassified subsequently to profit or loss:				
Net fair value changes on financial assets measured at fair value through other comprehensive income ("FVOCI")	0.3	152.4	(132.7)	144.9
Actuarial gain on revaluation of defined benefit plans	-	1.2	-	1.2
	527.1	36.1	916.6	139.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	718.1	333.2	1,484.9	757.7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	696.4	284.2	1,438.2	685.3
NON-CONTROLLING INTERESTS	21.7	49.0	46.7	72.4
	718.1	333.2	1,484.9	757.7

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

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2016 (in $ million)

	The Group		The Company	
	31-Dec 2016	31-Mar 2016	31-Dec 2016	31-Mar 2016
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Share capital	1,856.1	1,856.1	1,856.1	1,856.1
Treasury shares	(194.7)	(381.5)	(194.7)	(381.5)
Other reserves	12,181.7	11,280.1	11,363.1	10,533.6
	13,843.1	12,754.7	13,024.5	12,008.2
NON-CONTROLLING INTERESTS	383.1	378.2	-	-
TOTAL EQUITY	14,226.2	13,132.9	13,024.5	12,008.2
DEFERRED ACCOUNT	234.6	225.3	214.1	197.5
DEFERRED TAXATION	1,959.8	1,681.7	1,569.5	1,346.5
LONG-TERM LIABILITIES	1,574.7	1,283.4	1,454.9	1,110.1
PROVISIONS	961.8	877.1	694.8	647.2
DEFINED BENEFIT PLANS	122.4	129.3	115.2	121.4
	19,079.5	17,329.7	17,073.0	15,430.9
Represented by:-				
PROPERTY, PLANT AND EQUIPMENT				
Aircraft, spares and spare engines	11,348.9	10,510.7	8,123.5	7,541.8
Others	4,519.9	3,632.8	3,397.1	2,699.4
	15,868.8	14,143.5	11,520.6	10,241.2
INTANGIBLE ASSETS	445.2	515.8	167.8	167.0
SUBSIDIARY COMPANIES	-	-	4,611.0	4,460.9
ASSOCIATED COMPANIES	1,080.1	901.9	756.8	531.5
JOINT VENTURE COMPANIES	162.1	156.3	-	-
LONG-TERM INVESTMENTS	498.4	773.1	487.9	754.4
OTHER LONG-TERM ASSETS	762.4	496.8	680.4	398.7
DEFERRED ACCOUNT	10.7	6.0	5.5	-
CURRENT ASSETS				
Inventories	180.1	181.9	107.5	108.2
Trade debtors	1,225.8	1,221.8	759.2	799.4
Deposits and other debtors	171.9	114.8	63.5	43.5
Prepayments	261.0	132.4	213.0	104.8
Amounts owing by subsidiary companies	-	-	147.7	318.0
Loan receivable from an associated company	-	62.0	-	62.0
Derivative assets	225.1	24.9	217.6	22.3
Investments	601.5	668.1	534.4	601.9
Cash and bank balances	3,107.1	3,972.4	2,495.8	3,239.2
Other short-term assets	18.5	-	18.5	-
Assets held for sale	-	398.0	-	-
	5,791.0	6,776.3	4,557.2	5,299.3
Less: **CURRENT LIABILITIES**				
Sales in advance of carriage	1,431.8	1,626.2	1,226.2	1,460.1
Deferred revenue	706.5	669.4	706.5	669.4
Current tax payable	138.3	191.9	75.9	131.0
Trade and other creditors	2,894.0	2,899.0	2,023.3	2,194.9
Amounts owing to subsidiary companies	-	-	1,376.9	1,191.1
Borrowings	41.7	211.9	-	-
Provisions	241.8	218.5	220.6	180.5
Derivative liabilities	85.1	623.1	84.8	595.1
	5,539.2	6,440.0	5,714.2	6,422.1
NET CURRENT ASSETS/(LIABILITIES)	251.8	336.3	(1,157.0)	(1,122.8)
	19,079.5	17,329.7	17,073.0	15,430.9

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

Amount repayable in one year or less, or on demand

As at 31 December 2016		As at 31 March 2016	
Secured	Unsecured	Secured	Unsecured
$38.2M	$3.5M	$203.1M	$8.8M

Amount repayable after one year

As at 31 December 2016		As at 31 March 2016	
Secured	Unsecured	Secured	Unsecured
$83.9M	$1,456.2M	$111.1M	$1,024.5M

Details of any collateral

The secured borrowings pertained to secured bank loans ($91.7 million) and finance leases of aircraft ($30.4 million). The secured bank loans are secured via assignment of the aircraft purchase agreement, assignment of engine warranty and credit agreement as well as mortgage of the aircraft.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2016 (in $ million)

	The Group		The Group	
	3rd Quarter 2016-17	3rd Quarter 2015-16	9 Months 2016-17	9 Months 2015-16
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	226.7	362.9	650.7	729.2
Adjustments for:				
Depreciation	384.2	369.3	1,165.1	1,152.1
Impairment of property, plant and equipment	-	0.8	-	9.0
Amortisation of intangible assets	10.1	7.8	28.9	23.6
Writeback of impairment of trade debtors	(1.1)	(5.0)	(1.5)	(3.8)
Writedown of inventories	1.5	9.5	3.2	20.6
Income from short-term investments	(0.3)	(0.2)	(1.4)	(1.4)
Provisions	70.8	64.2	218.3	132.0
Share-based compensation expense	3.9	3.5	11.4	9.6
Exchange differences	(43.2)	4.0	(58.2)	(28.4)
Amortisation of deferred gain on sale and operating leaseback transactions	(1.5)	(1.6)	(4.8)	(5.8)
Finance charges	12.6	11.6	33.4	38.2
Interest income	(17.1)	(21.2)	(57.5)	(60.2)
Loss/(Surplus) on disposal of aircraft, spares and spare engines	3.0	(53.3)	15.8	(50.7)
Dividends from long-term investments	(2.0)	(10.4)	(5.5)	(113.7)
Dividend from asset held for sale	-	-	(39.5)	-
Net losses on financial assets mandatorily measured at FVTPL	0.6	-	0.6	-
Other non-operating items	85.0	15.9	(45.5)	2.5
Share of profits of joint venture companies	(9.0)	(10.4)	(15.2)	(16.4)
Share of (profits)/losses of associated companies	(6.3)	(7.1)	58.5	(0.9)
Operating cash flow before working capital changes	717.9	740.3	1,956.8	1,835.5
Decrease in trade and other creditors	(66.4)	(434.0)	(126.4)	(443.7)
(Decrease)/Increase in sales in advance of carriage	(154.1)	(191.0)	(194.4)	97.2
(Increase)/Decrease in trade debtors	(108.6)	178.6	(35.7)	249.5
Increase in deposits and other debtors	(45.1)	(6.0)	(27.1)	(21.9)
Increase in prepayments	(78.5)	(15.1)	(128.6)	(32.5)
Increase in inventories	(3.7)	(4.6)	(1.4)	(5.2)
Increase in deferred revenue	16.7	19.8	37.1	37.9
Cash generated from operations	278.2	288.0	1,480.3	1,716.8
Income taxes paid	(20.9)	(19.4)	(44.8)	(51.4)
NET CASH PROVIDED BY OPERATING ACTIVITIES	257.3	268.6	1,435.5	1,665.4

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2016 (in $ million)

	The Group		The Group	
	3rd Quarter 2016-17	3rd Quarter 2015-16	9 Months 2016-17	9 Months 2015-16
CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure	(1,073.6)	(619.6)	(3,003.6)	(1,958.1)
Purchase of intangible assets	(9.3)	(11.9)	(31.1)	(34.0)
Proceeds from disposal of aircraft and other property, plant and equipment	8.7	312.1	31.7	479.7
Purchase of long-term investments	-	(94.4)	(0.6)	(277.0)
Proceeds from disposal of long-term investments	13.5	-	13.5	-
Purchase of short-term investments	(87.6)	(214.8)	(574.7)	(282.1)
Proceeds from disposal of short-term investments	341.9	117.4	957.2	222.0
Dividends received from associated and joint venture companies	15.6	11.9	54.9	49.3
Dividends received from investments	2.0	10.4	6.2	114.4
Dividends received from asset held for sale	-	-	39.5	-
Interest received from investments and deposits	18.8	26.5	62.2	63.8
Proceeds from disposal of assets held for sale	-	-	405.5	-
Proceeds from disposal of a subsidiary company, net of cash disposed	-	-	-	0.1
Loan to an associated company	-	-	(54.4)	
Proceeds from repayment of loan from an associated company	-	-	116.4	
Investments in associated companies	(25.2)	(27.9)	(225.3)	(70.5)
Proceeds from partial disposal of associated companies	4.0	-	4.0	4.9
NET CASH USED IN INVESTING ACTIVITIES	(791.2)	(490.3)	(2,198.6)	(1,687.5)
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid	(106.3)	(116.3)	(521.3)	(315.4)
Dividends paid by subsidiary companies to non-controlling interests	(10.3)	(17.4)	(35.8)	(42.4)
Proceeds from exercise of share options pursuant to the Voluntary Conditional General Offer ("VGO") of Tiger Airways	-	-	301.2	-
Acquisition of non-controlling interests without a change in control	(1.9)	-	(51.2)	
Issuance of share capital by subsidiary companies	4.4	-	8.2	-
Interest paid	(11.8)	(12.5)	(33.4)	(41.2)
Proceeds from borrowings	-	2.8	1.8	4.4
Repayment of borrowings	(8.0)	(9.9)	(185.8)	(28.4)
Repayment of long-term lease liabilities	(5.4)	(10.0)	(16.0)	(41.7)
Proceeds from exercise of share options	-	2.4	33.2	20.5
Proceeds from issuance of bonds	430.0	-	430.0	-
Repayment of bonds	-	-	-	(300.0)
Purchase of treasury shares	-	-	(134.3)	(85.4)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	290.7	(160.9)	(203.4)	(829.6)
NET CASH OUTFLOW	(243.2)	(382.6)	(966.5)	(851.7)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	3,277.5	4,606.3	3,972.4	5,042.7
Effect of exchange rate changes	72.8	(21.1)	101.2	11.6
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3,107.1	4,202.6	3,107.1	4,202.6
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Fixed deposits	2,130.0	3,285.6	2,130.0	3,285.6
Cash and bank	977.1	917.0	977.1	917.0
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3,107.1	4,202.6	3,107.1	4,202.6

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016 (in $ million)

The Group	Attributable to Owners of the Parent									
	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
Balance at 1 October 2016										
As previously reported	1,856.1	(194.8)	(150.9)	(155.2)	82.0	(68.7)	11,867.2	13,235.7	371.3	13,607.0
Effects of adopting FRS 109	-	-	-	-	-	(28.4)	47.2	18.8	-	18.8
As restated	1,856.1	(194.8)	(150.9)	(155.2)	82.0	(97.1)	11,914.4	13,254.5	371.3	13,625.8
Comprehensive income										
Currency translation differences	-	-	-	39.3	-	-	-	39.3	9.0	48.3
Net fair value changes on financial assets measured at FVOCI	-	-	-	-	-	0.1	-	0.1	0.2	0.3
Net fair value changes on cash flow hedges	-	-	-	-	-	471.3	-	471.3	(1.3)	470.0
Share of other comprehensive income of associated and joint venture companies	-	-	-	-	-	8.5	-	8.5	-	8.5
Other comprehensive income for the period	-	-	-	39.3	-	479.9	-	519.2	7.9	527.1
Profit for the period	-	-	-	-	-	-	177.2	177.2	13.8	191.0
Total comprehensive income for the period, net of tax	-	-	-	39.3	-	479.9	177.2	696.4	21.7	718.1
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share of other changes in equity of associated companies	-	-	(0.1)	-	-	-	-	(0.1)	-	(0.1)
Surplus on dilution of interest in a subsidiary company due to share options exercised	-	-	-	-	(0.2)	-	(3.8)	(4.0)	(3.5)	(7.5)
Share-based compensation expense	-	-	-	-	3.9	-	-	3.9	-	3.9
Share options lapsed	-	-	-	-	(0.7)	-	0.7	-	-	-
Treasury shares reissued pursuant to equity compensation plans	-	0.1	(0.2)	-	0.2	-	-	0.1	-	0.1
Issuance of share capital by a subsidiary company	-	-	-	-	-	-	-	-	4.4	4.4
Dividends	-	-	-	-	-	-	(106.3)	(106.3)	(10.3)	(116.6)
Total transactions with owners	-	0.1	(0.3)	-	3.2	-	(109.4)	(106.4)	(9.4)	(115.8)
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control	-	-	(1.4)	-	-	-	-	(1.4)	(0.5)	(1.9)
Total changes in ownership interests in subsidiaries	-	-	(1.4)	-	-	-	-	(1.4)	(0.5)	(1.9)
Balance at 31 December 2016	1,856.1	(194.7)	(152.6)	(115.9)	85.2	382.8	11,982.2	13,843.1	383.1	14,226.2

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2015 (in $ million)

	Attributable to Owners of the Parent									
The Group	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
Balance at 1 October 2015	1,856.1	(387.7)	214.2	(153.8)	103.6	(592.2)	11,558.4	12,598.6	465.8	13,064.4
Comprehensive income										
Currency translation differences	-	-	-	4.7	-	-	-	4.7	(4.9)	(0.2)
Net fair value changes on financial assets measured at FVOCI	-	-	-	-	-	118.8	-	118.8	33.6	152.4
Net fair value changes on cash flow hedges	-	-	-	-	-	(102.5)	-	(102.5)	(1.9)	(104.4)
Surplus on dilution of interest in an associated company due to share options exercised	-	-	-	-	-	-	0.3	0.3	-	0.3
Share of other comprehensive income of associated and joint venture companies	-	-	-	-	-	(16.7)	-	(16.7)	-	(16.7)
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company	-	-	-	-	-	(0.8)	-	(0.8)	-	(0.8)
Realisation of foreign currency translation reserves on liquidation of an associated company	-	-	-	4.3	-	-	-	4.3	-	4.3
Actuarial gain on revaluation of defined benefit plans	-	-	-	-	-	-	1.2	1.2	-	1.2
Other comprehensive income for the period	-	-	-	9.0	-	(1.2)	1.5	9.3	26.8	36.1
Profit for the period	-	-	-	-	-	-	274.9	274.9	22.2	297.1
Total comprehensive income for the period, net of tax	-	-	-	9.0	-	(1.2)	276.4	284.2	49.0	333.2
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share of other changes in equity of associated companies	-	-	(1.9)	-	-	-	-	(1.9)	-	(1.9)
Surplus on dilution of interest in subsidiary companies due to share options exercised	-	-	-	-	(0.4)	-	(3.3)	(3.7)	3.8	0.1
Share-based compensation expense	-	-	-	-	3.5	-	-	3.5	-	3.5
Share options lapsed	-	-	-	-	(0.6)	-	0.6	-	-	-
Treasury shares reissued pursuant to equity compensation plans	-	2.6	0.5	-	(0.8)	-	-	2.3	-	2.3
Dividends	-	-	-	-	-	-	(116.3)	(116.3)	(17.4)	(133.7)
Total transactions with owners	-	2.6	(1.4)	-	1.7	-	(119.0)	(116.1)	(13.6)	(129.7)
Balance at 31 December 2015	1,856.1	(385.1)	212.8	(144.8)	105.3	(593.4)	11,715.8	12,766.7	501.2	13,267.9

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016 (in $ million)

The Company	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 October 2016							
As previously reported	1,856.1	(194.8)	25.9	71.4	(66.4)	10,869.9	12,562.1
Effects of adopting FRS 109	-	-	-	-	(20.7)	33.0	12.3
As restated	1,856.1	(194.8)	25.9	71.4	(87.1)	10,902.9	12,574.4
Comprehensive income							
Net fair value changes on financial assets measured at FVOCI	-	-	-	-	0.1	-	0.1
Net fair value changes on cash flow hedges	-	-	-	-	382.2	-	382.2
Other comprehensive income for the period	-	-	-	-	382.3	-	382.3
Profit for the period	-	-	-	-	-	170.9	170.9
Total comprehensive income for the period, net of tax	-	-	-	-	382.3	170.9	553.2
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share-based compensation expense	-	-	-	3.1	-	-	3.1
Share options lapsed	-	-	-	(0.6)	-	0.6	-
Treasury shares reissued pursuant to equity compensation plans	-	0.1	(0.2)	0.2	-	-	0.1
Dividends	-	-	-	-	-	(106.3)	(106.3)
Total transactions with owners	-	0.1	(0.2)	2.7	-	(105.7)	(103.1)
Balance at 31 December 2016	1,856.1	(194.7)	25.7	74.1	295.2	10,968.1	13,024.5

STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2015 (in $ million)

The Company	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 October 2015	1,856.1	(387.7)	(6.2)	87.1	(474.7)	10,721.1	11,795.7
Comprehensive income							
Net fair value changes on financial assets measured at FVOCI	-	-	-	-	2.2	-	2.2
Net fair value changes on cash flow hedges	-	-	-	-	(80.8)	-	(80.8)
Actuarial gain on revaluation of defined benefit plans	-	-	-	-	-	1.2	1.2
Other comprehensive income for the period	-	-	-	-	(78.6)	1.2	(77.4)
Profit for the period	-	-	-	-	-	225.4	225.4
Total comprehensive income for the period, net of tax	-	-	-	-	(78.6)	226.6	148.0
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share-based compensation expense	-	-	-	2.4	-	-	2.4
Share options lapsed	-	-	-	(0.6)	-	0.6	-
Treasury shares reissued pursuant to equity compensation plans	-	2.6	0.5	(0.8)	-	-	2.3
Dividends	-	-	-	-	-	(116.3)	(116.3)
Total transactions with owners	-	2.6	0.5	1.0	-	(115.7)	(111.6)
Balance at 31 December 2015	1,856.1	(385.1)	(5.7)	88.1	(553.3)	10,832.0	11,832.1

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

SHARE CAPITAL AND SHARE PLANS IN THE COMPANY

Share Capital

During the period October to December 2016, the Company did not issue any shares upon exercise of options pursuant to share options exercised under the Employee Share Option Plan.

Group and Company	Number of Shares	Share Capital ($ million)
Issued and fully paid share capital		
Ordinary Shares		
Balance at 1 October 2016	1,199,851,018	1,856.1
Share options exercised during the period October to December 2016	-	-
Balance at 31 December 2016	1,199,851,018	1,856.1

As at 31 December 2016, the number of ordinary shares in issue was 1,199,851,018 of which 18,377,002 were held by the Company as treasury shares (31 December 2015: 1,199,851,018 ordinary shares of which 36,409,145 were held as treasury shares). The share capital was $1,856.1 million.

Employee Share Option Plan

As at 31 December 2016, the number of share options of the Company outstanding was 16,847,050 (31 December 2015: 21,632,152). During the period October to December 2016, no options were exercised under the Singapore Airlines Limited Employee Share Option Plan, which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees.

The movement of share options of the Company during the period October to December is as follows:

Date of Grant	Balance at 01.10.2016	Cancelled	Exercised	Balance at 31.12.2016	Exercise price*	Expiry date
02.07.2007	8,871,192	(97,280)	-	8,773,912	$15.46	01.07.2017
01.07.2008	8,154,933	(81,795)	-	8,073,138	$12.07	30.06.2018
	17,026,125	(179,075)	-	16,847,050		

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

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

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

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

As at 31 December 2016, the number of outstanding shares granted under the Company's RSP and PSP were 1,972,121 (31 December 2015: 1,692,528) and 729,168 respectively (31 December 2015: 716,693).

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

	Number of Restricted Shares		
Date of Grant	Balance at 01.10.2016	Vested	Balance at 31.12.2016
RSP			
15.07.2013	86,570	-	86,570
03.07.2014	375,605	-	375,605
03.07.2015	715,092	-	715,092
18.07.2016	794,854	-	794,854
	1,972,121	-	1,972,121

	Number of Restricted Shares		
Date of Grant	Balance at 01.10.2016	Vested	Balance at 31.12.2016
PSP			
03.07.2014	248,568	-	248,568
03.07.2015	239,700	-	239,700
18.07.2016	240,900	-	240,900
	729,168	-	729,168

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

	Number of Time-based Restricted Shares		
Date of Grant	Balance at 01.10.2016	Vested	Balance at 31.12.2016
RSP			
07.05.2010	5,426	(5,426)	-

Deferred Share Award ("DSA")

Since September 2013, DSA of fully paid ordinary shares were granted to senior management. At the end of a 3-year vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield. The details of the DSA are as follows:

	Number of Restricted Shares		
Date of Grant	Balance at 01.10.2016	Vested	Balance at 31.12.2016
DSA			
28.08.2014	73,470	-	73,470
10.09.2015	74,790	-	74,790
01.09.2016	65,740	-	65,740
	214,000	-	214,000

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

As at 31 December 2016, the number of ordinary shares in issue was 1,199,851,018 of which 18,377,002 were held by the Company as treasury shares (31 December 2015: 1,199,851,018 ordinary shares of which 36,409,145 were held as treasury shares).

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

During the period October to December 2016, the Company did not purchase any treasury shares (October to December 2015: Nil).

The Company transferred 5,426 treasury shares on vesting of share-based incentive plans (October to December 2015: 240,648 on exercise of share options and 5,427 on vesting of share-based incentive plans). Treasury shares are presented as a component within equity attributable to owners of the parent.

Group and Company	Number of Shares	Treasury Shares ($ million)
Balance at 1 October 2016	18,382,428	(194.8)
Treasury shares transferred on vesting of share-based incentive plans	(5,426)	0.1
Balance at 31 December 2016	18,377,002	(194.7)

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

The financial statements have not been audited or reviewed by our auditors.

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

Not applicable.

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

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 March 2016. The adoption of the new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are mandatory for financial year beginning on or after 1 April 2016 has no significant impact on the Group.

During the period, with effect from 1 April 2016:

1. The Group revised certain assumptions to recognise passenger ticket breakage revenue from expected unutilised tickets on flight date, resulting in a one-time increase in revenue of approximately $151.2 million.
2. The Group identified the embedded engine overhaul element within the engine as a separate component for depreciation over a shorter useful life of between 4 to 8 years. The effect of this revision is an increase in depreciation expense of approximately $7.3 million for the third quarter ended 31 December 2016 and approximately $20.8 million for the nine months ended 31 December 2016.

During the period with effect from 1 October 2016:
The Group has early adopted FRS 109 Financial Instruments with a date of initial application of 1 October 2016, as FRS 109 allows the adoption from the start of a quarterly reporting period. The impact of adopting this standard is an increase in reserves of $18.8 million and $12.3 million for the Group and Company respectively, mainly from changes in classification and measurement of financial assets.

Hedge accounting
FRS 109 permits hedge accounting of risk components of both non-financial and financial items, provided they are separately identifiable and reliably measurable. Crude oil derivatives, which were previously used as a proxy for jet fuel derivatives, are now designated as qualifying cash flow hedges of the crude oil component of highly probable future jet fuel purchases. This change has been applied prospectively from 1 October 2016 and better aligns the accounting of such derivatives with the Group's risk management strategy.

Transition
Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities held as at the date of initial application resulting from the adoption of FRS 109, are recognised in reserves as of 1 October 2016. Accordingly, the information presented for the prior period does not reflect the requirements of FRS 109 and therefore is not comparable to the information presented in the current period under FRS 109.

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

Refer to the above.

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

	The Group			
	3rd Quarter 2016-17	3rd Quarter 2015-16	9 Months 2016-17	9 Months 2015-16
Earnings per share (cents)				
- Basic	15.0	23.6	42.2	49.7
- Diluted	14.9	23.5	42.0	49.5

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

	The Group		The Company	
	As at 31 Dec 16	As at 31 Mar 16	As at 31 Dec 16	As at 31 Mar 16
Net asset value per ordinary share ($)	11.72	10.96	11.02	10.32

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

GROUP FINANCIAL PERFORMANCE

Third Quarter 2016-17

The SIA Group reported an operating profit of $293 million in the third quarter of the 2016-17 financial year, $5 million higher compared to the same period last year (+1.7%).

Group revenue fell $97 million year-on-year to $3,844 million (-2.5%), mainly attributable to lower passenger flown revenue in a weak-yield environment. The Parent Airline Company saw its flown revenue decline by $167 million, which was partly compensated by growth from Scoot (+$45 million). Cargo and mail revenue improved by $8 million (+1.5%), boosted by stronger freight carriage.

Group expenditure contracted by $102 million to $3,551 million (-2.8%). Net fuel costs declined $200 million (-17.6%), largely due to a $256 million reduction in fuel hedging loss. Fuel costs before hedging rose $56 million, on the back of a higher average jet fuel price (+$36 million) and higher fuel volume uplifted (+$29 million), partially offset by a weaker US Dollar against the Singapore Dollar compared to one year ago (-$9 million). Ex-fuel costs increased $98 million or 3.9%, partly attributable to capacity expansion by SilkAir and Scoot.

Third Quarter Operating Results of Main Companies

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

Operating Profit/(Loss)	3rd Quarter FY2016-17 $ million	3rd Quarter FY2015-16 $ million
Parent Airline Company	151	181
SilkAir	30	33
Scoot	20	18
Tiger Airways	9	9
SIA Cargo	53	2
SIA Engineering	25	29

Operating profit for the Parent Airline Company fell $30 million year-on-year (-16.6%). Total revenue slipped by $173 million, largely attributed to a $167 million reduction in passenger flown revenue, as passenger yield declined 5.5%. Passenger carriage (measured in revenue passenger-kilometres) dipped 1.3% against flat capacity (measured in available seat-kilometres), resulting in a one percentage-point drop in passenger load factor to 79.0%. Expenditure decreased $143 million, mainly due to a $170 million reduction in net fuel costs, partly offset by higher aircraft depreciation, and aircraft maintenance and overhaul costs.

SilkAir's operating profit was $3 million lower than last year (-9.1%). Total revenue increased $3 million, as passenger carriage rose 10.1%, partly offset by a 7.4% slide in passenger yield. Capacity expanded 10.4% and passenger load factor fell by 0.3 percentage points to 71.3%. Expenditure increased $6 million on the back of capacity expansion, overshadowing growth in revenue.

Scoot saw its operating profit increase by $2 million compared to the same quarter in the last financial year. Total revenue was up $49 million (+35.5%), bolstered by a 44.3% increase in passenger carriage, albeit diluted by weaker passenger yield (-7.1%). Capacity expanded more rapidly, by 51.8%, resulting in a passenger load factor decline of 4.2 percentage points to 80.8%. Expenditure rose $47 million (+39.2%), while unit cost dropped 8.9%.

Tiger Airways' operating result remained flat year-on-year. Passenger carriage was constant on the back of a marginal capacity drop (-0.9%), and passenger load factor inched up 0.8 percentage points to 83.9%. Revenue declined by $7 million, primarily due to weaker passenger yield (-5.5%). This was offset by a reduction in expenditure, which was mostly attributable to lower net fuel costs.

SIA Cargo achieved an operating profit of $53 million, its best third quarter performance in nine years. Yield remained under pressure (-5.2%), but freight carriage grew 6.6%, boosted by stronger-than-expected peak demand. Consequently, revenue increased $8 million. Capacity rose 5.1%, trailing the growth in traffic, and cargo load factor was one percentage point higher at 65.9%. Expenditure fell $43 million mainly arising from lower fuel costs.

SIA Engineering's operating profit declined $4 million year-on-year. Revenue fell $3 million, mainly from fleet management programme and airframe and component overhaul revenue, partially offset by higher line maintenance revenue. Expenditure was marginally up by $1 million, as higher staff costs were partially offset by a decrease in subcontract costs.

Third Quarter Net Profit

The Group reported a net profit of $177 million for the October-December 2016 quarter, a decline of $98 million (-35.6%) from the same period last year.

During the quarter, the Group recognised a $79 million write-down of the Tigerair brand and trademark following the announcement by Budget Aviation Holdings that Tiger Airways and Scoot would operate under the common "Scoot" brand from the second half of 2017. In addition, there was an absence of a gain from SilkAir's sale and leaseback of four 737-800s reported last year (-$52 million). These were partially compensated by a reduction in tax expense (+$30 million).

April to December 2016

Group operating profit for the nine months to December 2016 improved $67 million to $595 million (+12.7%). Expenditure shrunk $437 million (-4.0%), surpassing revenue reduction of $370 million (-3.2%) that arose mainly from a decline in passenger flown revenue.

The operating results of the main companies in the Group for the nine months were as follows:

Operating Profit/(Loss)	9 Months FY2016-17 $ million	9 Months FY2015-16 $ million
Parent Airline Company	427	387
SilkAir	74	59
Scoot	26	(4)
Tiger Airways	20	(1)
SIA Cargo	8	(10)
SIA Engineering	48	77

Most companies in the Group recorded moderate improvements in operating results year-on-year. SIA Engineering reported a lower operating profit, due to higher expenditure, coupled with a fall in revenue. Expenditure rose predominantly from a provision for profit sharing bonus following the divestment of Hong Kong Aero Engine Services Ltd (HAESL), partly offset by lower production overheads. Revenue reduced mainly from fleet management programme revenue, alleviated by an increase in line maintenance revenue.

Group net profit fell $81 million (-14.0%) to $499 million. Improvement in operating profit was negated by lower dividends from long-term investments (-$108 million)[1], write-down of the Tigerair brand and trademark (-$79 million), share of losses from associated companies against share of profits last year (-$60 million), and loss on disposal of aircraft, spares and spare engines versus a surplus one year ago (-$67 million). The decline in net profit was partially cushioned by a $142 million gain from SIA Engineering's divestment of HAESL, and $36 million special dividends received from HAESL following the sale of its 20% stake in Singapore Aero Engine Service Ltd.

[1] This was primarily due to lower dividends received from Everest Investment Holdings Limited (formerly known as Abacus International Holdings Limited), which declared a special dividend arising from sale of its 65% investment in Abacus International Pte Ltd to Sabre Technology Enterprises II Ltd last year.

BALANCE SHEET REVIEW
(December 2016 vs March 2016)

Equity attributable to owners of the parent increased by $1,088 million (8.5%) to $13,843 million as at 31 December 2016, largely due to fair value movement on cash flow hedges (+$987 million), treasury shares reissued pursuant to the VGO of Tiger Airways (+$287 million), and net profits for April – December 2016 (+$499 million), partially offset by payment of the final dividend in respect of FY2015-16 (-$415 million) and interim dividend in respect of FY2016-17 (-$106 million), purchase of treasury shares (-$134 million), and fair value movement in financial assets measured at FVOCI (-$100 million). The fair value movement on cash flow hedges of $987 million was mainly attributable to the reduction in fair value losses incurred on outstanding fuel hedges and foreign exchange currency contracts. The decline in fair value of investments measured at FVOCI was mainly due to the realisation of the gain on HAESL, pursuant to SIAEC's completion of the divestment transaction.

Total Group assets increased by $849 million (3.6%) to $24,619 million. The increase was mainly attributable to an increase in property, plant and equipment (+$1,725 million), derivative assets (+$512 million) and investment in associated companies (+$178 million), partially offset by a reduction in cash balances (-$865 million), assets held for sale (-$398 million) and long-term investments (-$275 million). The reduction in cash balances arose primarily from capital expenditure (-$3,004 million), payment of FY2015-16 final dividend (-$415 million) and payment of FY2016-17 interim dividend (-$106 million), additional investment in associated companies (-$225 million), and repayment of borrowings (-$186 million). This was partially offset by cash flows generated from operations (+$1,436 million), proceeds from issuance of bonds (+$430 million), proceeds from sale of assets held for sale (+$406 million), proceeds from maturity of investments net of additional acquisition (+$395 million) and monies received from exercise by Tiger Airways' shareholders of the options to subscribe for SIA shares pursuant to the VGO (+$301 million).

Total Group liabilities declined $244 million (2.3%) to $10,393 million as at 31 December 2016, primarily arising from the decrease in derivative liabilities (-$627 million), sales in advance of carriage (-$194 million), and short term borrowings (-$173 million) partially offset by increase in notes payable (+$430 million) and deferred taxation (+$278 million). The decrease in derivative liabilities primarily resulted from lower fair value losses on outstanding fuel hedging contracts and foreign exchange hedging contracts.

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

Not applicable.

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

OUTLOOK

2017 is expected to be another challenging year amid tepid global economic conditions and geopolitical concerns, alongside other market headwinds such as overcapacity and aggressive pricing by competitors. Loads and yields for both the passenger and cargo businesses are projected to remain under pressure.

Fuel prices have trended upward since the last quarter and are expected to remain volatile as uncertainty lingers around global oil production output. The Group regularly reviews and adapts its fuel hedging policy to manage volatility in fuel prices. For the fourth quarter of the financial year, the Group has hedged 37.4% of its jet fuel requirements in Singapore Jet Kerosene (MOPS) at a weighted average price of USD67 per barrel. The Group has also entered into longer dated Brent hedges with maturity extending to 2022, covering between 33% and 39% of our projected annual fuel consumption, at average prices ranging from USD53 to USD59 per barrel.

An expanding, fuel-efficient A350-900 fleet has enabled the addition of more long-haul routes for SIA. At the same time, with a deeper integration between Scoot and Tiger Airways, the Group can capitalise on new opportunities to boost network connectivity and growth in the low-cost airline segment. The Group will maintain vigilance over its costs, and its strong balance sheet positions it well to weather the many challenges ahead.

11 Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

None. The Company declares dividends (if any) at half year and full year results announcement.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13 Interested Person Transactions

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the third quarter of the Financial Year 2016-17 are as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	3rd Quarter 2016-17 (S$)	3rd Quarter 2016-17 (S$)
SATS Ltd Group		
- Aero Laundry & Linen Services Private Limited	-	3,583,446
- Aerolog Express Pte Ltd	-	152,948
- Air India SATS Airport Services Private Limited	-	2,086,587
- Asia Airfreight Terminal Co Ltd	-	2,272,006
- DFASS SATS Pte Ltd	-	2,347,869
- MacroAsia Inflight Catering	-	844,983
- Maldives Inflight Catering Private Limited	-	793,131
- PT Jasa Angkasa Semesta Tbk	-	5,100,850
- PT Jas Aero-Engineering Services	-	222,447
- SATS HK Limited	-	1,477,312
- SATS Ltd	-	186,283,263
- SATS Security Services Private Limited	-	5,718,635
- Taj Madras Flight Kitchen Private Limited	-	154,020
- Taj SATS Air Catering Ltd	-	1,371,582
- TFK Corporation	-	2,443,674
CapitaLand Limited		
- Orchard Turn Retail Investment Pte Ltd	-	4,137,790
PT Bank Danamon Indonesia TBK	-	153,592
Singapore Telecommunications Limited Group		
- Singapore Telecommunications Limited	-	706,284
- Optus Networks Pty Limited	-	131,814
Temasek Holdings (Private) Limited and Associates		
- Certis Cisco Aviation Security Pte Ltd	-	651,614
- MediaCorp Pte Ltd	-	322,923
Total Interested Person Transactions	-	220,956,770

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

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

By Order of the Board

Brenton Wu
Company Secretary
7 February 2017

Singapore Company Registration No.: 197200078R

CONFIRMATION BY THE BOARD

We, Peter Seah Lim Huat and Goh Choon Phong, being two directors of Singapore Airlines Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the third quarter and nine months ended 31 December 2016 financial results to be false or misleading in any material respect.

On behalf of the Board,

PETER SEAH LIM HUAT
Chairman

GOH CHOON PHONG
Chief Executive Officer

7 February 2017